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Oggetto	:	ESPRINET ANNOUNCES THE Q3 2021 RESULTS, RAISES ITS PROFITABILITY ESTIMATES FOR 2021, PRESENTS THE 2022-2024 STRATEGIC PLAN

Testo del comunicato

Vedi allegato.

ESPRINET ANNOUNCES THE RESULTS FOR THE QUARTER, RAISES ITS PROFITABILITY ESTIMATES FOR 2021 AND PRESENTS THE 2022-2024 STRATEGIC PLAN, WHICH FORECASTS AN INCREASE OF AROUND 50% IN PROFITABILITY

MOVING TOWARDS A NEW PARADIGM: ENTRY INTO THE HIGH-MARGIN OPERATING RENTALS SECTOR WILL SUPPORT SIGNIFICANT GROWTH IN VALUE ADDED DISTRIBUTION

HIGHLIGHTS 9M 2021

Sales: Euro 3,211 million +9% (9M 20: Euro 2,959 million)
Adj. EBITDA: Euro 57.9 million, +39% (9M 20: Euro 41.6 million)
Net income: Euro 28.6 million, +64% (9M 20: Euro 17.5 million)
Cash Conversion Cycle: 13 days (9M 20: 8 days)
ROCE: 17.6% (9M 20: 15.7%)
Net Financial Position: negative for Euro 200.8 million (9M 20: negative for Euro 14.5 million)

Q3 2021

Sales: Euro 974 million, -13% (Q3 20: Euro 1,124 million)
Adj. EBITDA: Euro 16.2 million, -8% (Q3 20: Euro 17.7 million)
Net income: Euro 6.5 million, -33% (Q3 20: Euro 9.8 million)

GUIDANCE 2021

Sales: › Euro 4,600 million
Adj. EBITDA: › Euro 83 million

STRATEGIC PLAN TO 2024

Sales: › Euro 5,600 million
Adj. EBITDA: › Euro 125 million

Vimercate (Monza Brianza), 11 November 2021 - The Board of Directors of ESPRINET (PRT:IM), a leader in southern Europe in the distribution of IT, Consumer Electronics and Advanced Solutions, which met today under the chairmanship of Maurizio Rota, approved the Interim Management Statement as at 30 September 2021 and the 2022-2024 Strategic Plan.

Alessandro Cattani, Chief Executive Officer of ESPRINET: *"The third quarter of the current financial year confirms the Group's excellent performance and enables us to reiterate that the "ROCE-Driven Strategy" continues to positively influence the company's operating and financial management.*
The results posted in the nine months of 2021 are due to a combination of two factors: organic growth, also driven by the first investments in IT infrastructures relating to the digital transformation plans of governments, and the significant contribution from Advanced Solutions acquisitions made between the end of 2020 and the start of 2021.
After having optimised working capital, over the last few quarters, we have firmly focused on boosting profitability, also by accelerating the process of transition of our business towards the value-added distribution of Advanced Solutions, which have grown by more than 60% and over Euro 600 million, and Cloud solutions, which have risen by +414% compared to 2020, exceeding Euro 100 million.

In light of the above, in the presence of an extremely robust demand, with orders significantly higher than the budget and the level recorded in the same period of the previous year but taking into account the difficulties in global logistics and the shortcomings in product availability, we raise the profitability estimates for 2021 with an expected Adj. Ebitda exceeding 83 million euro from the previous 80 million euro.
Lastly, we are proud to present an ambitious Strategic Plan which looks towards 2024 and beyond. We not only forecast an increase of approximately 50% in the Group's profitability over the next three years, but we are building a bridge between the purely distribution-based business model currently in place, and the Full Service Provider business model used for the Vendor and Reseller ecosystem, which we visualise for the future of the Group.
From 2024 onwards, the Group will operate on dual fronts, value added distribution on the one hand, and servicing the IT ecosystem on the other, with sales and profit margin profiles that are completely diverse but at the same time synergistic.
We base our forecasts on some solid factors of growth in demand, more evident for economies in southern Europe where we operate, but we are giving even more consideration to two global macro-trends that will also impact our sector: the transition to a "consumption-based" or "subscription based" model, through the rental of products instead of buying them, and the challenge of the "green revolution" of the global economy.
This is a historic move for our Group, following the transformation to a multi-national in 2005, and will see the Group begin to capitalise on its wealth of financial skills and relationships with over 650 manufacturers and 31,000 resellers, in order to seize increasing shares of value added in order to best serve our reference markets and create value for our shareholders".

MAIN CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2021

In the nine months **Sales**, amounting to Euro 3,210.8 million, rose by 9% compared to the same period of 2020, which was Euro 2,959.1 million. Contributions to this result were provided by both organic growth (+4%) and the Euro 129.8 million deriving from the activities of Gruppo GTI acquired in Spain in Q4 2020 and Dacom S.p.A. and idMAINT S.r.l. in Italy, acquired at the start of Q1 2021.

Gross Profit, amounting to Euro 165.8 million, showed an increase of 29% compared to the nine months of the previous year (Euro 128.7 million), due to both higher sales and the improvement in the percentage margin, which stood at 5.16% (compared to 4.35% in 9M 20). This result was achieved thanks to the greater proportion of high-margin business lines and the constant commitment to guaranteeing the highest level of customer satisfaction, which translated to an increase in the percentage margin of almost all business lines.

Adjusted EBITDA amounting to Euro 57.9 million, up by 39% compared to Euro 41.6 million in the nine months of the previous year, was calculated gross of non-recurring costs, incurred to build the new warehouse in Italy, amounting to Euro 0.8 million. Excluding the positive contribution of Euro 5.3 million deriving from the acquisitions cited above, the figure stood at Euro 52.6 million (+26% compared to 9M 20).
The incidence on sales increased to 1.80% compared to 1.41% as at 30 September 2020, despite the increase in the weight of operating costs (from 2.94% in 9M 2020 to 3.36% in 9M 2021), mainly as a result of the acquisitions of Gruppo GTI, Dacom S.p.A. and idMAINT S.r.l..

Adjusted EBIT came to Euro 45.8 million, calculated gross of the non-recurring costs cited above, rose by 48% compared to Euro 30.9 million recorded in the nine months of the previous year. The incidence on sales rose to 1.43% compared to 1.05% in 9M 20.

EBIT came to Euro 44.9 million, marking growth of 63% compared to Euro 27.6 million in 9M 20, in which non-recurring expenses of Euro 3.4 million were posted.

Profit before income taxes, amounting to Euro 39.3 million, recorded an increase of 69% compared to Euro 23.3 million in 9M 20.

Net income, up by 64%, amounted to Euro 28.6 million (Euro 17.5 million in 9M 20).

REFERENCE MARKET GROWS IN THE NINE MONTHS 2021 ALBEIT MARKED DECREASES IN JULY AND AUGUST AND A RECOVERY IN SEPTEMBER, DESPITE PERSISTENT PROCUREMENT DIFFICULTIES

As at 30 September 2021, according to Context data, the total distribution sales of Italy, Spain and Portugal, the Group's reference markets, increased with respect to the same period of the previous year (+9%).
In Italy, an increase of 8% was recorded and the market posted turnover of Euro 6.6 billion. After growth of 21% in the first quarter and 11% in the second quarter, the third quarter recorded a decline of 6% compared to the same period of the previous year. This result was impacted, in particular, by the summer months of July and August, which recorded decreases of -11% and -8% respectively; by contrast, September recorded a recovery, albeit by only +1%.
The Spanish market recorded a figure of Euro 4.6 billion, marking growth of 10%: the quarter just ended closed with a decrease of -4%, after +20% in the first three months of 2021 and +17% in the second quarter.
Lastly, in Portugal, the market was worth Euro 1.1 billion in the nine months, marking growth of 12% over the same period of 2020, with increases in the three quarters of 2021 of 16%, 14% and 6% respectively.
ESPRINET, growing in line with the market in the areas of southern Europe, maintains its share with respect to the same period of the previous year.

A glance at the **customer segments** shows that, in the nine months of 2021, the market recorded growth of 7% in the *Business Segment* (IT Reseller) and 13% in the *Consumer Segment* (Retailer, E-tailer). Group sales recorded above-market growth in the *Business Segment* (+24%); the *Consumer Segment* instead recorded a decrease of 3%, consistently with the strategy of focusing on value-added product lines and customer segments.

The *IT Clients*[1] **market** in southern Europe as at 30 September 2021, which posted an increase of 9% compared to the same period of the previous year, still accounted for 43% of total growth, despite the slowdown recorded in the third quarter (-11%). More specifically, PCs (+9%), following the extraordinary results in the first quarter (+49%) and the slowdown in the second three months (+1%), recorded a decrease of 14% in the July-September period, due to lower demand in the retail domain and as a result of the worsening in product shortages. The Computer Components and Accessories category which, thanks to the growth in processors, RAM and graphics cards, recorded an increase of 15%.
As regards *Consumer Electronics*, which recorded growth of 14% on the whole in the nine months of 2021, all categories posted double-digit increases: Smartphones +12%, White Goods +20%, Gaming +78%, other CE products +18%, with SmartWatches standing out (+40%).
Advanced Solutions, after reduced results in the first quarter and the change of direction with significant increases in the second quarter, recorded growth of 4%: Hardware products (networking, storage, servers and other) recorded an increase of +6% as at 30 September 2021; in terms of Software, Services and Cloud, the decrease in the first three months, the strong recovery in the second quarter and the increase of +8% recorded in the July-September period, brought growth

[1] Source: Context.

from the start of the year to 4%, testament in both cases to the recovery in companies' investments in infrastructures.

THE GROUP CONTINUES TO ACCELERATE IN ADVANCED SOLUTIONS (+60%), NOW EQUAL TO 19% OF TOTAL SALES. THE PROPRIETARY PLATFORM FOR CLOUD SALES ENABLES THIS SEGMENT TO GROW BY 414%. PRODUCT SHORTAGES SLOW SALES OF PCS AND SMARTPHONES

With sales at Euro 3,210.8 million, up 9% compared to 9M 2020, the Group recorded a major acceleration in *Advanced Solutions* also in the third quarter, posting an increase of +60% from the start of the year, also thanks to the contribution from the acquisitions of the GTI Group in Spain, leader in the *Cloud* segment, and of Dacom and IdMaint, leaders in the *Automatic Identification and Data Capture* segment, in Italy.
Thanks to the experience brought by the GTI team in Spain, it has been possible to develop a series of innovative solutions included in the ESPRINET proprietary software platform, dedicated to the sale of Cloud solutions. This business line grew by 56% organically and 414% including the contribution of the GTI Group, consolidated from Q4 2020, bringing the volumes of Cloud solutions sold in the nine months of the year to Euro 101.2 million.
As regards *IT Clients*, the Group recorded growth of 5% as at 30 September 2021, despite the decrease recorded in the third quarter by sales of PCs, especially to retail customers.
Lastly, in *Consumer Electronics,* sales in the categories recorded the following trends with respect to the nine-month period of the previous year: Smartphones essentially unchanged, White Goods +14%, Gaming +66%, other CE products +7%.

CASH CONVERSION CYCLE AT 13 DAYS

The *Cash Conversion Cycle*[2] closed at 13 days (+5 days compared to Q3 20 and +4 days with respect to a Q2 21). In particular, the following trends were recorded:
- Days sales of inventory (DSI): -2 days vs Q3 20 (+3 days vs Q2 21);
- Days sales outstanding (DSO): +3 days vs Q3 20 (+1 day vs Q2 21);
- Days payable outstanding (DPO): -4 days vs Q3 20 (unchanged vs Q2 21).

NET FINANCIAL POSITION NEGATIVE FOR EURO 200.8 MILLION

The Net Financial Position, influenced by technical factors such as the seasonal nature of the business and the trend in customer and supplier behavioural models in the different periods of the year that influence Working Capital and do not, therefore, make it representative of the average levels of net financial debt observed in the nine months of 2021, is a negative Euro 200.8 million, down compared to both 30 June 2021 (negative for Euro 104.9 million) and 30 September 2020 (negative for Euro 14.5 million). The Net Financial Position was strictly influenced also by the degree of use of factoring, securitisation and the other technical forms of advance collection of receivables with similar effects - i.e. "confirming" -, plans that generated an overall impact on the level of consolidated net financial debts amounting to roughly Euro 347.2 million, a reduction compared to Euro 369.6 million as at 30 September 2020.

ROCE STOOD AT 17.6%

The **ROCE** stood at **17.6%**, compared to 15.7% in 9M 20. The main changes related to this trend can be summarised as follows:
- the "NOPAT - Net Operating Profit Less Adjusted Taxes" grew compared to 30 September 2020;

[2] 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.

- the Average Net Invested Capital, measured before the effects of the introduction of IFRS 16, increased (+17%) due to an equal effect of the increase in the Average Net Working Capital and Fixed Assets, the latter essentially attributable to goodwill paid for the acquisition of the GTI Group.

(€/millions)	9M 2021	9M 2020	H1 2021
LTM operating profit (Adj. EBIT)[3]	68.3	52.6	70.5
NOPAT[4]	51.3	38.9	52.9
Average Net Invested Capital[5]	290.8	248.5	228.1
ROCE[6]	17.6%	15.7%	23.2%

GUIDANCE 2021

In October, and in the first few days of November, the Group recorded an order collection well above the budget forecasts and compared to the same period of 2020, but continues to contend with serious product procurement issues, especially in the more "consumer-oriented" product categories such as low-end PCs or telephony.
The percentage levels of the gross profit margin remained extremely positive as did cost control.
As described previously, stock levels at the end of September were above expectations, due to the postponement of deliveries to customers in the first days of October as a result of the delayed delivery by suppliers of products.
This phenomenon is partially being reabsorbed, pointing to an improvement in the stock turnover ratio in the fourth quarter and, therefore, a healthy performance in terms of working capital and net financial debt level at year-end.
Reassured by the exceptional level of orders collected from customers and in light of the statistics obtained from suppliers on delivery forecasts, despite the necessary prudence in a phase in which product arrival dates are showing unprecedented variability, the management team believes that it has sufficient information to raise the profitability estimates for 2021, with an expected Adj. EBITDA exceeding Euro 83 million, from the previous Euro 80 million, at the same time assuming total sales volumes of more than Euro 4.6 billion.

2022-2024 STRATEGIC PLAN

The objective of the 2020-2024 Strategic Plan is to establish the necessary conditions to direct the Group towards a business model that combines traditional "transactional" distribution with a new service model for the ecosystem of 650 vendors and 31,000 resellers with whom ESPRINET operates, that positions it over time as a genuine "Full Service Provider" for these operators, with EBITDA margin profiles exceeding those that can be obtained by traditional distribution.

The strategic evolution towards a future role of "Full Service Provider" for the distribution ecosystem will initially be focussed on the entry to the operating rental sector ("Renting"). It will form part of a synergy with the Group's traditional distribution activities, which will continue to be an essential part of the overall business model.
Owing to the intrinsic structure of the operating rental model ("Renting"), typically with three-year contracts, and the characteristics of both the accounting treatment and the methods of extraction of value from this type of contract, during the three-year horizon of the plan, value-added distribution will remain the main model of expected growth in profitability, since in the year of

[3] Equal to the sum of Adj. EBITs - excluding the effects of IFRS 16 - in the last 4 quarters.
[4] LTM operating profit (Adj. EBIT), as defined above, net of taxes calculated at the actual tax rate of the last set of annual consolidated financial statements published.
[5] 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).
[6] Equal to the ratio between (a) NOPAT, as defined above, and (b) the average net invested capital as defined above.

activation of new Renting contracts, only a part of the total value of the contract itself has been recognised.
From 2025 onwards, the full effects of the project's profit capacity will start to be realised, with increases in profitability of tens of millions of euros per year, based on the cumulated renting volumes of previous years.

The Business Plan is based on certain factors that are positively impacting the technology market and economies in general.
First of all, the Group operates in countries for which significant growth in GDP is expected.
Italy, Spain and Portugal are also the countries in which the ratio between IT spending and GDP is almost 25% lower than France and Germany, and almost 50% than that of the United Kingdom, and this gap with the other European economies is expected to shrink significantly over the next few years. The drive towards this "digital transformation" stems from the Next Gen EU and local recovery and resilience plans.
Lastly, the distribution sector is rethinking its role and its business model to extract even more value from the economic recovery, digitalisation and industry's green transformation, with increasingly greater evolution from a purely logistics and credit operator role to a value-added operator able to also provide digital marketing and "demand generation" services, for example in the Cloud area, with a consequent increase in potential profitability.

Distribution will obtain an advantage from regional factors and the drive to modernise the business model from global factors.
In fact, the Strategic Plan constitutes a bridge to the new paradigm, which takes account of both the regional change element represented by the digital transformation above all in southern Europe, and the two global macro-trends, which impact a broad cross-section of industries (such as the car industry) and represented on the one hand by the circulation of "consumption-based" and "subscription-based" business models, and on the other, by the ecological transition of economies.

For these reasons, the 2022-2024 Strategic Plan is structured on the basis of the two areas of growth and development:

1) The organic growth of the historical transactional distribution model, with a major evolutionary drive towards a greater role of value-added distribution, particularly in higher margin areas of Advanced Solutions, Cloud and own-brand consumer accessories (Nilox and Celly);
2) The launch of a new division specialised in providing operating rental solutions ("Renting") to the ecosystem of IT and CE resellers and manufacturers.

The diversification of its business model with the entry into the Renting solutions segment represents a huge opportunity for the Group, both in terms of a significant increase in future profitability, owing to the intrinsic higher value added available in this model, and in relation to the future predictability and repeatability of demand, by launching a gradual transition from a transactional model to a "subscription-based" model, with the possibility of triggering recurring sales.
Renting will also enable ESPRINET to enhance the level of service provided and cooperation with its suppliers and resellers, by exercising control over the product life cycle, enabling mechanisms for the withdrawal, reconditioning, resale and potential disposal of technological waste, based on even more rigorous application of ESG principles.
The planned investments for this transition are primarily in human resources, given the costs of software developments to activate the Renting management platform that have already been afforded in the last two financial years.

Also at invested capital level, the bulk of the contracts are expected to be transferred to leasing or financial companies over time, actually limiting it to residual figures with respect to the overall volume of contracts envisaged.

Over the Plan horizon, the Group expects to maintain double-digit ROCE levels, with an average Working Capital cycle of less than 18 days, to allow full financial flexibility to guarantee a generous dividend policy and sufficient resources, both to support organic growth and for the selective M&A policy that has historically made a huge contribution to ESPRINET's growth.
Acquisitions are an important means of creating value and will continue to focus, from a geographical perspective, on the areas currently covered by the Group, even if the Group will start to evaluate investments in other areas like North Africa more closely, where ESPRINET already has a modest presence, and the rest of Europe, with investments targeted at high-margin product areas.
The objectives of the Strategic Plan make provision, in 2024, for sales exceeding Euro 5.6 billion and Adj. EBITDA of more than Euro 125 million, with the Renting business that, during its start-up phase, will contribute Euro 5 million.

The Company informs that in the afternoon it will meet the financial community to present the Q3 2021 results and the 2022-2024 Strategic Plan.

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, specialized 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 organizations, by expanding and facilitating the distribution and use of technology. *Enabling your tech experience* is the payoff that synthesizes 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, data centers & cybersecurity, smartphones, audio-video, TV, gaming, household appliances and 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 systems 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, and specialized 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 specialized 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 and on www.emarketstorage.com.

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SALES BY PRODUCT FAMILY

€/millions	9 months 2021	9 months 2020	% Var.
PC (notebook, tablet, desktop, monitor)	1,170.7	1,162.2	1%
Printing devices and supplies	292.4	291.6	0%
Other IT products	255.6	188.7	35%
Total IT Clients	**1,718.7**	**1,642.5**	**5%**
Smartphones	834.4	836.7	0%
White goods	49.5	43.6	14%
Gaming hardware and software	25.5	15.4	66%
Other consumer electronics products	114.7	106.8	7%
Total Consumer Electronics	**1,024.1**	**1,002.5**	**2%**
Hardware (networking, storage, server & others)	365.6	259.7	41%
Software, Services, Cloud	235.5	116.7	102%
Total Advanced Solutions	**601.1**	**376.4**	**60%**
Adjustments	(133.1)	(62.3)	114%
Sales from contracts with customers	**3,210.8**	**2,959.1**	**9%**

SALES BY GEOGRAPHICAL SEGMENT

€/millions	9 months 2021	9 months 2020	% Var.
Italy	1,983.2	1,845.3	7%
Spain	1,125.5	1,055.1	7%
Portugal	70.4	39.2	80%
UE	20.7	12.1	71%
Extra-UE	11.0	7.4	49%
Sales from contracts with customers	**3,210.8**	**2,959.1**	**9%**

SALES BY CUSTOMER TYPE

€/millions	9 months 2021	9 months 2020	% Var.
Retailer/e-tailer	1,413.0	1,459.8	-3%
IT Reseller	1,930.9	1,561.6	24%
Adjustments	(133.1)	(62.3)	114%
Sales from contracts with customers	**3,210.8**	**2,959.1**	**9%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(€/000)	9 months 2021	9 months 2020	% Var.	Q3 2021	Q3 2020	% Var.
Sales from contracts with customers	**3,210,806**	**2,959,102**	**9%**	**973,983**	**1,124,426**	**-13%**
Cost of goods sold excl. factoring/securitisation	3,042,430	2,827,593	8%	924,646	1,077,412	-14%
Financial cost of factoring/securisation[1]	2,564	2,773	-8%	814	1,081	-25%
Gross Profit[2]	**165,812**	**128,736**	**29%**	**48,523**	**45,933**	**6%**
Gross Profit %	*5.16%*	*4.35%*		*4.98%*	*4.09%*	
Personnel costs	61,156	48,483	26%	18,564	15,522	20%
Other operating costs	46,778	38,643	21%	13,798	12,752	8%
EBITDA adjusted[3]	**57,878**	**41,610**	**39%**	**16,161**	**17,659**	**-8%**
EBITDA adjusted %	*1.80%*	*1.41%*		*1.66%*	*1.57%*	
Depreciation e amortisation	3,952	3,247	22%	1,669	1,063	57%
IFRS 16 Right of Use depreciation	8,166	7,415	10%	2,791	2,476	13%
Goodwill impairment	-	-	n/s	-	-	n/s
EBIT adjusted[3]	**45,760**	**30,948**	**48%**	**11,701**	**14,120**	**-17%**
EBIT adjusted %	*1.43%*	*1.05%*		*1.20%*	*1.26%*	
Non recurring costs[4]	827	3,366	-75%	827	1,150	-28%
EBIT	**44,933**	**27,582**	**63%**	**10,874**	**12,970**	**-16%**
EBIT %	*1.40%*	*0.93%*		*1.12%*	*1.15%*	
IFRS 16 interest expenses on leases	2,378	2,509	-5%	797	827	-4%
Other financial (income) expenses	1,938	1,712	13%	644	362	78%
Foreign exchange (gains) losses	1,354	99	>100%	484	(742)	<100%
Profit before income taxes	**39,263**	**23,262**	**69%**	**8,949**	**12,523**	**-29%**
Income taxes	10,672	5,779	85%	2,408	2,723	-12%
Net income	**28,591**	**17,483**	**64%**	**6,541**	**9,800**	**-33%**

NOTES

(1) Cash discounts for 'non-recourse' advances of trade receivables as part of revolving factoring and securitization programs.

(2) Gross of amortization/depreciation that, by destination, would be included in the cost of sales.

(3) Adjusted as gross of non-recurring items.

(4) Otherwhise included in "Other operating costs" and, with reference to the first 9 months of 2020, of which Euro 1.1 million otherwise included in "Other operating costs" and Euro 1.1 million otherwise included in "Goodwill Impairment".

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CONSOLIDATED SEPARATE INCOME STATEMENT

(€/000)	9 months 2021	non - recurring	9 months 2020	non - recurring
Sales from contracts with customers	3,210,806	-	2,959,102	-
Cost of sales	(3,045,772)	-	(2,830,979)	-
Gross profit	**165,034**	-	**128,123**	-
Sales and marketing costs	(49,540)	-	(36,360)	-
Overheads and administrative costs	(70,953)	(827)	(63,052)	(3,366)
Impairment loss/reversal of financial assets	392		(1,129)	
Operating income (EBIT)	**44,933**	**(827)**	**27,582**	**(3,366)**
Finance costs - net	(5,670)	-	(4,320)	-
Profit before income taxes	39,263	(827)	23,262	(3,366)
Income tax expenses	(10,672)	231	(5,779)	632
Net income	**28,591**	**(596)**	**17,483**	**(2,734)**
- of which attributable to non-controlling interests	(132)		22	
- of which attributable to Group	28,723	(596)	17,461	(2,734)
Earnings per share - basic (euro)	0.58		0.35	
Earnings per share - diluted (euro)	0.57		0.34	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	9 months 2021	9 months 2020
Net income (A)	**28,591**	**17,483**
Other comprehensive income:		
- Changes in translation adjustment reserve	22	(4)
Other comprehensive income not be reclassified in the separate income statement:		
- Changes in 'TFR' equity reserve	165	(62)
- Taxes on changes in 'TFR' equity reserve	(40)	15
Other comprehensive income (B):	**147**	**(51)**
Total comprehensive income (C=A+B)	**28,738**	**17,432**
- of which attributable to Group	28,856	17,413
- of which attributable to non-controlling interests	(118)	19

CONSOLIDATED SEPARATE INCOME STATEMENT OF THE THIRD QUARTER

(€/000)	Q3 2021	non - recurring	Q3 2020	non - recurring
Sales from contracts with customers	973,983	-	1,124,426	-
Cost of sales	(925,740)	-	(1,078,712)	-
Gross profit	**48,243**	-	**45,714**	-
Sales and marketing costs	(14,571)	-	(11,472)	-
Overheads and administrative costs	(23,049)	(827)	(20,987)	(1,150)
Impairment loss/reversal of financial assets	251		(285)	
Operating income (EBIT)	**10,874**	**(827)**	**12,970**	**(1,150)**
Finance costs - net	(1,925)	-	(447)	-
Profit before income taxes	8,949	(827)	12,523	(1,150)
Income tax expenses	(2,408)	231	(2,723)	320
Net income	**6,541**	**(596)**	**9,800**	**(830)**
- of which attributable to non-controlling interests	(54)		152	
- of which attributable to Group	6,595	(596)	9,648	(830)
Earnings per share - basic (euro)	0.13		0.18	
Earnings per share - diluted (euro)	0.13		0.17	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE THIRD QUARTER

(€/000)	Q3 2021	Q3 2020
Net income (A)	**6,541**	**9,800**
Other comprehensive income:		
- Changes in translation adjustment reserve	23	(3)
Other comprehensive income not be reclassified in the separate income statement:		
- Changes in 'TFR' equity reserve	189	(38)
- Taxes on changes in 'TFR' equity reserve	(46)	9
Other comprehensive income (B):	**166**	**(32)**
Total comprehensive income (C=A+B)	**6,707**	**9,768**
- of which attributable to Group	6,690	9,614
- of which attributable to non-controlling interests	17	154

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	30/09/2021	31/12/2020
Fixed assets	249,549	236,965
Operating net working capital	344,301	(121,034)
Other current assets/liabilities	2,951	(9,887)
Other non-current assets/liabilities	(24,262)	(19,858)
Total uses	**572,539**	**86,186**
Short-term financial liabilities	116,763	56,049
Lease liabilities	9,709	8,867
Current financial (assets)/liabilities for derivatives	(8)	(27)
Financial receivables from factoring companies	(1,670)	(147)
Current debts for investments in subsidiaries	1,959	220
Other financial receivables	(9,858)	(9,617)
Cash and cash equivalents	(117,736)	(558,928)
Net current financial debt	(841)	(503,583)
Borrowings	96,245	107,069
Lease liabilities	103,688	93,999
Non-current debts for investments in subsidiaries	1,730	230
Other financial receivables	-	(492)
Net Financial debt	200,822	(302,777)
Net equity	371,717	388,963
Total sources of funds	**572,539**	**86,186**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	30/09/2021	31/12/2020
ASSETS		
Non - current assets		
Property, plant and equipment	14,117	12,498
Right of use assets	108,862	99,928
Goodwill	102,200	108,442
Intangibles assets	8,601	722
Deferred income tax assets	13,324	12,950
Receivables and other non - current assets	2,445	2,917
	249,549	**237,457**
Current assets		
Inventory	549,578	402,755
Trade receivables	421,959	584,037
Income tax assets	168	410
Other assets	62,854	40,186
Derivative financial assets	8	27
Cash and cash equivalents	117,736	558,928
	1,152,303	1,586,343
Total assets	**1,401,852**	**1,823,800**
EQUITY		
Share capital	7,861	7,861
Reserves	333,603	347,602
Group net income	28,723	31,405
Group net equity	**370,187**	**386,868**
Non - controlling interest	**1,530**	**2,095**
Total equity	**371,717**	**388,963**
LIABILITIES		
Non - current liabilities		
Borrowings	96,245	107,069
Lease liabilities	103,688	93,999
Deferred income tax liabilities	15,015	11,309
Retirement benefit obligations	5,312	4,847
Debts for investments in subsidiaries	1,730	230
Provisions and other liabilities	3,935	3,702
	225,925	**221,156**
Current liabilities		
Trade payables	627,236	1,107,826
Short-term financial liabilities	116,763	56,049
Lease liabilities	9,709	8,867
Income tax liabilities	5,591	224
Debts for investments in subsidiaries	1,959	220
Provisions and other liabilities	42,952	40,495
	804,210	**1,213,681**
Total liabilities	**1,030,135**	**1,434,837**
Total equity and liabilities	**1,401,852**	**1,823,800**

CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	9 months 2021	9 months 2020
Cash flow provided by (used in) operating activities (D=A+B+C)	**(410,451)**	**(280,504)**
Cash flow generated from operations (A)	**57,829**	**39,629**
Operating income (EBIT)	44,933	27,582
Income from business combinations	(168)	-
Depreciation, amortisation and other fixed assets write-downs	12,117	11,762
Net changes in provisions for risks and charges	180	(652)
Net changes in retirement benefit obligations	(445)	(53)
Stock option/grant costs	1,212	990
Cash flow provided by (used in) changes in working capital (B)	**(461,587)**	**(315,278)**
Inventory	(130,202)	(6,283)
Trade receivables	187,089	43,486
Other current assets	(19,931)	3,067
Trade payables	(498,440)	(365,007)
Other current liabilities	(103)	9,459
Other cash flow provided by (used in) operating activities (C)	**(6,693)**	**(4,855)**
Interests paid	(3,273)	(3,560)
Received interests	28	234
Foreign exchange (losses)/gains	(1,077)	31
Income taxes paid	(2,371)	(1,560)
Cash flow provided by (used in) investing activities (E)	**(14,437)**	**(3,776)**
Net investments in property, plant and equipment	(4,552)	(3,392)
Net investments in intangible assets	(285)	(385)
Net investments in other non current assets	16	1
Dacom business combination	(9,131)	-
idMAINT business combination	(485)	-
Cash flow provided by (used in) financing activities (F)	**(16,304)**	**55,300**
Medium/long term borrowing	1,500	44,000
Repayment/renegotiation of medium/long-term borrowings	(22,712)	(11,189)
Leasing liabilities remboursement	(6,829)	(6,201)
Net change in financial liabilities	60,094	27,477
Net change in financial assets and derivative instruments	(1,264)	2,869
Dividend payments	(27,234)	-
Own shares acquisition	(19,859)	(1,656)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(441,192)**	**(228,980)**
Cash and cash equivalents at year-beginning	**558,928**	**463,777**
Net increase/(decrease) in cash and cash equivalents	**(441,192)**	**(228,980)**
Cash and cash equivalents at year-end	**117,736**	**234,797**

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