Esprinet Group

Interim management statement 31 March 2018

<u>**Approved by the Board of Directors on 14 May 2018**</u>

Parent Company:

Esprinet S.p.A.
VAT Number: IT 02999990969
Companies' Register of Milan, Monza e Brianza, Lodi 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 31/03/2018: Euro 7,860,651
www.esprinet.com - info@esprinet.com

Company Officers

Board of Directors:

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

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

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

Board of Statutory Auditors:

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

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

Independent Auditor:

(Term of office expiring with the approval of the annual financial statements as at 31 December 2018)

EY S.p.A.

Waiver of obligation to provide information on extraordinary transactions

Pursuant to Art. 70, paragraph 8, and Art. 71, paragraph 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 obligation 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.

CONTENTS

1. Notes on financial performance for the period

(euro/000)	notes	Q1 2018	%	Q1 2017restated*	notes	%	% var. 18/17
Profit & Loss							
Sales		781,274	100.0%	742,480		100.0%	5%
Gross profit		38,952	5.0%	39,535		5.3%	-1%
EBITDA	(1)	6,571	0.8%	5,917		0.8%	11%
Operating income (EBIT)		5,351	0.7%	4,752		0.6%	13%
Profit before income tax		4,643	0.6%	3,318		0.4%	40%
Net income		3,413	0.4%	2,456		0.3%	39%
Financial data							
Cash flow	(2)	4,580		3,578			
Gross investments		570		828			
Net working capital	(3)	374,542		106,823	(10)		
Operating net working capital	(4)	387,171		104,175	(10)		
Fixed assets	(5)	118,928		122,403	(10)		
Net capital employed	(6)	479,147		214,818	(10)		
Net equity		341,762		337,921	(10)		
Tangible net equity	(7)	250,175		246,522	(10)		
Net financial debt	(8)	137,385		(122,931)	(10)		
Main indicators							
Net financial debt / Net equity		0.4		(0.4)	(10)		
Net financial debt / Tangible net equity		0.5		(0.5)	(10)		
EBIT / Finance costs - net		7.6		3.3			
EBITDA / Finance costs - net		9.3		4.1			
Net financial debt/ EBITDA		20.9		(3.1)	(10)		
Operational data							
N. of employees at end-period		1,249		1,319			
Avarage number of employees	(9)	1,249		1,324			
Earnings per share (euro)							
- Basic		0.07		0.05			40%
- Diluted		0.06		0.05			20%

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and write-downs 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 net current financial debts.
(4) Sum of trade receivables, inventory and trade payables.
(5) Equal to non-current assets net of non-current derivative financial assets.
(6) 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.
(7) Equal to net equity less goodwill and intangible assets.
(8) Sum of financial debts, cash and cash equivalents, assets/liabilities for financial derivatives and financial receivables from factoring.
(9) Calculated as the average of opening balance and closing balance of consolidated companies.
(10) Figures referring to 31 December 2017.

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 ESMA/2015/1415 Guidelines issued by ESMA (European Securities and Market Authority) under Article 16 of the ESMA Regulation, updating the previous recommendation CESR/05-178b of the CESR (Committee of European Securities Regulators) and adopted by Consob

with Communication no. 0092543 of 12/03/2015, the basis of calculation adopted is defined below the table.

2. Contents and format of the interim management statement

2.1 Consolidation policies, accounting principles and valuation criteria

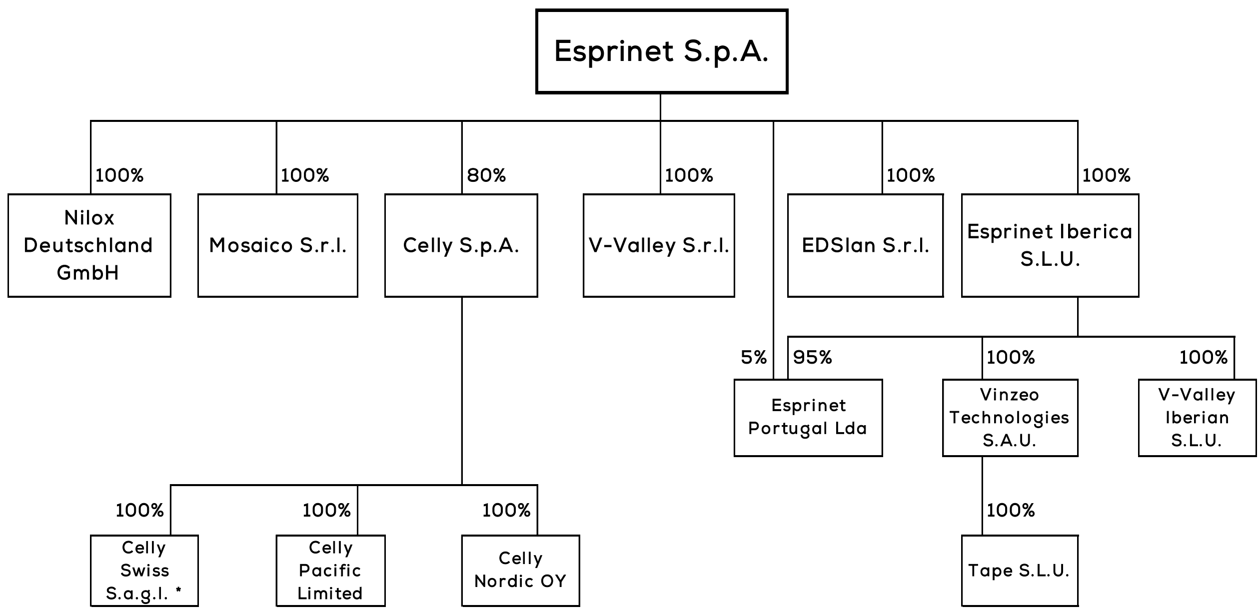
Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange since July 27, 2001.
Due to this, the Esprinet Group consolidated interim management statement as at 31 March 2018, non-audited, has been drawn 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 2017 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 2018:



* In liquidation as at 31/03/2018

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 of micro-electronic components from the parent company and of various business combination and establishment of new companies carried out in 2005.

References to 'Subgroup Italy' and 'Subgroup Iberica' can be found below.
At period end, 'Subgroup Italy' included parent company Esprinet S.p.A. and its directly controlled subsidiaries, V-Valley S.r.l., Celly S.p.A., EDSlan S.r.l.(consolidated from 9 April 2016), Mosaico S.r.l. (consolidated from 1 December 2016) and Nilox Deutschland GmbH (which was established on 11 July 2017 and started operating during the first quarter 2018).

When referring to the Subgroup Italy, 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, also includes 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 2018);

all of which are operating in the same segment as the Holding Company.

At the same date, Subgroup Iberica is made up of the Spanish-law and Portuguese-law subsidiaries operating in the Iberian Peninsula, i.e. Esprinet Iberica S.L.U. as well as its subsidiaries, 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 owned subsidiary, Tape S.L.U..

Esprinet S.p.A. has its registered office and administrative headquarters in Vimercate (Monza e Brianza) in Italy, 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. for specialist activities.

2.3 Consolidation scope

The consolidated financial statements derive from the interim accounts of the parent company Esprinet S.p.A. and its direct and/or indirect 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 March 2018, all consolidated on a line-by-line basis.

[1] Excluding Celly Nordic OY, Celly Swiss SAGL, Celly Pacific LTD because they do not have this body.

Company name	Head Office	Share capital (euro) *	Group Interest	Shareholder	Interest held
Holding company:					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled:					
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
EDSlan S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
Esprinet Iberica S.L.U.	Zaragozza (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%
Nilox Deutschland GmbH	Düsseldorf (Germany)	100,000	100.00%	Esprinet S.p.A.	100.00%
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
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)	400,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Tape S.L.U.	Madrid (Spain)	4,000	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.	Zaragozza (Spain)	50,000	100.00%	Esprinet Iberica S.L.U.	100.00%

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

Compared with 31 December 2017, no variation within the consolidation scope occurred.
Compared with 31 March 2017, Nilox Deutschland GmbH entered the consolidation area.
Moreover, on 2 August 2017, Celly S.p.A. disposed of its 20% share in the associate company Ascendeo S.A.S..

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

2.4 Critical 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 otherwise indicated.
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 2017, to which reference is made.

In this interim period, as permitted by IAS 34, income taxes were 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 expected to be in force at the time when the relevant assets or liabilities will be realised or settled.

Figures in this document are expressed in thousands of euro, unless otherwise indicated.
Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to 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 report. However, following the first adoption from 1 January 2018 of the new international standards IFRS 9 and IFRS 15, it was necessary to reflect retrospectively the effects of these new provisions under the comparative figures in the statement of financial position as at 31 December 2017, the income statement and statement of comprehensive income, the statement of changes in equity and the statement of cash flows as at 31 March 2017.

In particular, the main change introduced by the accounting standard IFRS 9 affecting the Company relates to finance charges for 0.4 million euro relating to the upfront fees amortisation booked in the income statement as at 31 March 2017. This amount relates to the remaining fees, as at 28 February 2017 on the loan signed by the parent company Esprinet S.p.A. on July 2015 and replaced by the same with the current loan for an original amount of 210.0 million euro on 28 February 2017.
This change brought about an increase of 0.1 million euro in the financial liabilities and a 0.3 million euro decrease in prepayments, being these fees mainly referable to a revolving facility occasionally used by the Group.

Conversely, upon adoption of the accounting standard IFRS 15, sales and cost of sales reduced by 2.9 million euro, without any impact on the unchanged gross profit, as a mere effect of a different presentation of some transactions, mainly related to services not generated internally for which the Group acts as an agent and not as a principal (thus only the margin is recognised).

As at 31 December 2017 the effects of these new standards would have been higher finance charges for 0.3 million euro pursuant to IFRS 9 and lower sales and cost of sales for 13.6 million euro in accordance with IFRS 15.
The adjustments, in relation to which the relevant tax effects were disclosed using the nominal tax rate equal to 24%, are almost entirely referred to the parent company Esprinet S.p.A..

The effects of the above-said restatement process are shown below with reference to the various accounting statements published in the 2017 financial statements (for the statement of financial position) and in the interim management statement as at 31 March 2017 (for all other statements).

Consolidated statement of financial position

(euro/000)	31/12/2017 Restated	31/12/2017 Published	Var.
ASSETS			
Property, plant and equipment	14,634	14,634	-
Goodwill	90,595	90,595	-
Intangible assets	1,070	1,070	-
Deferred income tax assets	11,262	11,262	-
Derivative financial assets	36	36	-
Receivables and other non-current assets	6,705	6,712	(7)
Non-current assets	**124,302**	**124,309**	**(7)**
Inventory	481,551	481,551	-
Trade receivables	313,073	313,073	-
Income tax assets	3,116	3,116	-
Other assets	27,552	27,778	(226)
Cash and cash equivalents	296,969	296,969	-
Current assets	**1,122,261**	**1,122,487**	**(226)**
Total assets	**1,246,563**	**1,246,796**	**(233)**
EQUITY			
Share capital	7,861	7,861	-
Reserves	303,046	303,046	-
Group net income	25,968	26,235	(267)
Group net equity	**336,875**	**337,142**	**(267)**
Non-controlling interests	1,046	1,046	-
Total equity	**337,921**	**338,188**	**(267)**
LIABILITIES			
Borrowings	19,999	19,927	72
Deferred income tax liabilities	7,088	7,088	-
Retirement benefit obligations	4,814	4,814	-
Debts for investments in subsidiaries	1,311	1,311	-
Provisions and other liabilities	2,504	2,504	-
Non-current liabilities	**35,716**	**35,644**	**72**
Trade payables	690,449	690,449	-
Short-term financial liabilities	156,006	155,960	46
Income tax liabilities	609	693	(84)
Derivative financial liabilities	663	663	-
Provisions and other liabilities	25,199	25,199	-
Current liabilities	**872,926**	**872,964**	**(38)**
Total liabilities	**908,642**	**908,608**	**34**
Total equity and liabilities	**1,246,563**	**1,246,796**	**(233)**

Consolidated income statement

(euro/000)	Q1 2017								
	Restated			Published			Var.		
	Italy	Spain	Group	Italy	Spain	Group	Italy	Spain	Group
Sales	503,974	250,971	742,480	494,395	251,019	745,414	9,579	(48)	(2,934)
Cost of sales	(474,296)	(241,104)	(702,945)	(477,182)	(228,697)	(705,879)	2,886	(12,407)	2,934
Gross Profit	**29,678**	**9,867**	**39,535**	**17,213**	**22,322**	**39,535**	**12,465**	**(12,455)**	**-**
Sales and marketing costs	(11,651)	(2,714)	(14,376)	(11,651)	(2,725)	(14,376)	-	11	-
Overheads and administrative costs	(15,014)	(5,409)	(20,407)	(15,014)	(5,393)	(20,407)	-	(16)	-
Operating income (EBIT)	**3,013**	**1,744**	**4,752**	**(9,452)**	**14,204**	**4,752**	**12,465**	**(12,460)**	**-**
Finance costs - net			(1,432)			(988)			(444)
Other investments expenses / (incomes)			(2)			(2)			-
Profit before income taxes			**3,318**			**3,762**			**(444)**
Income tax expenses			(862)			(969)			107
Net income			**2,456**			**2,793**			**(337)**

Consolidated statement of comprehensive income

(euro/000)	Q1 2017 Restated	Q1 2017 Published	Var.
Net income	**2,456**	**2,793**	**(337)**
			-
Other comprehensive income:			-
- Changes in 'cash flow hedge' equity reserve	46	46	-
- Taxes on changes in 'cash flow hedge' equity reserve	(8)	(8)	-
			-
- 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	54	-
- Taxes on changes in 'TFR' equity reserve	(12)	(12)	-
Other comprehensive income	**82**	**82**	**-**
Total comprehensive income	**2,538**	**2,875**	**(337)**
- of which attributable to Group	2,613	2,950	(337)
- of which attributable to non-controlling interests	(75)	(75)	-

Changes in consolidated equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Restated							
Balance at 31 December 2016	7,861	288,372	(5,145)	26,870	317,957	999	316,958
Total comprehensive income/(loss)	-	82	-	2,456	2,538	(75)	2,613
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	315,694	(5,145)	2,456	320,865	925	319,940
Published							
Balance at 31 December 2016	7,861	288,372	(5,145)	26,870	317,957	999	316,958
Total comprehensive income/(loss)	-	82	-	2,793	2,875	(75)	2,950
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	315,694	(5,145)	2,793	321,202	925	320,277
Variations							
Balance at 31 December 2016	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	(337)	(337)	-	(337)
Allocation of last year net income/(loss	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Change in 'stock grant' plan reserve	-	-	-	-	-	-	-
Other variations	-	-	-	-	-	-	-
Balance at 31 March 2017	-	-	-	(337)	(337)	-	(337)

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Restated							
Balance at 31 December 2016	7,861	288,372	(5,145)	26,870	317,957	999	316,958
Total comprehensive income/(loss)	-	(92)	-	26,013	25,921	46	25,875
Allocation of last year net income/(loss	-	19,883	-	(19,883)	-	-	-
Dividend payment	-	-	-	(6,987)	(6,987)	-	(6,987)
Transactions with owners	-	19,883	-	(26,870)	(6,987)	-	(6,987)
Change in 'stock grant' plan reserve	-	1,026	-	-	1,026	-	1,026
Other variations	-	4	-	-	4	1	3
Balance at 31 December 2017	7,861	309,193	(5,145)	26,013	337,921	1,046	336,875
Published							
Balance at 31 December 2016	7,861	288,372	(5,145)	26,870	317,957	999	316,958
Total comprehensive income/(loss)	-	(92)	-	26,280	26,188	46	26,142
Allocation of last year net income/(loss	-	19,883	-	(19,883)	-	-	-
Dividend payment	-	-	-	(6,987)	(6,987)	-	(6,987)
Transactions with owners	-	19,883	-	(26,870)	(6,987)	-	(6,987)
Change in 'stock grant' plan reserve	-	1,026	-	-	1,026	-	1,026
Other variations	-	4	-	-	4	1	3
Balance at 31 December 2017	7,861	309,193	(5,145)	26,280	338,188	1,046	337,142
Variations							
Balance at 31 December 2016	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	(267)	(267)	-	(267)
Allocation of last year net income/(loss	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Change in 'stock grant' plan reserve	-	-	-	-	-	-	-
Other variations	-	-	-	-	-	-	-
Balance at 31 December 2017	-	-	-	(267)	(267)	-	(267)

Consolidated statement of cash flows

(euro/000)	Q1 2017 Restated	Q1 2017 Published	Var.
Cash flow provided by (used in) operating activities (D=A+B+C)	**(220,734)**	**(220,979)**	**245**
Cash flow generated from operations (A)	**5,891**	**5,891**	**-**
Operating income (EBIT)	4,752	4,752	-
Depreciation, amortisation and other fixed assets write-downs	1,122	1,122	-
Net changes in provisions for risks and charges	(137)	(137)	-
Net changes in retirement benefit obligations	(208)	(208)	-
Stock option/grant costs	362	362	-
			-
Cash flow provided by (used in) changes in working capital (B)	**(226,130)**	**(226,395)**	**265**
Inventory	(73,271)	(73,271)	-
Trade receivables	52,369	52,369	-
Other current assets	3,339	3,074	265
Trade payables	(208,508)	(208,508)	-
Other current liabilities	(59)	(59)	-
			-
Other cash flow provided by (used in) operating activities (C)	**(495)**	**(475)**	**(20)**
Interests paid, net	(390)	(370)	(20)
Foreign exchange (losses)/gains	(105)	(105)	-
			-
Cash flow provided by (used in) i nvesting activities (E)	**(1,118)**	**(1,118)**	**-**
Net investments in property, plant and equipment	(765)	(765)	-
Net investments in intangible assets	(44)	(44)	-
Changes in other non current assets and liabilities	(309)	(309)	-
			-
Cash flow provided by (used in) financing activities (F)	**82,775**	**83,020**	**(245)**
Medium/long term borrowing	165,000	165,000	-
Repayment/renegotiation of medium/long-term borrowings	(54,182)	(54,182)	-
Net change in financial liabilities	(23,243)	(22,978)	(265)
Net change in financial assets and derivative instruments	(5,115)	(5,135)	20
Deferred price Celly acquisition	5	5	-
Deferred price Vinzeo acquisition	347	347	-
Increase/(decrease) in 'cash flow edge' equity reserve	37	37	-
Changes in third parties net equity	(74)	(74)	-
			-
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(139,077)**	**(139,077)**	**-**
			-
Cash and cash equivalents at year-beginning	**285,933**	**285,933**	**-**
Net increase/(decrease) in cash and cash equivalents	**(139,077)**	**(139,077)**	**-**
Cash and cash equivalents at year-end	**146,856**	**146,856**	**-**

3. Consolidated income statement and notes

3.1 Consolidated income statement

Below is the consolidated income statement, showing revenues by 'function' in accordance with the IFRS, along with the additional information required under CONSOB Resolution No. 15519 of 27 July 2006:

(euro/000)	Notes	Q1 2018	non - recurring	related parties**	Q1 2017 restated*	non - recurring	related parties*
Sales	33	**781,274**	-	3	**742,480**	-	-
Cost of sales		(742,322)	-	-	(702,945)	-	-
Gross profit	35	**38,952**	-		**39,535**	-	
Sales and marketing costs	37	(13,390)	-	-	(14,376)	-	-
Overheads and administrative costs	38	(20,211)	-	(1224)	(20,407)	(493)	(1208)
Operating income (EBIT)		**5,351**	-		**4,752**	**(493)**	
Finance costs - net	42	(708)	-	2	(1,432)	-	-
Other investments expenses / (incomes)	43	-	-		(2)	-	
Profit before income taxes		**4,643**	-		**3,318**	**(493)**	
Income tax expenses	45	(1,230)	-	-	(862)	129	-
Net income		**3,413**	-		**2,456**	**(364)**	
- of which attributable to non-controlling interests		40			(75)		
- of which attributable to Group		3,373	-		2,531	(364)	
Earnings per share - basic (euro)	46	0.07			0.05		
Earnings per share - diluted (euro)	46	0.06			0.05		

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.
** Excludes fees paid to executives with strategic responsibilities.

3.2 Consolidated statement of comprehensive income

(euro/000)	Q1 2018	Q1 2017 restated*
Net income	**3,413**	**2,456**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	53	46
- Taxes on changes in 'cash flow hedge' equity reserve	(12)	(8)
- Changes in translation adjustment reserve	3	3
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	57	54
- Taxes on changes in 'TFR' equity reserve	(12)	(12)
Other comprehensive income	**89**	**82**
Total comprehensive income	**3,502**	**2,538**
- of which attributable to Group	3,460	2,613
- of which attributable to non-controlling interests	42	(75)

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

3.3 Notes on financial performance of the Group

According to data published by Context (April 2018), the European distribution market recorded a growth of +5% in the first quarter 2018.
The positive trend affected substantially all the major Countries of the European Continent, as well as UK (+7%). Germany marked a +3%, France a +5%, Switzerland a +13%. Poland (-0.3%), Sweden (-1%) and Finland (+2%) underperformed the European average. Looking at markets where the Esprinet Group is active, Italy recorded the best result (+7%), followed by Spain (+6%) and Portugal (+4%).

In the first quarter of the current year the Italian Technology Distribution market grew +7% compared with the same period of the previous year (source: Context, April 2018).
Smartphones confirmed to be the driver of the growth (approx. +28% vs first quarter 2017). Notebooks and Desktops were flat, the printing segment was down -2% while the other categories grew on average 5% to 10%, in particular software for virtualization (+124%) and audio-video (+91%) were remarkable. Retailers were the best sales channel due to the smartphones outstanding performance, while business resellers also achieved good results thanks in particular to datacenter products.

Spain grew +6% thanks to smartphones too (+15% vs 1Q2017) while datacenter products were -10%.
PCs decreased by -2% due to a drop in desktop revenues, that more than offset the growth in notebooks. The demand for tables is still declining (-14%). In the Iberian market too, retailers were the best sales channel, growing +15% while business resellers grew by +2%.
Retailers showed a strong decrease in PC purchases (-11%), more than offset by larger volumes of smartphones (+53%). Conversely, PC sales grew in the business resellers' segment +7% while the channel performance was negatively influenced by datacenter products (-10%).

In the first quarter of 2018, the Esprinet Group mainly grew in the smartphones category with the Spanish activities outperforming the Italian ones in this segment. PCs and printing products grew less than the industry average mainly due to a voluntary decision to waive retail business volumes where prices are deemed too low.
The gross margin was negatively influenced by the persistent margin pressure in PCs, smartphones and printing consumables, while datacenter products and peripherals showed an improvement against the previous year.
The higher weight of smartphones in the Group's sales mix generated a decrease in the percentage of consolidated gross margin while in absolute value the margin was only -1%.
The actions aimed at optimizing the cost structure, which strongly accelerated in 2017 mainly in the personnel costs area, determined a significant reduction of labour costs (-5%).
As regards the balance sheet, the Group still shows a level of stocks not in line with internal targets mainly in some consumer product areas, where most of the efforts are placed in order to align the stock turnover to Group standards.

In the short term, the management believes that the fierce competitive pressure exacerbated in 2017 is likely to decline gradually.

The management confirms 2018 EBIT targets between 39-41 million euro, net of now unforeseen non-recurring items.

A) Esprinet Group's financial highlights

The Group's main economic, financial and asset results as at 31 March 2018 are hereby summarised:

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	Var. %
Sales	**781,274**	**100.00%**	**742,480**	**100.00%**	**38,794**	***5%***
Cost of sales	(742,322)	-95.01%	(702,945)	-94.68%	(39,377)	*6%*
Gross profit	**38,952**	**4.99%**	**39,535**	**5.32%**	**(583)**	***-1%***
Sales and marketing costs	(13,390)	-1.71%	(14,376)	-1.94%	986	*-7%*
Overheads and administrative costs	(20,211)	-2.59%	(20,407)	-2.75%	196	*-1%*
Operating income (EBIT)	**5,351**	**0.68%**	**4,752**	**0.64%**	**599**	***13%***
Finance costs - net	(708)	-0.09%	(1,432)	-0.19%	724	*-51%*
Other investments expenses / (incomes)	-	0.00%	(2)	0.00%	2	*-100%*
Profit before income taxes	**4,643**	**0.59%**	**3,318**	**0.45%**	**1,325**	***40%***
Income tax expenses	(1,230)	-0.16%	(862)	-0.12%	(368)	*43%*
Net income	**3,413**	**0.44%**	**2,456**	**0.33%**	**957**	***39%***
Earnings per share - basic (euro)	0.07		0.05		0.02	*40%*

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Consolidated sales, equal to 781.3 million euro showed an increase of +5% (38.8 million euro) compared with 742.5 million euro of the first quarter 2017.

Consolidated gross profit, equal to 39.0 million euro, showed a decrease of -1% (-0.6 million euro) compared with the same period of 2017 as a consequence of a worsening in the gross profit margin.

Consolidated operating income (EBIT) in the first quarter 2018 totalled 5.4 million euro, showing an increase in both absolute value (+13% equal to +0.6 million euro) and in EBIT margin (0.68% against 0.64%) as a consequence of a decrease in the operating costs (-1.2 million euro with an EBIT margin equal to -3%).

Consolidated profit before income taxes was equal to 4.6 million euro, showing an increase of +40% compared with the first quarter 2017, thus further contributing to the positive change recorded in EBIT, due to an improvement of 0.7 million euro in net financial charges, thanks substantially to both lower charges in the amortisation of bank fees relating to the medium-long term loans and to a positive change in foreign exchange management.

Consolidated net income was equal to 3.4 million euro, showing an increase of +39% (+1.0 million euro) compared with the first quarter 2017.

Basic earnings per ordinary share as at 31 March 2018, equal to 0.07 euro, showed an increase of +40% compared with the value of first quarter 2017 (0.05 euro).

(euro/000)	31/03/2018	%	31/12/2017 restated*	%	Var.	*Var. %*
Fixed assets	118,928	24.82%	122,403	56.93%	(3,474)	*-3%*
Operating net working capital	387,171	80.80%	104,175	48.46%	282,996	*272%*
Other current assets/liabilities	(12,629)	-2.64%	2,818	1.31%	(15,448)	*-548%*
Other non-current assets/liabilities	(14,323)	-2.99%	(14,406)	-6.70%	83	*-1%*
Total uses	**479,147**	**100.00%**	**214,990**	**100.00%**	**264,157**	***123%***
Short-term financial liabilities	231,795	48.38%	156,006	72.56%	75,789	*49%*
Current financial (assets)/liabilities for derivatives	493	0.10%	663	0.31%	(170)	*-26%*
Financial receivables from factoring companies	(13,130)	-2.74%	(1,534)	-0.71%	(11,596)	*756%*
Current debts for investments in subsidiaries	-	0.00%	-	0.00%	-	*N.S.*
Other current financial receivables	(3,428)	-0.72%	(508)	-0.24%	(2,921)	*575%*
Cash and cash equivalents	(96,483)	-20.14%	(296,969)	-138.13%	200,486	*-68%*
Net current financial debt	119,247	24.89%	(142,342)	-66.21%	261,588	*-184%*
Borrowings	18,262	3.81%	19,999	9.30%	(1,737)	*-9%*
Non - current debts for investments in subsidiaries	1,317	0.27%	1,311	0.61%	6	*0%*
Non-current financial (assets)/liab. for derivatives	(14)	0.00%	(36)	-0.02%	22	*-61%*
Other non - current financial receivables	(1,427)	-0.30%	(1,863)	-0.87%	437	*-23%*
Net financial debt (A)	137,385	28.67%	(122,931)	-57.18%	260,316	*-212%*
Net equity (B)	341,762	71.33%	337,921	157.18%	3,841	*1%*
Total sources of funds (C=A+B)	**479,147**	**100.00%**	**214,990**	**100.00%**	**264,157**	***123%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Operating net working capital as at 31 March 2018 was equal to 387.2 million euro compared with 104.2 million euro as at 31 December 2017.

Consolidated net financial position as at 31 March 2018, was negative by 137.4 million euro, compared with a cash surplus of 122.9 million euro as at 31 December 2017.
The worsening of the spot net financial position as at period end was mainly due to the performance of consolidated net working capital as at 31 March 2018 which in turn was influenced by technical events often not related to the average level of working capital and by the level of utilisation both 'without – recourse' factoring programs referring to the trade receivables and of the corresponding securization programme.

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 31 March 2018 was approx. 255 million euro (approx. 424 million euro as at 31 December 2017).

Consolidated net equity as at 31 March 2018 equal to 341.8 million euro, showed an increase of 3.8 million euro compared with 337.9 million euro as at 31 December 2017.

B) <u>Financial highlights by geographical area</u>

B.1) Subgroup Italy

The main earnings, financial and net assets position for the Italian subgroup (Esprinet, V-Valley, EDSlan, Mosaico, Nilox Deutschland and Celly Group) as at 31 March 2018 are hereby summarised:

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	Var. %
Sales to third parties	523,063		491,509		31,554	*6%*
Intercompany sales	12,466		12,465		1	*0%*
Sales	**535,529**		**503,974**		**31,555**	***6%***
Cost of sales	(506,798)	-94.64%	(474,296)	-88.57%	(32,502)	*7%*
Gross profit	**28,731**	**5.36%**	**29,678**	**5.89%**	**(947)**	***-3%***
Sales and marketing costs	(10,370)	-1.94%	(11,651)	-2.31%	1,281	*-11%*
Overheads and administrative costs	(15,334)	-2.86%	(15,014)	-2.98%	(320)	*2%*
Operating income (EBIT)	**3,027**	**0.57%**	**3,013**	**0.60%**	**14**	***0%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Sales, totalled 535.5 million euro and showed an increase of +6% compared with 504.0 million euro of the first quarter 2017.

Gross profit was equal to 28.7 million euro showing a decrease of -3% compared with 29.7 million euro of the first quarter 2017, due to a gross profit margin decrease (from 5.89% of the first quarter 2017 to 5.36% of the first quarter 2018).

Operating income (EBIT) was 3.0 million euro, in line with the same period of 2017 notwithstanding a lower EBIT margin as a consequence of a strong reduction in the operating costs (-1.0 million euro or -3.6%).

(euro/000)	31/03/2018	%	31/12/2017 restated*	%	Var.	*Var. %*
Fixed assets	113,973	29.51%	117,075	64.94%	(3,101)	*-3%*
Operating net working capital	282,746	73.21%	55,494	30.78%	227,252	*410%*
Other current assets/liabilities	(823)	-0.21%	17,559	9.74%	(18,383)	*-105%*
Other non-current assets/liabilities	(9,676)	-2.51%	(9,857)	-5.47%	181	*-2%*
Total uses	**386,220**	**100.00%**	**180,271**	**100.00%**	**205,949**	***114%***
Short-term financial liabilities	227,564	58.92%	150,410	83.44%	77,154	*51%*
Current financial (assets)/liabilities for derivatives	493	0.13%	644	0.36%	(151)	*-23%*
Financial receivables from factoring companies	(13,130)	-3.40%	(1,534)	-0.85%	(11,596)	*756%*
Financial (assets)/liab. from/to Group companies	(102,500)	-26.54%	(112,500)	-62.41%	10,000	*-9%*
Other financial receivables	(3,428)	-0.89%	(508)	-0.28%	(2,921)	*575%*
Cash and cash equivalents	(52,364)	-13.56%	(184,912)	-102.57%	132,548	*-72%*
Net current financial debt	56,634	14.66%	(148,400)	-82.32%	205,033	*-138%*
Borrowings	16,498	4.27%	18,235	10.12%	(1,737)	*-10%*
Non - current debts for investments in subsidiaries	1,317	0.34%	1,311	0.73%	6	*0%*
Other financial receivables	(1,427)	-0.37%	(1,863)	-1.03%	437	*-23%*
Net Financial debt (A)	73,022	18.91%	(130,717)	-72.51%	203,739	*-156%*
Net equity (B)	313,198	81.09%	310,988	172.51%	2,210	*1%*
Total sources of funds (C=A+B)	**386,220**	**100.00%**	**180,271**	**100.00%**	**205,949**	***114%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Operating net working capital as at 31 March 2018 was equal to 282.7 million euro compared with 55.5 million euro as at 31 December 2017.

Net financial position as at 31 March 2018, was negative by 73.0 million euro, compared with a cash surplus equal to 130.7 million euro as at 31 December 2017. The impact of both 'without-recourse' sale and securization programmes of trade receivables as at 31 March 2018 was approx. 100 million euro (approx. 184 million euro as 31 December 2017).

B.2) Subgroup Iberica

The main earnings, financial and net assets position for the Subgroup Iberica (Esprinet Iberica, Esprinet Portugal, Tapes , Vinzeo Technologies and V-Valley Iberian) as at 31 March 2018 are hereby summarised:

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	Var. %
Sales to third parties	258,211		250,971		7,240	*3%*
Intercompany sales	-		-		-	*100%*
Sales	**258,211**		**250,971**		7,240	***3%***
Cost of sales	(248,058)	-96.07%	(241,104)	-96.07%	(6,954)	*3%*
Gross profit	**10,153**	**3.93%**	**9,867**	**3.93%**	**286**	***3%***
Sales and marketing costs	(3,021)	-1.17%	(2,714)	-1.08%	(307)	*11%*
Overheads and administrative costs	(4,880)	-1.89%	(5,409)	-2.16%	529	*-10%*
Operating income (EBIT)	**2,252**	**0.87%**	**1,744**	**0.69%**	**508**	***29%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Sales were equal to 258.2 million euro, showing an increase of +3% compared with 251.0 million euro of the first quarter 2017.

Gross profit as at 31 March 2018 totalled 10.2 million euro, showing an increase of +3% compared with 9.9 million euro of the same period of 2017 with a gross profit margin unchanged (3.93%).

Operating income (EBIT) equal to 2.3 million euro increased by 0.5 million euro compared to the first quarter 2017, with an EBIT margin up to 0.87% from 0.69% of the same period of previous year, as a consequence of the combined effect of a higher EBIT margin and a slight reduction in the operating costs.

(euro/000)	31/03/2018	%	31/12/2017	%	Var.	*Var. %*
Fixed assets	79,725	47.44%	80,051	72.87%	(326)	*0%*
Operating net working capital	104,774	62.35%	49,102	44.69%	55,672	*113%*
Other current assets/liabilities	(11,806)	-7.03%	(14,742)	-13.42%	2,936	*-20%*
Other non-current assets/liabilities	(4,648)	-2.77%	(4,549)	-4.14%	(99)	*2%*
Total uses	**168,045**	**100.00%**	**109,862**	**100.00%**	**58,183**	***53%***
Short-term financial liabilities	4,231	2.52%	5,596	5.09%	(1,365)	*-24%*
Current financial (assets)/liabilities for derivatives	-	0.00%	19	0.02%	(19)	*-100%*
Financial (assets)/liab. from/to Group companies	102,500	61.00%	112,500	102.40%	(10,000)	*-9%*
Cash and cash equivalents	(44,119)	-26.25%	(112,057)	-102.00%	67,938	*-61%*
Net current financial debt	62,612	37.26%	6,058	5.51%	56,554	*934%*
Borrowings	1,764	1.05%	1,764	1.61%	-	*0%*
Non-current financial (assets)/liab. for derivatives	(14)	-0.01%	(36)	-0.03%	22	*-61%*
Net Financial debt (A)	64,362	38.30%	7,786	7.09%	56,576	*727%*
Net equity (B)	103,683	61.70%	102,076	92.91%	1,607	*2%*
Total sources of funds (C=A+B)	**168,045**	**100.00%**	**109,862**	**100.00%**	**58,183**	***53%***

Operating net working capital as at 31 March 2018 was equal to 104.8 million euro compared with 49.1 million euro as at 31 December 2017.

Net financial position as at 31 March 2018, was negative by 64.4 million euro, compared with a negative financial position of 7.80 million euro as at 31 December 2017. The impact of both 'without-recourse' sale and receivable financing programmes was approx. 155 million euro (approx. 240 million euro as at 31 December 2017).

C) Separate income statement by legal entity

Please find below the separate income statement showing the contribution of the individual group companies regarded as significant:[2]

(euro/000)	Q1 2018													
	Italy						Iberian Peninsula							
	E.Spa + V-Valley + Nilox GmbH	Mosaico	Celly**	EDSlan	Elim. and other	Total	Esprinet Iberian	Esprinet Portugal	V-Valley Iberian	Vinzeo + Tape	Elim. and other	Total	Elim. and other	Group
Sales to third parties	503,892	9,564	4,843	4,764	-	523,063	131,274	6,737	1,917	118,283	-	258,211	-	781,274
Intersegment sales	13,046	2,193	943	8,094	(11,810)	12,466	5,080	-	41	609	(5,730)	-	(12,466)	-
Sales	**516,938**	**11,757**	**5,786**	**12,858**	**(11,810)**	**535,529**	**136,354**	**6,737**	**1,958**	**118,892**	**(5,730)**	**258,211**	**(12,466)**	**781,274**
Cost of sales	(492,673)	(10,800)	(3,184)	(11,963)	11,822	(506,798)	(130,982)	(6,540)	(1,721)	(114,536)	5,721	(248,058)	12,534	(742,322)
Gross profit	**24,265**	**957**	**2,602**	**895**	**12**	**28,731**	**5,372**	**197**	**237**	**4,356**	**(9)**	**10,153**	**68**	**38,952**
Gross Profit %	*4.69%*	*8.14%*	*44.97%*	*6.96%*	*-0.10%*	*5.36%*	*3.94%*	*2.92%*	*12.10%*	*3.66%*		*3.93%*		*4.99%*
Sales and marketing costs	(7,934)	(409)	(1,725)	(303)	1	(10,370)	(1,445)	(110)	(292)	(1,177)	3	(3,021)	1	(13,390)
Overheads and admin. costs	(14,146)	(233)	(753)	(202)	-	(15,334)	(3,170)	(172)	(114)	(1,429)	5	(4,880)	3	(20,211)
Operating income (Ebit)	**2,185**	**315**	**124**	**390**	**13**	**3,027**	**757**	**(85)**	**(169)**	**1,750**	**(1)**	**2,252**	**72**	**5,351**
EBIT %	*0.42%*	*2.68%*	*2.14%*	*3.03%*	*-0.11%*	*0.57%*	*0.56%*	*-1.26%*	*-8.63%*	*1.47%*		*0.87%*		*0.68%*
Finance costs - net														(708)
Share of profits of associates														-
Profit before income tax														**4,643**
Income tax expenses														(1,230)
Net income														**3,413**
- of which attributable to non-controlling interests														40
- of which attributable to Group														3,373

(euro/000)	Q1 2017 restated*													
	Italy						Iberian Peninsula							
	E.Spa + V-Valley	Mosaico	Celly**	EDSlan	Elim. and other	Total	Esprinet Iberica	Esprinet Portugal	V-Valley Iberian	Vinzeo + Tape	Elim. and other	Total	Elim. and other	Group
Sales to third parties	459,816	10,910	5,959	14,824	-	491,509	141,955	6,886	1,499	100,679	-	251,019	-	742,480
Intersegment sales	16,495	66	113	552	(4,761)	12,465	4,994	5	-	910	(5,910)	-	(12,465)	-
Sales	**476,311**	**10,976**	**6,072**	**15,376**	**(4,761)**	**503,974**	**146,949**	**6,891**	**1,499**	**101,589**	**(5,910)**	**251,019**	**(12,465)**	**742,480**
Cost of sales	(452,118)	(9,918)	(3,356)	(13,691)	4,787	(474,296)	(140,684)	(6,699)	(1,338)	(98,294)	5,911	(241,104)	12,455	(702,945)
Gross profit	**24,193**	**1,058**	**2,716**	**1,685**	**26**	**29,678**	**6,265**	**192**	**161**	**3,295**	**1**	**9,915**	**(10)**	**39,535**
Gross Profit %	*5.08%*	*9.64%*	*44.73%*	*10.96%*	*-0.55%*	*5.89%*	*4.26%*	*2.79%*	*10.74%*	*3.24%*		*3.95%*		*5.32%*
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**	**1,079**	**(37)**	**(155)**	**905**	**(1)**	**1,792**	**(5)**	**4,752**
EBIT %	*0.74%*	*5.43%*	*-8.75%*	*-4.06%*	*-0.67%*	*0.60%*	*0.73%*	*-0.54%*	*-10.34%*	*0.89%*		*0.71%*		*0.64%*
Finance costs - net														(1,432)
Share of profits of associates														(2)
Profit before income tax														**3,318**
Income tax expenses														(862)
Net income														**2,456**
- of which attributable to non-controlling interests														(75)
- of which attributable to Group														2,531

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.
** Consisting of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

[2] V-Valley S.r.l. (since is a mere 'commission sales agent' of Esprinet S.p.A.), Tape S.L.U. and Nilox Deutschland GmbH (since both not significant) are not shown separately.

D) Separate income statement by legal entity

Please find below the consolidated income statement showing the restatement of charges attributable to the without-recourse revolving factoring in the period under the item finance costs (both factoring and securitisazion):

(euro/000)	Q1 2018	%	Q1 2018 reclassified	%	Var.	Var. %
Sales	**781,274**	**100.00%**	**781,274**	**100.00%**	**0**	***0%***
Cost of sales	(742,322)	-95.01%	(741,090)	-94.86%	(1,232)	*0%*
Gross Profit	**38,952**	**4.99%**	**40,184**	**5.14%**	**(1,232)**	***-3%***
Sales and marketing costs	(13,390)	-1.71%	(13,390)	-1.71%	0	*0%*
Overheads and administrative costs	(20,211)	-2.59%	(20,211)	-2.59%	0	*0%*
Operating income (EBIT)	**5,351**	**0.68%**	**6,583**	**0.84%**	**(1,232)**	***-19%***
Finance costs - net	(708)	-0.09%	(1,940)	-0.25%	1,232	*-64%*
Profit before income taxes	**4,643**	**0.59%**	**4,643**	**0.59%**	**0**	***0%***
Income tax expenses	(1,230)	-0.16%	(1,230)	-0.16%	0	*0%*
Net Income	**3,413**	**0.44%**	**3,413**	**0.44%**	**0**	***0%***

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 2018	%	Q1 2017 restated*	%	Var.	% Var.
Italy	519.5	66.5%	487.2	65.6%	32.3	7%
Spain	250.1	32.0%	243.5	32.8%	6.6	3%
Other EU countries	10.5	1.3%	9.8	1.3%	0.7	7%
Extra EU countries	1.2	0.2%	2.0	0.3%	(0.8)	-40%
Group sales	**781.3**	**100.0%**	**742.5**	**100.0%**	**38.8**	**5%**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Sales in other EU countries mainly refer to sales made by the Subgroup Spain to customers resident in Portugal.

Sales by products and services

(euro/million)	Q1 2018	%	Q1 2017 restated*	%		% Var.
Product sales	521.4	66.7%	490.2	66.0%	31.2	*6%*
Services sales	1.7	0.2%	1.3	0.2%	0.4	*29%*
Sales - Subgroup Italy	**523.1**	67.0%	**491.5**	**66.2%**	**31.6**	***6%***
Product sales	257.2	32.9%	250.4	33.7%	6.8	*3%*
Services sales	1.0	0.1%	0.6	0.1%	0.4	*81%*
Sales - Subgroup Spain	**258.2**	33.0%	**251.0**	**33.8%**	**7.2**	***3%***
Group sales	**781.3**	100.0%	**742.5**	**100.0%**	**38.8**	***5%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Sales by product family and customer type

(euro/million)	Q1 2018	%	Q1 2017 restated*	%	% Var.
GDO/GDS	234.8	30.1%	184.6	24.9%	27%
Dealers	218.8	28.0%	204.5	27.5%	7%
Vars	183.3	23.5%	178.2	24.0%	3%
Office/Consumables dealers	73.2	9.4%	78.0	10.5%	-6%
Shop on-line	51.4	6.6%	69.8	9.4%	-26%
Sub-distributors	19.8	2.5%	27.4	3.7%	-28%
Group Sales	**781.3**	**100%**	**742.5**	**100%**	***5%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

(euro/million)	Q1 2018	%	Q1 2017 restated*	%	Var.	% Var.
TLC	218.4	28.0%	155.7	21.0%	62.7	*40%*
PCs - notebooks	137.6	17.6%	152.2	20.5%	(14.6)	*-10%*
PCs - tablets	84.0	10.8%	69.7	9.4%	14.4	*21%*
Consumer electronics	65.4	8.4%	71.1	9.6%	(5.7)	*-8%*
PCs - desktops and monitors	62.3	8.0%	58.0	7.8%	4.2	*7%*
Consumables	55.3	7.1%	58.2	7.8%	(2.9)	*-5%*
Software	40.7	5.2%	38.7	5.2%	2.0	*5%*
Storage	31.0	4.0%	32.6	4.4%	(1.6)	*-5%*
Peripherical devices	30.6	3.9%	29.7	4.0%	0.9	*3%*
Networking	20.7	2.7%	25.8	3.5%	(5.1)	*-20%*
Servers	18.1	2.3%	15.2	2.1%	2.9	*19%*
Services	2.6	0.3%	3.5	0.5%	(0.8)	*-24%*
Other	14.5	1.9%	32.1	4.3%	(17.6)	*-55%*
Group sales	**781.3**	**100%**	**742.5**	**100%**	**38.8**	***5%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

As compared with the first quarter 2017, the sales analysis by customer type shows an improvement in the channels referring to 'GDO/GDS' (+27%), to small-medium business customers ('Dealers', +7%), as well to large business customers ('VAR-Value Added Resellers' +3%); on the contrary the other channels showed a reduction.

The breakdown of sales by product categories highlights a significant growth in 'TLC' (+40%), an overall increase in Personal Computers ('PCs - tablets' +21% offset by 'PCs – notebooks' – 10% and 'PCs – desktops and monitors' +7%), and improvements also in 'Servers' (+19%) and 'Software' (+5%).

In contrast, 'Networking' (-20%) and 'Consumer Electronics' (-8%), 'Consumables' (-5%) and residual categories ('Other' -55%) show opposite trends.

35) Gross profit

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	% Var.	FY 2017 restated*	%
Sales	781,274	100.00%	742,480	100.00%	38,794	*5%*	3,203,571	100.00%
Cost of sales	742,322	95.01%	702,945	94.70%	39,377	*5%*	3,035,808	94.79%
Gross profit	**38,952**	**4.99%**	**39,535**	**5.30%**	**(583)**	***-1%***	**167,763**	**5.21%**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Consolidated gross profit, equal to 39.0 million euro, showed a decrease of -1% (-0.6 million euro) compared with the same period of 2017 as a consequence of a worsening in the gross profit margin in the Italian Subgroup.

Gross profit is affected by the difference between the amount of trade receivables sold without-recourse to factoring companies within the usual revolving programmes and the amounts collected. This is calculated as approx. 1.2 million euro for the quarter under review (1.3 million euro in the same period of the previous year).

37-38) Operating costs

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	% Var.	FY 2017 restated*	%
Sales	**781,274**		**742,480**		38,794	***5%***	**3,203,571**	
Sales and marketing costs	13,390	1.71%	14,376	1.94%	(986)	*-7%*	53,800	1.68%
Overheads and administrative costs	20,211	2.59%	20,407	2.75%	(196)	*-1%*	79,616	2.49%
Operating costs	**33,601**	**4.30%**	**34,783**	**4.68%**	**(1,182)**	***-3%***	**133,416**	**4.16%**
- of which non recurring	-	0.00%	493	0.07%	(493)	*-100%*	1,839	0.06%
'Recurring' operating costs	**33,601**	**4.30%**	**34,290**	**4.62%**	**(689)**	***-2%***	**131,577**	**4.11%**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

As at 31 March 2018, operating costs, amounting to 33.6 million euro, decreased by -1.2 million euro compared with the same period of 2017 (-0.7 million euro net of non-recurring items), with an operating costs margin down to 4.30% in 2018.

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 2018	%	Q1 2017 restated*	%	Var.	% Var.
Sales	**781,274**		**742,480**		**38,794**	***5%***
Wages and salaries	11,159	1.43%	11,643	1.57%	(484)	*-4%*
Social contributions	3,293	0.42%	3,476	0.47%	(183)	*-5%*
Pension obligations	607	0.08%	599	0.08%	8	*1%*
Other personnel costs	242	0.03%	245	0.03%	(3)	*-1%*
Employee termination incentives	250	0.03%	489	0.07%	(239)	*-49%*
Share incentive plans	145	0.02%	131	0.02%	14	*11%*
Total labour costs (2)	**15,696**	**2.01%**	**16,583**	**2.23%**	**(887)**	***-5%***

(*) Different amounts from those published in previous reports due to the application, also to the comparative periods, of changes arising in 2018 from the newly adopted accounting standard IFRS 15.
(2) Cost of temporary workers excluded.

At 31 March 2018 labour costs amounted to 15.7 million euro, down -5% compared with the same period of the previous year, in line with the average headcount change in the quarter.
'Share incentive plans' refer to 'pro-tempore' costs of the 'Long Term Incentive Plan' approved in April 2015 and expired on 4 May 2018 when the consolidated financial statements for 2017 were submitted to the Esprinet S.p.A. AGM.

The employees number of the Group as at 31 March 2018 - split by qualification - is shown in the table below:[3]

[3] Interns and temporary workers excluded.

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	19	702	1	**722**	
EDSlan S.r.l.	-	-	-	**-**	
Celly S.p.A.	1	44	-	**45**	
Mosaico S.r.l.	1	26	-	**27**	
Celly Pacific LTD	-	2	-	**2**	
Celly Nordic OY	-	1	-	**1**	
Celly Swiss SAGL	-	-	-	**-**	
Nilox Deutschland GmbH	-	1	-	**1**	
V-Valley S.r.l.	-	-	-	**-**	
Subgroup Italy	**21**	**776**	**1**	**798**	**806**
Esprinet Iberica S.L.U.	-	223	72	**295**	
Vinzeo Technologies S.A.U.	-	134	-	**134**	
V-Valley Iberian S.L.U.	-	14	-	**14**	
Esprinet Portugal Lda	-	8	-	**8**	
Tape S.L.U.	-	-	-	**-**	
Subgroup Spain	**-**	**379**	**72**	**451**	**443**
Group as at 31 March 2018	**21**	**1,155**	**73**	**1,249**	**1,249**
Group as at 31 December 2017	**21**	**1,173**	**53**	**1,247**	**1,288**
Var 31/03/2018 - 31/12/2017	-	(18)	20	2	(39)
Var %	0%	-2%	38%	0%	-3%
Group as at 31 March 2017	**21**	**1,220**	**78**	**1,319**	**1,324**
Var 31/03/2018 - 31/03/2017	-	(65)	(5)	(70)	(75)
Var %	0%	-5%	-6%	-5%	-6%

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

The number of employees remained substantially stable compared with 31 December 2017 (+2), while the average number of employees in the quarter decreased by 70 compared with the same period of the previous year mainly due to the business reorganisation measures that were implemented during 2017.

Amortisation, depreciation, write-downs and accruals for risk

(euro/000)	Q1 2018	%	Q1 2017 restated*	%		% Var.
Sales	**781,274**		**742,480**		**38,794**	***5%***
Depreciation of tangible assets	1,011	0.13%	959	0.13%	52	*5%*
Amortisation of intangible assets	156	0.02%	163	0.02%	(7)	*-4%*
Amort . & depreciation	**1,167**	**0.15%**	**1,122**	**0.15%**	**45**	***4%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	0%
Amort. & depr., write-downs (A)	**1,167**	**0.15%**	**1,122**	**0.15%**	**45**	***4%***
Accruals for risks and charges (B)	53	0.01%	43	0.01%	10	*23%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**1,220**	**0.16%**	**1,165**	**0.16%**	**55**	***5%***

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

42) Finance costs – net

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	Var.	% Var.	FY 2017 restated*	%
Sales	781,274		742,480		38,794	*5%*	3,203,571	
Interest expenses on borrowings	753	0.10%	697	0.09%	56	*8%*	3,392	0.11%
Interest expenses to banks	52	0.01%	176	0.02%	(124)	*-70%*	322	0.01%
Other interest expenses	-	0.00%	1	0.00%	(1)	*-100%*	16	0.00%
Upfront fees amortisation	125	0.02%	542	0.07%	(417)	*-77%*	1,011	0.03%
Financial charges for actualization	-	0.00%	3	0.00%	(3)	*-100%*	1	0.00%
IAS 19 expenses/losses	14	0.00%	16	0.00%	(2)	*-12%*	63	0.00%
Charges on payables for business combinations	6	0.00%	10	0.00%	(4)	*-40%*	34	0.00%
Charges from fair value changes	35	0.00%	32	0.00%	3	*9%*	176	0.01%
Total financial expenses (A)	**985**	**0.13%**	**1,476**	**0.20%**	**(491)**	***-33%***	**5,015**	**0.16%**
Interest income from banks	(10)	0.00%	(38)	-0.01%	28	*-73%*	(82)	0.00%
Interest income from others	(32)	0.00%	(28)	0.00%	(4)	*14%*	(692)	-0.02%
Income from payables for business combinations	-	0.00%	(2)	0.00%	2	*-100%*	(2,631)	-0.08%
Income from fair value changes	-	0.00%	(7)	0.00%	7	*-100%*	20	0.00%
Total financial income(B)	**(42)**	**-0.01%**	**(75)**	**-0.01%**	**33**	***-44%***	**(3,385)**	**-0.11%**
Net financial exp. (C=A+B)	**943**	**0.12%**	**1,402**	**0.19%**	**(459)**	***-33%***	**1,630**	**0.05%**
Foreign exchange gains	(644)	-0.08%	(262)	-0.04%	(382)	*>100%*	(1,775)	-0.06%
Foreign exchange losses	409	0.05%	292	0.04%	117	*40%*	1,245	0.04%
Net foreign exch. (profit)/losses (D)	**(235)**	**-0.03%**	**30**	**0.00%**	**(265)**	***<-100%***	**(530)**	**-0.02%**
Net financial (income)/costs (E=C+D)	**708**	**0.09%**	**1,432**	**0.19%**	**(724)**	***-51%***	**1,100**	**0.03%**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

The negative balance of 0.7 million euro between financial income and charges shows an improvement (+0.7 million euro) compared with the same period of previous year. This is attributable on the one hand to the positive change in the foreign exchange management for 0.3 million euro and on the other hand to lower charges in the amortisation of bank fees for 0.4 million euro.
More in detail, the latter decrease almost entirely refers to the effects of the new IFRS 9 coming into

force, which entailed the recognition of higher financial charges from amortisation of 'upfront fees' under term loan agreements for 0.4 million euro in the first quarter 2018.

Conversely, the net interest balance payable to banks is unchanged at 0.8 million euro, notwithstanding a higher average drawdown compared with the first quarter of 2017, thanks to a lower cost of debt also due to a cheaper funding source mix.

45) Income tax expenses

(euro/000)	Q1 2018	%	Q1 2017 restated*	%	% Var.	FY 2017 restated*	%
Sales	**781,274**		**742,480**		*5%*	**3,203,571**	
Current income taxes	1,097	0.14%	389	0.05%	*182%*	6,713	0.21%
Deferred income taxes	133	0.02%	473	0.06%	*-72%*	558	0.02%
Taxes	**1,230**	0.16%	**862**	0.12%	*43%*	**7,271**	0.23%
Profit before taxes	**4,643**		**3,318**			**33,284**	
Tax rate	*26%*		*26%*			*22%*	

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Income tax expenses, equal to 1.2 million euro, increased by +43% compared with the same period of 2017 due to a higher taxable income.

46) Net income and earnings per share

(euro/000)	Q1 2018	Q1 2017 restated*	Var.	% Var.
Net income	**3,413**	**2,456**	**957**	*39%*
Weighed average no. of shares in circulation: basic	51,757,451	51,757,451		
Weighed average no. of shares in circulation: diluted	52,267,782	52,146,368		
Earnings per share in euro: basic	**0.07**	**0.05**	**0.02**	*40%*
Earnings per share in euro: diluted	**0.06**	**0.05**	**0.01**	*20%*

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

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 were included in the calculation of the 'diluted' profit per share. The plan provided for the allotment of 646,889 shares but, based on the results for the period 2015-17 and the employment termination of some beneficiaries, the number of shares was reduced to 535,134.

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)	31/03/2018	related parties	31/12/2017 restated*	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	14,113		14,634	
Goodwill	90,595		90,595	
Intangible assets	992		1,070	
Investments in associates	-		-	
Deferred income tax assets	11,245		11,262	
Derivative financial assets	14		36	
Receivables and other non-current assets	3,410	1,552	6,705	1,553
	120,369	**1,552**	**124,302**	**1,553**
Current assets				
Inventory	498,311		481,551	
Trade receivables	313,821	14	313,073	11
Income tax assets	2,605		3,116	
Other assets	29,674	1,216	27,552	10
Cash and cash equivalents	96,483		296,969	
	940,894	**1,230**	**1,122,261**	**21**
Disposal groups assets	-		-	
Total assets	**1,061,263**	**2,782**	**1,246,563**	**1,574**
EQUITY				
Share capital	7,861		7,861	
Reserves	329,442		303,046	
Group net income	3,372		25,968	
Group net equity	**340,675**		**336,875**	
Non-controlling interests	1,087		1,046	
Total equity	**341,762**		**337,921**	
LIABILITIES				
Non-current liabilities				
Borrowings	18,262		19,999	
Derivative financial liabilities	-		-	
Deferred income tax liabilities	7,362		7,088	
Retirement benefit obligations	4,676		4,814	
Debts for investments in subsidiaries	1,317		1,311	
Provisions and other liabilities	2,285		2,504	
	33,902		**35,716**	
Current liabilities				
Trade payables	424,961	-	690,449	-
Short-term financial liabilities	231,795		156,006	
Income tax liabilities	815		609	
Derivative financial liabilities	493		663	
Debts for investments in subsidiaries	-		-	
Provisions and other liabilities	27,535	1,501	25,199	1,510
	685,599	**1,501**	**872,926**	**1,510**
Disposal groups liabilities	-		-	
Total liabilities	**719,501**	**1,501**	**908,642**	**1,510**
Total equity and liabilities	**1,061,263**	**1,501**	**1,246,563**	**1,510**

[*] Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

(**) For further details on transactions 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)	31/03/2018			31/12/2017
	Esprinet Group	Subgroup Italy	Subgroup Iberian	Esprinet Group
Plant and machinery	25	23	2	1,042
Ind. And comm. Equipment & Other assets	192	162	30	2,414
Assets under construction and advances	276	274	2	109
Total Property, plant and equipment	**493**	**459**	**34**	**3,565**
Industrial patents and intellectual rights	77	77	-	270
Others	-	-	-	4
Assets under construction and advances	-	-	-	6
Total intangible asstes	**77**	**77**	**-**	**280**
Total gross investments	**570**	**536**	**34**	**3,845**

As at 31 March 2018, investments in 'Industrial and commercial equipment and other assets' substantially refer to the purchase of electronic machines, equipment and office furniture for the headquarters by the parent company Esprinet S.p.A..

Investments in 'Assets under construction and advances' refer mainly to the acquisition, by the parent company Esprinet S.p.A., of conditioning plants, video-surveillance facilities and equipment for the logistic hub in Cavenago, not yet operating as at 31 March 2018.

4.2.2 Net financial position and covenants

(euro/000)	31/03/2018	31/12/2017 restated*	Var.	31/03/2017 restated*	Var.
Short-term financial liabilities	231,795	156,006	75,789	100,706	131,089
Current debts for investments in subsidiaries	-	-	-	5,065	(5,065)
Current financial (assets)/liabilities for derivatives	493	663	(170)	81	412
Financial receivables from factoring companies	(13,130)	(1,534)	(11,596)	(11,737)	(1,393)
Other financial receivables	(3,428)	(508)	(2,921)	(446)	(2,982)
Cash and cash equivalents	(96,483)	(296,969)	200,486	(146,856)	50,373
Net current financial debt	**119,247**	**(142,342)**	**261,588**	**(53,187)**	**172,433**
Borrowings	18,262	19,999	(1,737)	168,590	(150,328)
Non - current debts for investments in subsidiaries	1,317	1,311	6	3,941	(2,624)
Non-current financial (assets)/liabilities for derivatives	(14)	(36)	22	(28)	14
Other financial receivables	(1,427)	(1,863)	437	(1,854)	428
Net financial debt	**137,385**	**(122,931)**	**260,316**	**117,462**	**19,923**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

For the definition of financial payables please see the paragraph 'Principal accounting definitions and estimates' in the consolidated accounts as at 31 December 2017.

The Group's net financial position, positive in the amount of 137.4 million euro, corresponds to a net balance of gross financial debts of 250.1 million euro, financial receivables equal to 18.0 million euro, debts for investments in subsidiaries equal to 1.3 million euro, cash and cash equivalents equal to 96.5 million euro and financial liabilities for derivatives of 0.5 million euro.

Cash and cash equivalents 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 without-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 2018 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 programme of other trade receivables was started in Italy. This programme is aimed at transferring risks and rewards to the buyer: the receivables sold are therefore de-recognized in the statement of financial position according to IAS 39. The overall effect on the levels of financial debt as at 31 March 2018 is approx. 255 million euro (approx. 424 million euro as at 31 December 2017).

Financial debt relating to the Term Loan Facility expiring in February 2022, whose residual amount is 116.0 million euro, in line with the presentation as at 31 December 2017 but as opposed to that as of 31 March 2017, is entirely classified under current financial liabilities as a consequence of breaching a covenant this loan is subject to. As better detailed in the section 'Subsequent events', to which reference is made, on 30 April 2018 the pool of lending banks officially communicated their waiver to exercise the right to early repayment of the loan arising from such breach.

4.2.3 Goodwill

Goodwill amounts to 90.6 million euro with no changes compared with 31 December 2017.

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)	31/03/2018	31/12/2017	Var.		
Esprinet S.p.A.	17,297	17,297	-	CGU 1	B2B distribution of Information Technology and Consumer Electronics (Italy)
Celly S.p.A.	4,153	4,153	-	CGU 2	B2C phone accessoires (Italy)
Esprinet Iberica S.l.u.	69,145	69,145	-	CGU 3	B2B distribution of Information Technology and Consumer Electronics (Spain)
Total	**90,595**	**90,595**	**-**		

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2017 and no impairment loss was identified 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 2018 and the date of this financial report, no other impairment tests were conducted as at 31 March 2018.

In the light of above, the goodwill values booked as at 31 December 2017 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 as at 31 December 2017.

5. Consolidated statement of changes in equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period*	Total net equity	Minority interest	Group net equity
Balance at 31 December 2016	**7,861**	**288,372**	**(5,145)**	**26,870**	**317,958**	**999**	**316,959**
Total comprehensive income/(loss)	**-**	**82**	**-**	**2,456**	**2,538**	**(75)**	**2,613**
Allocation of last year net income/(loss)	-	26,870	-	(26,870)	-	-	-
Transactions with owners	**-**	**26,870**	**-**	**(26,870)**	**-**	**-**	**-**
Increase/(decrease) in 'stock grant' plan reserve	-	363	-	-	363	-	363
Other variations	-	7	-	-	7	1	6
Balance at 31 March 2017	**7,861**	**315,694**	**(5,145)**	**2,456**	**320,866**	**925**	**319,941**
Balance at 31 December 2017	**7,861**	**309,192**	**(5,145)**	**26,013**	**337,921**	**1,046**	**336,875**
Total comprehensive income/(loss)	**-**	**89**	**-**	**3,413**	**3,502**	**42**	**3,460**
Allocation of last year net income/(loss)	-	26,013	-	(26,013)	-	-	-
Transactions with owners	**-**	**26,013**	**-**	**(26,013)**	**-**	**-**	**-**
Change in 'stock grant' plan reserve	-	351	-	-	351	-	351
Other variations	-	(12)	-	-	(12)	(1)	(11)
Balance at 31 March 2018	**7,861**	**335,633**	**(5,145)**	**3,413**	**341,762**	**1,087**	**340,675**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

6. Consolidated statement of cash flows[4]

(euro/000)	Q1 2018	Q1 2017 restated*
Cash flow provided by (used in) operating activities (D=A+B+C)	**(262,423)**	**(220,735)**
Cash flow generated from operations (A)	**6,560**	**5,891**
Operating income (EBIT)	5,351	4,752
Depreciation, amortisation and other fixed assets write-downs	1,167	1,122
Net changes in provisions for risks and charges	(219)	(137)
Net changes in retirement benefit obligations	(90)	(208)
Stock option/grant costs	351	362
Cash flow provided by (used in) changes in working capital (B)	**(268,887)**	**(226,131)**
Inventory	(16,760)	(73,271)
Trade receivables	(748)	52,369
Other current assets	12,905	3,339
Trade payables	(265,677)	(208,509)
Other current liabilities	1,393	(59)
Other cash flow provided by (used in) operating activities (C)	**(96)**	**(495)**
Interests paid, net	(520)	(390)
Foreign exchange (losses)/gains	424	(105)
Cash flow provided by (used in) investing activities (E)	**2,432**	**(1,118)**
Net investments in property, plant and equipment	(490)	(765)
Net investments in intangible assets	(78)	(44)
Changes in other non current assets and liabilities	3,000	(309)
Cash flow provided by (used in) financing activities (F)	**59,505**	**82,776**
Medium/long term borrowing	-	165,000
Repayment/renegotiation of medium/long-term borrowings	(16,576)	(54,182)
Net change in financial liabilities	90,219	(23,243)
Net change in financial assets and derivative instruments	(14,228)	(5,115)
Deferred price Celly acquisition	6	5
Deferred price Vinzeo acquisition	-	347
Increase/(decrease) in 'cash flow edge' equity reserve	41	38
Changes in third parties net equity	43	(74)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(200,486)**	**(139,077)**
Cash and cash equivalents at year-beginning	**296,969**	**285,933**
Net increase/(decrease) in cash and cash equivalents	**(200,486)**	**(139,077)**
Cash and cash equivalents at year-end	**96,483**	**146,856**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

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

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

(euro/000)	Q1 2018	Q1 2017 restated*
Net financial debt at start of the year	**(122,931)**	**(105,423)**
Cash flow provided by (used in) operating activities	(262,423)	(220,735)
Cash flow provided by (used in) investing activities	2,432	(1,118)
Cash flow provided by (used in) changes in net equity	84	(36)
Total cash flow	**(259,907)**	**(221,889)**
Unpaid interests	(409)	(996)
Net financial position at end of year	**137,385**	**117,462**
Short-term financial liabilities	231,795	100,706
Customers financial receivables	(3,428)	(446)
Current financial (assets)/liabilities for derivatives	493	81
Financial receivables from factoring companies	(13,130)	(11,737)
Current Debts for investments in subsidiaries	1,317	3,959
Cash and cash equivalents	(96,483)	(146,856)
Net current financial debt	**120,564**	**(54,293)**
Borrowings	18,262	168,590
Non current Debts for investments in subsidiaries	-	5,047
Non-current financial (assets)/liab. for derivatives	(14)	(28)
Customers financial receivables	(1,427)	(1,854)
Net financial debt at start of the year	**137,385**	**117,462**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

7. Relationships with related parties

Group operations with related parties, as defined by IAS 24, were effected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were sold under the same conditions as those usually applied to employees.

Transactions between the parent company Esprinet S.p.A. and its subsidiaries included in the consolidation scope were de-recognized in the interim consolidated financial statements and therefore do not appear in this section.

During the period, relationships with related parties consisted essentially in the sale of products and services under 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 under market conditions in previous years with 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 Cavenago (MB) logistics site.
The total value of the aforementioned transactions is not material compared with the total volume of the Group's activities.

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 2018			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. It & CE B2B		
Sales to third parties	523,063	258,211	-	781,274
Intersegment sales	12,466	-	(12,466)	-
Sales	**535,529**	**258,211**	**(12,466)**	**781,274**
Cost of sales	(506,798)	(248,058)	12,534	(742,322)
Gross profit	**28,731**	**10,153**	**68**	**38,952**
Gross Profit %	*5.36%*	*3.93%*		*4.99%*
Sales and marketing costs	(10,370)	(3,021)	1	(13,390)
Overheads and admin. costs	(15,334)	(4,880)	3	(20,211)
Operating income (Ebit)	**3,027**	**2,252**	**72**	**5,351**
EBIT %	*0.57%*	*0.87%*		*0.68%*
Finance costs - net				(708)
Share of profits of associates				-
Profit before income tax				**4,643**
Income tax expenses				(1,230)
Net income				**3,413**
- of which attributable to non-controlling interests				40
- of which attributable to Group				3,373
Depreciation and amortisation	**850**	**203**	115	**1,167**
Other non-cash items	**1,028**	**53**	-	**1,081**
Investments	**536**	**34**	-	**570**
Total assets	**890,268**	**353,344**	(182,349)	**1,061,263**

(euro/000)	Q1 2017 restated*			
	Italy	Iberian Pen.	Elim. and other	Group
	Distr. IT & CE B2B	Distr. IT & CE B2B		
Sales to third parties	491,509	250,971	-	742,480
Intersegment sales	12,465	-	(12,465)	-
Sales	**503,974**	**250,971**	**(12,465)**	**742,480**
Cost of sales	(474,296)	(241,104)	12,455	(702,945)
Gross profit	**29,678**	**9,867**	**(10)**	**39,535**
Gross profit %	*5.89%*	*3.93%*		*5.32%*
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 %	*0.60%*	*0.69%*		*0.64%*
Finance costs - net				(1,432)
Share of profits of associates				(2)
Profit before income tax				**3,318**
Income tax expenses				(862)
Net income				**2,456**
- of which attributable to non-controlling interests				(75)
- of which attributable to Group				2,531
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**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

Statement of financial position by operating segments

(euro/000)	31/03/2018			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,551	3,562	-	14,113
Goodwill	21,449	68,106	1,040	90,595
Intangible assets	947	45	-	992
Investments in associates	-	-	-	-
Investments in others	75,918	-	(75,918)	-
Deferred income tax assets	3,416	7,721	108	11,245
Derivative financial assets	-	14	-	14
Receivables and other non-current assets	3,119	291	-	3,410
	115,400	**79,739**	**(74,770)**	**120,369**
Current assets				
Inventory	341,789	156,871	(349)	498,311
Trade receivables	244,085	69,736	-	313,821
Income tax assets	2,532	73	-	2,605
Other assets	134,098	2,806	(107,230)	29,674
Attività per strumenti derivati	-	-	-	-
Cash and cash equivalents	52,364	44,119	-	96,483
	774,868	**273,605**	**(107,579)**	**940,894**
Disposal groups assets	-	-	-	-
Total assets	**890,268**	**353,344**	**(182,349)**	**1,061,263**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	302,463	47,389	(20,410)	329,442
Group net income	1,748	1,589	35	3,372
Group net equity	**312,072**	**103,671**	**(75,068)**	**340,675**
Non-controlling interests	1,126	12	(51)	1,087
Total equity	**313,198**	**103,683**	**(75,119)**	**341,762**
LIABILITIES				
Non-current liabilities				
Borrowings	16,498	1,764	-	18,262
Derivative financial liabilities	-	-	-	-
Deferred income tax liabilities	2,955	4,407	-	7,362
Retirement benefit obligations	4,676	-	-	4,676
Debts for investments in subsidiaries	1,317	-	-	1,317
Provisions and other liabilities	2,044	241	-	2,285
	27,490	**6,412**	**-**	**33,902**
Current liabilities				
Trade payables	303,128	121,833	-	424,961
Short-term financial liabilities	227,564	106,731	(102,500)	231,795
Income tax liabilities	545	270	-	815
Derivative financial liabilities	493	-	-	493
Debts for investments in subsidiaries	-	-	-	-
Provisions and other liabilities	17,850	14,415	(4,730)	27,535
	549,580	**243,249**	**(107,230)**	**685,599**
Disposal groups liabilities	-	-	-	-
Total liabilities	**577,070**	**249,661**	**(107,230)**	**719,501**
Total equity and liabilities	**890,268**	**353,344**	**(182,349)**	**1,061,263**

(euro/000)	31/12/2017 restated*			
	Italy	Iberian Pen.		
	Distr. IT & CE B2B	Distr. IT & CE B2B	Elim. and other	Group
ASSETS				
Non-current assets				
Property, plant and equipment	10,908	3,726	-	14,634
Goodwill	21,450	68,106	1,039	90,595
Intangible assets	1,020	50	-	1,070
Investments in others	75,891	-	(75,891)	-
Deferred income tax assets	3,257	7,876	129	11,262
Derivative financial assets	-	36	-	36
Receivables and other non-current assets	6,412	293	-	6,705
	118,938	**80,087**	**(74,723)**	**124,302**
Current assets				
Inventory	326,165	155,807	(421)	481,551
Trade receivables	219,973	93,100	-	313,073
Income tax assets	3,116	-	-	3,116
Other assets	142,742	3,371	(118,561)	27,552
Cash and cash equivalents	184,912	112,057	-	296,969
	876,908	**364,335**	**(118,982)**	**1,122,261**
Disposal groups assets	-	-	-	-
Total assets	**995,846**	**444,422**	**(193,705)**	**1,246,563**
EQUITY				
Share capital	7,861	54,693	(54,693)	7,861
Reserves	287,458	35,907	(20,319)	303,046
Group net income	14,572	11,460	(64)	25,968
Group net equity	**309,891**	**102,060**	**(75,076)**	**336,875**
Non-controlling interests	1,097	16	(67)	1,046
Total equity	**310,988**	**102,076**	**(75,143)**	**337,921**
LIABILITIES				
Non-current liabilities				
Borrowings	18,235	1,764	-	19,999
Deferred income tax liabilities	2,940	4,148	-	7,088
Retirement benefit obligations	4,814	-	-	4,814
Debts for investments in subsidiaries	1,311	-	-	1,311
Provisions and other liabilities	2,103	401	-	2,504
	29,403	**6,313**	**-**	**35,716**
Current liabilities				
Trade payables	490,644	199,805	-	690,449
Short-term financial liabilities	150,410	118,096	(112,500)	156,006
Income tax liabilities	460	149	-	609
Derivative financial liabilities	644	19	-	663
Provisions and other liabilities	13,297	17,964	(6,062)	25,199
	655,455	**336,033**	**(118,562)**	**872,926**
Disposal groups liabilities	-	-	-	-
Total liabilities	**684,858**	**342,346**	**(118,562)**	**908,642**
Total equity and liabilities	**995,846**	**444,422**	**(193,705)**	**1,246,563**

* Different amounts from those published in previous reports due to the application of the newly adopted accounting standards to the comparative periods, for their impacts please refer to the paragraph 'Restatements of previous published financial statements' of this Interim Management Statement.

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 quarter of 2018, no significant events and transactions of a non-recurring nature occurred.

During the first quarter of the previous year, 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 was equal to 0.5 million euro.

The following table shows the impact of the above events and transactions on the income statement (including the related tax effects):

(euro/000)	Charge type	Q1 2018	Q1 2017	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 occurring in the period

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

Developments in tax disputes

On 10 January 2018, the Provincial Tax Commission issued a judgement referring to indirect taxes relating to an assessment claiming VAT of 1.0 million euro (plus penalties and interest) from Esprinet S.p.A.. The tax authority claims that some 2011 transactions were taxable in respect of which a customer company had previously filed a declaration of intent, but later, subsequent to a tax audit, failed to fulfil the requirements needed to qualify as a frequent exporter.
Pursuant to the administrative procedure, as at 31 March 2017, advances equal to 0.4 million euro were paid and were booked under 'Other tax assets', and on 23 February 2018 a further advance for 1.5 million euro was paid and booked under 'Other tax assets'.

On 12 January 2018, Celly S.p.A. paid 4 thousand euro for higher registration tax and interest claimed against Rosso Garibaldi S.p.A. upon its acquisition of a business unit from Celly S.p.A. in 2015.

The payment was effected by Celly S.p.A. in lieu of Rosso Garibaldi S.p.A. because the latter was declared bankrupt in December 2017 and Celly was jointly liable for the amount claimed by the Tax Office pursuant to Law.

On 24 January 2018, Edslan S.r.l. appealed against a correction and settlement notice of 180 thousand euro (plus penalties and interest), that was received in July 2017 and related to the reassessment of the business unit acquired on April 2016 from Edslan S.p.A. (now I-Trading S.r.l.).

On 16 June 2017, the Revenue Office invited Mosaico S.r.l. to appear in order to initiate adversarial proceedings and find any settlement for the assessment relating to the acquisition agreement (signed on 13 December 2016) of a business unit from Itway S.p.A..
During the meeting with the Tax Office, the Company pointed out that the price was not final since price adjustments are expected by the first months of 2018.
On 26 January 2018, a summary agreement was signed on price of the sold company, pending the Revenue Office judgements.

On 23 March 2018, the Regional Tax Commission issued a judgement that upheld the Esprinet's appeal against the first instance judgement by the Provincial Tax Commission on the matter of the assessment notice served on 29 December 2015, which provided for the collection of VAT, equal to 2.8 million euro (plus penalties and interest), on taxable transactions entered into in 2010 with a customer company that had presented fraudulent declarations as regards its status of frequent exporter.

12. Subsequent events

Relevant events occurred after period end are briefly described below:

Esprinet S.p.A. Annual Shareholders Meeting

On 4 May 2018, Esprinet Shareholders' Meeting approved the separate financial statements for the fiscal year ended at 31 December 2017 and the distribution of a dividend of 0.135 euro per ordinary share, corresponding to a pay-out ratio of 27%.[5]
The dividend payment was scheduled from 16 May 2018, with issue of coupon no.13 on 14 May 2018 and record date on 15 May 2018.

Following the expiry of previous term of office, the Shareholder's Meeting appointed the new Board of Directors and the Board of Statutory Auditors which will remain in office until approval of the financial statements for the 2020 fiscal year.
The new Board is made up as follows: Francesco Maurizio Rota (Chairman), Alessandro Cattani, Valerio Casari, Marco Monti, Tommaso Stefanelli, Matteo Stefanelli, Mario Massari, Renata Maria Ricotti, Cristina Galbusera, Chiara Mauri, Emanuela Prandelli and Ariela Caglio.
The new Board of Statutory Auditors is made up as follows: Bettina Solimando (Chairman), Patrizia Paleologo Oriundi (standing statutory auditor), Franco Aldo Abbate (standing statutory auditor), Antonella Koenig (alternate statutory auditor) and Mario Conti (alternate statutory auditor).

The Annual Shareholders' Meeting has also:

- approved the first section of the Report on Remuneration under Art.123 – ter, paragraph 6 of the Legislative Decree 58/1998;
- resolved to authorize the acquisition and disposal of own shares, within 18 months from the resolution date, up to 2,620,217 ordinary shares (5% of the Company's share capital), simultaneously revoking the former authorization resolved by the Shareholder's Meeting on 4 May 2017 with respect to the unused portion;
- approved a Long Term Incentive Plan, in relation to remuneration policies and in accordance with article 114-bis of legislative decree 58/1998, for the members of the Company's Board of Directors and other executives for the period 2018/2019/2020. The object of the plan is the free

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

allocation of ordinary shares in the Company ('performance stock grant') to beneficiaries designated by the Board of Directors, up to a maximum of 1,150,000 Company's shares.

- authorized the Company to update the financial conditions of the statutory auditors engagement granted to EY S.p.A. within the measure of (i) 32,110 eurofor the financial years 2017 and 2018 each, for recurring additional activities concerning the consolidated financial statements and of (ii) 22,500 euro only for the financial year 2017 for activities relating to the first-time adoption of the new accounting standard IFRS 15.

Grant of waiver and renegotiation of covenant of the 5-year senior loan

The Group financing structure includes a medium/long-term senior loan granted to Esprinet S.p.A. in February 2017 by a pool of banks, consisting of a 5-year amortised facility in the original amount of 145.0 million euro and a 5-year revolving facility for 65.0 million euro, both including covenants.
As at 31 December 2017, 3 out of 4 covenants were met while the remaining one was breached.
Thus, pursuant to the accounting standards in force, the entire outstanding amount of the amortised facility - as well as the liability from the 'fair value' of 'IRS-Interest Rate Swap' contracts signed to hedge the loan interest rate risk - were booked under the current financial liabilities. Their classification is unchanged at 31 March 2018.
On 30 April 2018, Esprinet S.p.A. reached an agreement with the pool of lending banks to get a waiver in relation to the breached covenant, under which the banks waived to exercise their rights arising from said breach.
Later, on 2 May 2018 an agreement was reached to renegotiate the design of these covenants, that now provide for higher thresholds till 2021, in order to give the Group more flexibility to reach its development targets.

Approval of the draft terms of merger of Edslan S.r.l. and Mosaico S.r.l. into Esprinet S.p.A.:

On 14 May 2017 the draft terms of merger of the subsidiaries Edslan S.r.l. and Mosaico S.r.l. into Esprinet S.p.A. were approved:
The merger is to be effected by year end, with retrospective accounting and tax effects from 1st January 2018, being a transaction among subsidiaries wholly-controlled by the Parent company.
This transaction forms part of process aimed at maximising synergies from the acquisition transactions carried out in 2016 through the above-mentioned subsidiaries, from distribution activities in the market segments of networking, cabling, VoIP and UCC-Unified Communication as regards EDSlan S.r.l., and ICT Security, Enterprise Software, Virtualisation and OpenSource/Linux solutions as regards Mosaico S.r.l.
This process began with the signing of two different business lease agreements by the merging and the merged companies, on 26 January 2018 with EDSlan S.r.l. and on 26 March 2018 with Mosaico S.r.l., respectively, under which from 1st February 2018 and 1st April 2018 respectively Esprinet S.p.A. has managed their business and has replaced them in all legal relationships existing with customers and suppliers, except for receivables and payables outstanding at the signing date of these agreements, that shall be retained by the subsidiaries until the merger date.

Vimercate, 14 May 2018

Of behalf of the Board of Directors
The Chairman
Maurizio Rota

13. 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 2018

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 2018 agrees with the accounting documents, books and records.

Vimercate, 14 May 2018

The Officer in charge of drawing up
financial reports

(Pietro Aglianò)