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Informazione Regolamentata n. 0533-13-2021	Data/Ora Ricezione 01 Marzo 2021 19:07:25	MTA - Star
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Societa' : ESPRINET

Identificativo : 142976

Informazione
Regolamentata

Nome utilizzatore : ESPRINETN02 - Perfetti

Tipologia : 1.1; REGEM; 3.1

Data/Ora Ricezione : 01 Marzo 2021 19:07:25

Data/Ora Inizio : 01 Marzo 2021 19:07:26

Diffusione presunta

Oggetto : ESPRINET CLOSES 2020 WITH NET
INCOME OF 31.8 M€, +35% VS 2019:
PROPOSED DIVIDEND OF € 0.54 PER
SHARE, PAYOUT AT 50% ALSO ON 2019
NET INCOME

Testo del comunicato

Vedi allegato.

**ESPRINET CLOSES 2020 WITH NET INCOME OF EURO 31.8 MILLION,
+35% COMPARED TO 2019:
PROPOSED DIVIDEND OF EURO 0.54 PER SHARE
PAYOUT AT 50% ALSO ON 2019 NET INCOME**

- SALES FROM CONTRACTS WITH CUSTOMERS: Euro 4,492 million, +14% (2019: Euro 3,945 million)
- ADJUSTED EBITDA: Euro 69.1 million, +24% (2019: Euro 55.7 million)
- EBIT: Euro 47.6 million, +16% (2019: Euro 41.1 million)
- ROCE: 25.1% (2019: 9.8%); CASH CONVERSION CYCLE: 8 days (2019: 23 days)
- NFP: positive for Euro 302.8 million (2019: positive for Euro 272.3 million)

Vimercate (Monza Brianza), 1 March 2021 – The Board of Directors of ESPRINET, a leader in southern Europe in the distribution of IT, Consumer Electronics and Advanced Solutions, which met under the chairmanship of Maurizio Rota, approved the Consolidated financial statements and the Draft separate financial statements as at 31 December 2020, drafted in compliance with the international accounting standards (IFRS).

Alessandro Cattani, Chief Executive Officer of **ESPRINET**: *"We closed 2020 in the knowledge that it was the best year in our history. This is even more significant if viewed within the current global context. We succeeded in supporting businesses, customers and end consumers, thanks to the constant commitment of our entire team, ensuring they had full access to the flexible and high-performance technologies that the situation called for, avoiding interruptions to the supply chain, guaranteeing high levels of resilience and quality of the service offered and designing the optimal configuration needed to best deal with the long-term effects of this new modus operandi.*

This approach guaranteed a significant competitive advantage, fully reflected in the continuous strengthening of our market share in all reference markets. The year 2020 closed with sales up by +14%, reaching a record level of almost Euro 4.5 billion, and growth of +24% YoY in Adjusted EBITDA. We continued to implement the ROCE-Driven Strategy, after having significantly improved all indicators relating to the working capital cycle, with a ROCE sitting at 25.1%, compared to 9.8% in 2019. The three strategic acquisitions in Advanced Solutions also helped our "value-added" business segment to register pro-forma sales exceeding Euro 780 million.

The achieved results allow us not only to announce the proposal to resume the distribution of the dividend - precautionary suspended in 2020 - to the Shareholders' Meeting called on 7 April 2021, but also to propose an increase in the pay out to 50% compared to the 25-30% of the past, and its corresponding application to the net income of 2019 so to recover the non-distribution of the last year.

The strong demand for digitalisation from businesses is connected with the large-scale use of IT products and services by consumers. As shown by the huge investments in technologies, advisory services and training that are spilling into all industrial sectors, Cloud, Cybersecurity, Paperless, Big Data, 5G, connectivity and IoT are no longer the future, but key elements of the present which cannot be overlooked.

We are ready to best respond to the significant growth in demand for technology forecast in the next few years, fully aware of the increasingly more central role of distributors in the process of correctly implementing it. Our flexible business model, know-how and continuous selection of the best solutions on the market will allow us to support all our customers in the configuration, supply and use of the most advanced computer technologies which, now more than ever, are the basis of business success and the quality of everyone's lives."

MAIN CONSOLIDATED RESULTS AS AT 31 DECEMBER 2020¹

Sales from contracts with customer amounted to Euro 4,491.6 million, up by 14% compared to Euro 3,945.4 million in 2019.

(€/millions)	FY 2020	FY 2019	Var. %
Italy	2,722.0	2,494.7	9%
Spain	1,665.6	1,378.0	21%
Portugal	67.4	38.5	75%
Other EU countries	26.5	20.1	32%
Other countries outside of the EU	10.1	14.1	-28%
Sales from contracts with customers	4,491.6	3,945.4	14%

ESPRINET strengthens its shares in all countries in which it operates: sales in **Italy** totalled Euro 2,722.0 million, +9% compared to 2019 (in a market that, according to Context data, recorded growth of 11%), while in **Spain**, the Group posted sales of Euro 1,665.6 million, +21% compared to 2019 (outperforming the market, which rose by 13%). **Portugal** is worth Euro 67.4 million, +75% compared to 2019 (the market amounted to Euro 1,441 million, +6% compared to 2019).

(€/millions)	FY 2020	FY 2019	Var. %
PC (notebook, tablet, desktop, monitor)	1,711.5	1,372.8	25%
Printing, devices and supplies	407.0	418.3	-3%
Other IT products	319.7	244.9	31%
Total IT Clients	2,438.2	2,036.0	20%
Smartphones	1,263.6	1,103.2	15%
White goods	64.1	55.7	15%
Gaming (hardware and software)	39.3	43.4	-9%
Other consumer electronics products	164.3	191.0	-14%
Total Consumer Electronics	1,531.3	1,393.3	10%
Hardware (networking, storage, server and other)	384.9	407.4	-6%
Software, Services, Cloud	212.6	153.6	38%
Total Advanced Solutions	597.5	561.0	7%
<i>Adjustments</i>	(75.4)	(44.9)	68%
Sales from contracts with customers	4,491.6	3,945.4	14%

Sales recorded an increase of 10% in the *Consumer Electronics* segment, driven by the growth in Smartphones (+15%) and White goods (+15%), and a 20% rise in the *IT Clients* segment due to the huge increase in PCs (+25%). According to Context data, in 2020, the *IT Clients* market recorded growth of 16%, driven by the significant increase in demand for PCs (+27%), while Printing fell by 3%. In the *Consumer Electronics* market (+8%), the drivers of growth were Smartphones (+4%) and White goods (+16%).

In the *Advanced Solutions* segment, the Group recorded sales of Euro 597.5 million, +7% compared to Euro 561.0 million in 2019 (outperforming the market, which posted an increase of 6%), with a 38% growth in sales relating to Software, Services and Cloud - primarily connected with the consolidation of the GTI Group in Q4 20 - which offset the drop in Hardware components (-6%). Also thanks to the strategic acquisitions signed in 2020 (GTI Group in the *Cloud* domain) and in January 2021 (Dacom and idMAINT in the *Automatic Identification and Data Capture* area), the Group significantly boosted

¹ Including the contribution of the GTI Group for the period from 01.10.2020 to 31.12.2020 only

sales in the Advanced Solutions segment, showing **pro-forma sales for the year 2020 which would have been approximately Euro 787 million.**

€/millions	FY 2020	FY 2019	Var. %
Retailer/e-tailer (Consumer Segment)	2,205.7	1,930.8	14%
IT Reseller (Business Segment)	2,361.3	2,059.5	15%
<i>Adjustments</i>	(75.4)	(44.9)	68%
Sales from contracts with customers	4,491.6	3,945.4	14%

In 2020, the market recorded growth of 9% in the *Business Segment* (IT Reseller) and 14% in the *Consumer Segment* (Retailer, E-tailer): Group **Sales** showed double-digit growth in both the *Consumer Segment* (Euro 2,205.7 million, +14%) and in the *Business Segment* (Euro 2,361.3 million, +15%).

The **Gross Profit** amounted to Euro 194.5 million, up +10% compared to 2019 (Euro 176.1 million) due to higher sales, which offset the reduction in the percentage margin (4.33% compared to 4.46%), due to the higher incidence of sales of PCs and Smartphones, and despite the diluting effect linked to the significant drop in sales and profit margin of Celly caused by the partial suspension of activities. Deducting the positive contribution of the acquisition, on 1 October 2020, of the GTI Group, for a positive Euro 4.0 million from the 2020 result, it is estimated that the variation in the gross profit would have been around +8%.

Adjusted EBITDA, equal to Euro 69.1 million, up by +24% compared to Euro 55.7 million in 2019, is calculated gross of one-off costs of Euro 4.9 million². Excluding the positive contribution of the acquisition of the GTI Group, Adjusted EBITDA would have been Euro 67.8 million (+22% compared to Euro 55.7 million in 2019).

Adjusted EBIT, gross of Euro 7.2 million in non-recurring costs³, amounted to Euro 54.8 million, +34% compared to Euro 41.1 million in 2019 (+30% excluding the positive contribution of Euro 1.2 million stemming from the acquisition of the GTI Group); the incidence on sales grew to 1.22% from 1.04% in 2019.

EBIT amounted to Euro 47.6 million, +16% compared to Euro 41.1 million in 2019. Excluding the positive contribution of the acquisition of the GTI Group, EBIT would have been Euro 46.4 million (+13% compared to 2019).

Profit before income taxes amounted to Euro 42.5 million, up by 34% compared to Euro 31.7 million in 2019.

Net income amounted to Euro 31.8 million, +35% compared to Euro 23.6 million in 2019.

Earnings per ordinary share, equal to Euro 0.63, showed an increase of +37% compared with the value in 2019 (Euro 0.46).

² The one-off costs include: Euro 0.9 million connected with the transaction aimed at the acquisition of the Spanish distributor of cloud software and solutions, GTI Software y Networking S.A., Euro 1.2 million incurred as a result of the termination of the contract of former Group director and CFO, Euro 2.6 million relating to the write-off of the residual balance of the receivables claimed by the parent company from the importing supplier of the "Sport Technology" product line, following the settlement of the legal dispute and Euro 0.2 million incurred to deal with the Covid-19 pandemic.

³ Non-recurring costs include Euro 4.9 million in one-off costs cited above and Euro 2.3 million in impairment of goodwill relating to the CGU attributable to the distribution of mobile phone accessories which is handled by the subsidiary Celly.

The **Cash Conversion Cycle**⁴ confirmed the best ever performance at 8 days, -16 days compared to Q4 19. In particular, the following trends were recorded:

- Days sales of inventory (DSI): -8 days vs Q4 19,
- Days sales outstanding (DSO): -1 day vs Q4 19,
- Days payable outstanding (DPO): +7 days vs Q4 19.

The **Net Financial Position**, a positive Euro 302.8 million, signalling an improvement compared to 31 December 2019 (positive Euro 272.3 million). The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in "non-recourse" factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The afore-mentioned factoring and securitisation plans, which define the complete transfer of risks and benefits to the buyers and therefore contemplate the de-consolidation of receivables from the statement of financial position assets in compliance with IFRS 9, determine an overall effect on the level of consolidated net financial debt as at 31 December, quantifiable in Euro 536.6 million (Euro 480.1 million as at 31 December 2019).

Net equity totalled Euro 389.0 million, an increase compared with Euro 359.0 million as at 31 December 2019.

The **ROCE** recorded a **significant increase**, sitting at **25.1%**, compared to 9.8% in 2019. The main variations related to this trend, can be summarised as follows:

- the "**NOPAT - Net Operating Profit Less Adjusted Taxes**" grew compared to 2019;
- the **Average Net Invested Capital**, measured before the effects of the introduction of IFRS 16, showed a greater decrease (-46%) due to the lower Average Net Working Capital;

(€/millions)	FY 2020	FY 2019
LTM Adj EBIT ⁵	52.9	39.0
NOPAT ⁶	39.7	28.9
Average net invested capital ⁷	158.1	294.3
ROCE ⁸	25.1%	9.8%

MAIN RESULTS OF ESPRINET SPA AS AT 31 DECEMBER 2020

Sales from contracts with customers amounted to Euro 2,744.4 million, up by +9% compared to Euro 2,524.2 million in 2019.

The **Gross Profit** amounted to Euro 122.5 million, marking an increase of 11% compared to 2019 (Euro 110.5 million) due to higher sales; also improving in the percentage margin from 4.38% in 2019 to 4.46% in 2020, despite the major incidence of sales of PCs and Smartphones.

⁴ Equal to the average of the last 4 quarters of days of turnover of Operating Net Working Capital calculated as the sum of trade receivables, inventories and trade payables.

⁵ Equal to the sum of Adj EBITs - excluding the effects of IFRS 16 - in the last 4 quarters.

⁶ LTM EBIT, as defined above, net of taxes calculated at the actual tax rate of the last set of annual consolidated financial statements published.

⁷ Equal to the average of "Loans" at the closing date of the period and at the four previous quarterly closing dates (excluding the equity effects of IFRS 16).

⁸ Equal to the ratio between (a) NOPAT, as defined above, and (b) the average net invested capital as defined above.

Adjusted EBITDA, calculated gross of one-off costs⁹ of Euro 4.9 million, totalled Euro 39.2 million, up by +41% compared to Euro 27.8 million in 2019.

Adjusted EBIT, gross of Euro 4.9 million in the abovementioned non-recurring costs, amounted to Euro 28.7 million, +68% compared to Euro 17.1 million in 2019; the incidence on sales grew to 1.05% compared to 0.68% in 2019.

EBIT came to Euro 23.9 million, marking an increase of +39% compared to Euro 17.1 million in 2019.

Profit before income taxes amounted to Euro 14.8 million, up by 95% compared to Euro 7.6 million in 2019.

Net income amounted to Euro 9.4 million, +104% compared to Euro 4.6 million in 2019.

The **Net Financial Position** was a positive Euro 170.4 million, an improvement compared to the liquidity surplus of Euro 163.7 million as at 31 December 2019. The value of the exact net financial position as at 31 December is influenced by technical factors like the seasonality of the business, the trend in "non-recourse" factoring of trade receivables (factoring, confirming and securitisation) and the trend in the behavioural models of customers and suppliers in the different periods of the year. Therefore, it is not representative of the average levels of net financial indebtedness noted during the period. The aforementioned programmes for the factoring and securitisation of trade receivables, which define the complete transfer of risks and benefits to assignees and therefore allow the derecognition from balance sheet assets, determine an overall effect on the level of consolidated net financial debts as at 31 December of Euro 276.7 million (Euro 258.3 million as at 31 December 2019).

Net equity totalled Euro 304.3 million (Euro 295.4 million as at 31 December 2019).

PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

The Board of Directors resolved to increase the pay out ratio from 27% to 50%, to apply the new ratio also to the net income of 2019 in order to recover the non-distribution of last year and therefore to propose to the Shareholders' Meeting to distribute a dividend of Euro 0.54 per share. The Board of Directors also proposes that the dividend actually approved by the Shareholders' Meeting be paid starting from 12 May 2021 (ex-coupon no. 15 on 10 May 2021 and record date on 11 May 2021).

BUSINESS OUTLOOK

The year 2021 started with reassuring signs from the pharmaceutical industry relating to the effectiveness of the vaccines developed to contain the COVID-19 pandemic, but with persistent uncertainties over the time needed for the population to be vaccinated to such a degree as to stop the disease spreading, a necessary prerequisite for effectively returning to normal.

Despite this macroeconomic uncertainty, the technology sector in which the Group operates has benefitted from the significant investments from households, businesses and Governments made

⁹ The one-off costs include: Euro 0.9 million connected with the transaction aimed at the acquisition of the Spanish distributor of cloud software and solutions, GTI Software y Networking S.A., Euro 1.2 million incurred as a result of the termination of the contract of former Group director and CFO, Euro 2.6 million relating to the write-off of the residual balance of the receivables claimed by the parent company from the importing supplier of the "Sport Technology" product line, following the settlement of the legal dispute and Euro 0.2 million incurred to deal with the Covid-19 pandemic.

during the year just ended, targeted in particular at ensuring the possibility of working from home during lockdown periods.

In 2021, industry analysts expect to see a continuation of the positive trend in demand in the consumer segment during the first part of the year, while it is believed that the second half may see demand in the business and corporate segments resume in a more sustained manner, also in light of the support by Governments for education, digitalisation of the public administration and healthcare. If we combine this forecast of demand from end user with a continuous confirmation of the gradual and constant shift of the sales flows of producers to the distribution channel in which the Esprinet Group is the leader in southern Europe, we believe that 2021 may benefit, as happened in 2020, from favourable market conditions.

The overall performance of the sector, and therefore of our Group, continues however to be impacted by the uncertainty over the times in which the increases in the productive capacity of the electronic components production plants will take full effect, which have reduced availability in almost all product categories for several months.

The macroeconomic uncertainties could then trigger a spiral of insolvencies that could negatively impact the insurance costs of credit.

Owing to the persistent level of macroeconomic uncertainty, despite the presence of substantially favourable market conditions, the Company opted to present the guidance for 2021 in May, also in light of the first quarter performance.

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

Esprinet (PRT:IM – ISIN IT0003850929), with around 1,600 employees and 4.5 billion euro in turnover in 2020, is the leading company in Southern Europe (Italy, Spain and Portugal) in the distribution of Information Technology and Consumer Electronics to IT resellers, VAR, System Integrators, specialised stores, retailers and e-commerce portals, as well as the fourth largest distributor in Europe and in the top 10 at global level. The Group's vision is to simplify life for people and organisations, by expanding and facilitating the distribution and use of technology. *Enabling your tech experience* is the payoff that synthesises the evolution of the company into a genuine technology services hub that enables the use of technology.

The Group supplies roughly 130,000 products (PCs, printers, accessories, software, cloud, datacentres & cybersecurity, smartphones, audio-video, TV, gaming, household appliances, electric mobility) of more than 650 manufacturers to 31,000 business and consumer resellers through multiple sales models, both self-service (best-in-class e-commerce platform and Cash & Carry stores) and assisted (tele-sales and system engineers in the field).

In addition to providing traditional wholesaling services (bulk breaking and credit), Esprinet fulfils the role of simplifier of the use of technology. The Group offers, for example, a turnkey e-commerce platform to hundreds of resellers, in-shop management for thousands of retail sales points, specialised payment and financing solutions for the resellers community, by also offering the generation of demand by end users and big data analysis to the main technology manufacturers and resellers which outsource marketing activities increasingly more frequently.

Cloud services, collaboration software, video-conference systems, advanced IT infrastructures and specialised consumer electronics solutions such as connected household appliances or gaming platforms are the new areas of growth with added value which fuel further future growth in revenues for the sector, while logistics and financial services, as well as the "pay-per-use" sales model, offer increased opportunities for margin growth.

The widespread use of technology and the need for quicker and simpler methods to make increasingly more complex and diversified technologies available for people and companies, pave the way for further improvements in the scenarios of the technological distribution industry.

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

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)	2020	2019	% Var.
Sales from contracts with customers	4,491,613	3,945,371	14%
Cost of goods sold excl. factoring/securitisation	4,292,896	3,764,900	14%
Financial cost of factoring/securitisation ⁽¹⁾	4,207	4,421	-5%
Gross Profit ⁽²⁾	194,510	176,050	10%
<i>Gross Profit %</i>	<i>4.33%</i>	<i>4.46%</i>	
Personnel costs	69,072	64,203	8%
Other operating costs	56,361	56,117	0%
EBITDA adjusted	69,077	55,730	24%
<i>EBITDA adjusted %</i>	<i>1.54%</i>	<i>1.41%</i>	
Depreciation e amortisation	4,345	4,688	-7%
IFRS 16 Right of Use depreciation	9,891	9,974	-1%
Goodwill impairment	-	-	n/s
EBIT adjusted	54,841	41,068	34%
<i>EBIT adjusted %</i>	<i>1.22%</i>	<i>1.04%</i>	
Non recurring costs ⁽³⁾	7,193	-	100%
EBIT	47,648	41,068	16%
<i>EBIT %</i>	<i>1.06%</i>	<i>1.04%</i>	
IFRS 16 interest expenses on leases	3,336	3,540	-6%
Other financial (income) expenses	2,225	4,206	-47%
Foreign exchange (gains) losses	(462)	1,665	<100%
Profit before income taxes	42,549	31,657	34%
Income taxes	10,757	8,104	33%
Net income	31,792	23,553	35%

NOTES

⁽¹⁾ Financial discounts for "without recourse" advances of trade receivables in the context of revolving factoring, confirming and securitization programs.

⁽²⁾ Gross of depreciation which by destination would enter the cost of goods sold.

⁽³⁾ Of which Euro 4.9 million otherwise included in "Other operating costs" and Euro 2.3 million otherwise included in the item "Impairment of goodwill".

CONSOLIDATED INCOME STATEMENT

(€/000)	2020	non - recurring	2019	non - recurring
Sales from contracts with customers	4,491,613	-	3,945,371	-
Cost of sales	(4,297,946)	-	(3,770,027)	-
Gross profit	193,667	-	175,344	-
Sales and marketing costs	(51,775)	-	(50,820)	-
Overheads and administrative costs	(90,038)	(4,566)	(83,086)	-
Impairment loss/reversal of financial assets	(4,206)	(2,627)	(370)	-
Operating income (EBIT)	47,648	(7,193)	41,068	-
Finance costs - net	(5,099)	-	(9,411)	-
Profit before income taxes	42,549	(7,193)	31,657	-
Income tax expenses	(10,757)	1,262	(8,104)	-
Net income	31,792	(5,931)	23,553	-
- of which attributable to non-controlling interests	386		454	
- of which attributable to Group	31,406	(5,931)	23,099	-
Earnings per share - basic (euro)	0.63		0.46	
Earnings per share - diluted (euro)	0.62		0.45	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2020	2019
Net income (A)	31,792	23,553
<i>Other comprehensive income:</i>		
- Changes in 'cash flow hedge' equity reserve	-	500
- Taxes on changes in 'cash flow hedge' equity reserve	-	(120)
- Changes in translation adjustment reserve	(42)	(2)
<i>Other comprehensive income not be reclassified in the separate income statement:</i>		
- Changes in 'TFR' equity reserve	(173)	(195)
- Taxes on changes in 'TFR' equity reserve	41	47
Other comprehensive income (B):	(174)	230
Total comprehensive income (C=A+B)	31,618	23,783
- of which attributable to Group	31,226	23,336
- of which attributable to non-controlling interests	392	447

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2020	31/12/2019
Fixed assets	236,965	226,007
Operating net working capital	(121,034)	(121,027)
Other current assets/liabilities	(9,887)	(1,354)
Other non-current assets/liabilities	(19,858)	(16,879)
Total uses	86,186	86,747
Short-term financial liabilities	56,049	35,862
Lease liabilities	8,867	8,597
Current financial (assets)/liabilities for derivatives	(27)	-
Financial receivables from factoring companies	(147)	(3,526)
Current debts for investments in subsidiaries	220	-
Other financial receivables	(9,617)	(9,719)
Cash and cash equivalents	(558,928)	(463,777)
Net current financial debt	(503,583)	(432,563)
Borrowings	107,069	61,045
Lease liabilities	93,999	100,212
Other financial receivables	(492)	(969)
Net Financial debt (A)	(302,777)	(272,275)
Net equity (B)	388,963	359,022
Total sources of funds (C=A+ B)	86,186	86,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2020	31/12/2019
ASSETS		
Non - current assets		
Property, plant and equipment	12,498	11,824
Right of use assets	99,928	107,310
Goodwill	108,442	90,716
Intangibles assets	722	480
Deferred income tax assets	12,950	13,469
Receivables and other non - current assets	2,917	3,177
	237,457	226,976
Current assets		
Inventory	402,755	497,220
Trade receivables	584,037	470,999
Income tax assets	410	1,514
Other assets	40,186	40,956
Derivative financial assets	27	-
Cash and cash equivalents	558,928	463,777
	1,586,343	1,474,466
Total assets	1,823,800	1,701,442
EQUITY		
Share capital	7,861	7,861
Reserves	347,602	325,554
Group net income	31,405	23,099
Group net equity	386,868	356,514
Non - controlling interest	2,095	2,508
Total equity	388,963	359,022
LIABILITIES		
Non - current liabilities		
Borrowings	107,069	61,045
Lease liabilities	93,999	100,212
Deferred income tax liabilities	11,309	9,712
Retirement benefit obligations	4,847	4,669
Debts for investments in subsidiaries	230	-
Provisions and other liabilities	3,702	2,498
	221,156	178,136
Current liabilities		
Trade payables	1,107,826	1,089,246
Short-term financial liabilities	56,049	35,862
Lease liabilities	8,867	8,597
Income tax liabilities	224	27
Debts for investments in subsidiaries	220	-
Provisions and other liabilities	40,495	30,552
	1,213,681	1,164,284
Total liabilities	1,434,837	1,342,420
Total equity and liabilities	1,823,800	1,701,442

CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	2020	2019
Cash flow provided by (used in) operating activities (D=A+B+C)	77,612	161,057
Cash flow generated from operations (A)	64,970	57,080
Operating income (EBIT)	47,648	41,068
Depreciation, amortisation and other fixed assets write-downs	16,536	14,662
Net changes in provisions for risks and charges	(435)	609
Net changes in retirement benefit obligations	(29)	(510)
Stock option/grant costs	1,250	1,251
Cash flow provided by (used in) changes in working capital (B)	22,711	114,741
Inventory	99,191	(2,776)
Trade receivables	(74,544)	(88,832)
Other current assets	(1,401)	(6,526)
Trade payables	(6,600)	221,128
Other current liabilities	6,065	(8,253)
Other cash flow provided by (used in) operating activities (C)	(10,069)	(10,764)
Interests paid, net	(4,596)	(6,304)
Received interest	265	245
Foreign exchange (losses)/gains	174	(1,948)
Income taxes paid	(5,912)	(2,757)
Cash flow provided by (used in) investing activities (E)	(44,289)	(3,979)
Net investments in property, plant and equipment	(6,435)	(4,889)
Net investments in intangible assets	(548)	(302)
Changes in other non current assets and liabilities	(129)	(236)
Celly 15% step-up acquisition	(1,250)	-
GTI business combination	(35,927)	-
4Side business combination	-	1,448
Cash flow provided by (used in) financing activities (F)	61,828	(74,609)
Medium/long term borrowing	84,250	72,000
Repayment/renewal of medium/long-term borrowings	(16,479)	(115,408)
Leasing liabilities reimbursement	(6,219)	(6,115)
Net change in financial liabilities	(2,481)	(12,427)
Net change in financial assets and derivative instruments	3,933	(1,893)
Deferred price Celly acquisition	450	-
Dividend payments	-	(6,919)
Own shares acquisition	(1,656)	(3,847)
Other movements	30	-
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	95,151	82,469
Cash and cash equivalents at year-beginning	463,777	381,308
Net increase/(decrease) in cash and cash equivalents	95,151	82,469
Cash and cash equivalents at year-end	558,928	463,777

ESPRINET SPA RECLASSIFIED INCOME STATEMENT

(€/000)	2020	2019	% Var.
Sales from contracts with customers	2,744,368	2,524,171	9%
Cost of goods sold excl. factoring/securitisation	2,619,704	2,411,173	9%
Financial cost of factoring/securitisation ⁽¹⁾	2,134	2,506	-15%
Gross Profit ⁽²⁾	122,530	110,492	11%
<i>Gross Profit %</i>	<i>4.46%</i>	<i>4.38%</i>	
Personnel costs	42,917	41,327	4%
Other operating costs	40,447	41,398	-2%
EBITDA adjusted	39,166	27,767	41%
<i>EBITDA adjusted %</i>	<i>1.43%</i>	<i>1.10%</i>	
Depreciation, amortisation, impairment	3,058	3,089	-1%
IFRS 16 Right of Use depreciation	7,361	7,532	-2%
EBIT adjusted	28,747	17,146	68%
<i>EBIT adjusted %</i>	<i>1.05%</i>	<i>0.68%</i>	
Non recurring costs ⁽³⁾	4,893	-	100%
EBIT	23,854	17,146	39%
<i>EBIT %</i>	<i>0.87%</i>	<i>0.68%</i>	
IFRS 16 interest expenses on leases	2,720	2,878	-5%
Other financial (income) expenses	1,953	3,792	-48%
Foreign exchange (gains) losses	(411)	1,259	<100%
Cost (income) from investments	4,755	1,600	>100%
Profit before income taxes	14,837	7,617	95%
Income taxes	5,467	3,013	81%
Net income	9,370	4,604	>100%

NOTES

⁽¹⁾ Financial discounts for "without recourse" advances of trade receivables in the context of revolving factoring and securitization programs.

⁽²⁾ Gross of depreciation which by destination would enter the cost of goods sold.

⁽³⁾ Of which Euro 4.9 million otherwise included in "Other operating costs".

ESPRINET SPA SEPARATE INCOME STATEMENT

(€/000)	2020	non - recurring	2019	non - recurring
Sales from contracts with customers	2,744,368	-	2,524,171	-
Cost of sales	(2,622,681)	-	(2,414,385)	-
Gross profit	121,687	-	109,786	-
Sales and marketing costs	(33,680)	-	(33,744)	-
Overheads and administrative costs	(60,679)	(2,266)	(58,326)	-
Impairment loss/reversal of financial assets	(3,474)	(2,627)	(570)	-
Operating income (EBIT)	23,854	(4,893)	17,146	-
Finance costs - net	(4,262)	-	(7,929)	-
Other investments expenses / (incomes)	(4,755)	-	(1,600)	-
Result before income taxes	14,837	(4,893)	7,617	-
Income tax expenses	(5,467)	1,262	(3,013)	-
Net result	9,370	(3,631)	4,604	-
- of which attributable to non-controlling interests	-	-	-	-
- of which attributable to Group	9,370	(3,631)	4,604	-

ESPRINET SPA STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2020	2019
Net result (A)	9,370	4,604
<i>Other comprehensive income:</i>		
- Changes in 'cash flow hedge' equity reserve	-	500
- Taxes on changes in 'cash flow hedge' equity reserve	-	(120)
<i>Other comprehensive income not be reclassified in the separate income statement:</i>		
- Changes in 'TFR' equity reserve	(119)	(150)
- Taxes on changes in 'TFR' equity reserve	29	36
Other comprehensive income (B):	(90)	266
Total comprehensive income (C=A+B)	9,280	4,870
- of which attributable to Group	9,280	4,870
- of which attributable to non-controlling interests	-	-

ESPRINET SPA RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2020	31/12/2019
Fixed assets	194,420	205,843
Operating net working capital	(110,511)	(135,818)
Other current assets/liabilities	59,528	70,610
Other non-current assets/liabilities	(8,965)	(8,935)
Total uses	134,472	131,700
Short-term financial liabilities	32,020	22,812
Lease liabilities	6,400	6,374
Financial receivables from factoring companies	(147)	(3,526)
Current debts for investments in subsidiaries	220	-
Financial (assets)/liab. From/to Group companies	11,945	6,921
Other financial receivables	(9,617)	(9,718)
Cash and cash equivalents	(327,090)	(289,642)
Net current financial debt	(286,269)	(266,779)
Borrowings	39,715	22,294
Lease liabilities	76,382	81,742
Non-current debts for investments in subsidiaries	230	-
Non-current financial (assets)/liabilities for derivatives	620	-
Other financial receivables	(492)	(969)
Net Financial debt (A)	(169,814)	(163,712)
Net equity (B)	304,286	295,412
Total sources of funds (C=A+ B)	134,472	131,700

ESPRINET SPA STATEMENT OF FINANCIAL POSITION

(€/000)	31/12/2020	31/12/2019
ASSETS		
Non - current assets		
Property, plant and equipment	9,580	9,053
Right of use assets	80,437	86,941
Goodwill	16,429	16,429
Intangibles assets	600	292
Investments in others	83,073	86,413
Deferred income tax assets	2,557	4,972
Receivables and other non - current assets	2,236	2,712
	194,912	206,812
Current assets		
Inventory	259,170	335,188
Trade receivables	301,561	272,957
Income tax assets	173	1,319
Other assets	89,035	100,710
Cash and cash equivalents	327,090	289,642
	977,029	999,816
Total assets	1,171,941	1,206,628
EQUITY		
Share capital	7,861	7,861
Reserves	287,055	282,947
Net result for the period	9,370	4,604
Total equity	304,286	295,412
LIABILITIES		
Non - current liabilities		
Borrowings	39,715	22,294
Lease liabilities	76,382	81,742
Derivative financial liabilities	620	-
Deferred income tax liabilities	3,064	2,930
Retirement benefit obligations	3,719	3,721
Debts for investments in subsidiaries	230	-
Provisions and other liabilities	2,182	2,284
	125,912	112,971
Current liabilities		
Trade payables	671,242	743,963
Short-term financial liabilities	44,965	30,733
Lease liabilities	6,400	6,374
Debts for investments in subsidiaries	220	-
Provisions and other liabilities	18,916	17,175
	741,743	798,245
Total liabilities	867,655	911,216
Total equity and liabilities	1,171,941	1,206,628

ESPRINET SPA STATEMENT OF CASH FLOWS

(euro/000)	2020	2019
Cash flow provided by (used in) operating activities (D=A+B+C)	15,194	129,166
Cash flow generated from operations (A)	35,182	29,533
Operating income (EBIT)	23,854	17,146
Depreciation, amortisation and other fixed assets write-downs	10,418	10,621
Net changes in provisions for risks and charges	(102)	884
Net changes in retirement benefit obligations	(148)	(278)
Stock option/grant costs	1,160	1,160
Cash flow provided by (used in) changes in working capital (B)	(15,398)	107,057
Inventory	76,018	(30,951)
Trade receivables	(28,604)	(73,086)
Other current assets	9,342	(5,100)
Trade payables	(72,533)	223,030
Other current liabilities	379	(6,836)
Other cash flow provided by (used in) operating activities (C)	(4,590)	(7,424)
Interests paid, net	(3,525)	(5,255)
Received interests	240	525
Foreign exchange (losses)/gains	223	(1,529)
Income taxes paid	(1,528)	(1,165)
Cash flow provided by (used in) investing activities (E)	(5,625)	(5,025)
Net investments in property, plant and equipment	(4,279)	(3,187)
Net investments in intangible assets	(470)	66
Changes in other non current assets and liabilities	(1)	(68)
Celly change shareholding	(800)	(458)
Esprinet Portugal change shareholding	(75)	(30)
4Side business combination	-	(1,348)
Cash flow provided by (used in) financing activities (F)	27,879	(8,180)
Medium/long term borrowing	35,000	15,000
Repayment/renegotiation of medium/long-term borrowings	(5,479)	(106,886)
Leasing liabilities reimbursement	(5,558)	(5,220)
Net change in financial liabilities	996	(2,281)
Borrowed due within 12 months received/(granted)	-	103,500
Net change in financial assets and derivative instruments	4,576	(1,527)
Dividend payments	-	(6,919)
Own shares acquisition	(1,656)	(3,847)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	37,448	115,961
Cash and cash equivalents at year-beginning	289,642	173,681
Net increase/(decrease) in cash and cash equivalents	37,448	115,961
Cash and cash equivalents at year-end	327,090	289,642

Fine Comunicato n.0533-13

Numero di Pagine: 19