

## ESPRINET: INTERIM MANAGEMENT STATEMENT AS AT 30 SEPTEMBER 2019 APPROVED

### Consolidated results as at 30 September 2019

Sales from contracts with customers: € 2,611.1 million, +13% (9M 2018: € 2,309.8 million)  
Gross profit: € 118.7 million, +7% (9M 2018: € 111.1 million)  
EBITDA: € 30.7 million, +65% (9M 2018: € 18.6 million)  
EBIT: € 20.6 million, +37% (9M 2018: € 15.1 million)  
Net income: € 9.4 million, +12% (9M 2018: € 8.3 million)  
Net financial position: € -183.6 million (€ -92.8 million excluding IFRS 16 impacts),  
(30 June 2019: € -183.1 million)  
ROCE: 8.3% (9M 2018: 6.9%)

### Consolidated results 2019 third quarter

Sales from contracts with customers: € 893.6 million, +16% (Q3 2018: € 771.6 million)  
Gross profit: € 37.6 million, +10% (Q3 2018: € 34.2 million)  
EBITDA: € 10.0 million, +89% (Q3 2018: € 5.3 million)  
EBIT: € 6.7 million, +62% (Q3 2018: € 4.1 million)  
Net income: € 1.8 million, -17% (Q3 2018: € 2.1 million)

### Outlook

The pre-IFRS 16 EBIT target for the year 2019 between € 38-42 million is confirmed  
From 2020 onwards, a ROCE-Return on Capital Employed permanently above the average  
cost of capital, currently estimated at 8%

**Vimercate (Monza Brianza), 13 November 2019** - The Board of Directors of Esprinet S.p.A. (Italian Stock Exchange: PRT) met today under the chairmanship of Maurizio Rota to examine and approve the Group's Interim Management Statement as at 30 September 2019, prepared in accordance with IFRSs.

**Alessandro Cattani**, CEO Esprinet Group: "The deployment of some of the initiatives that are part of the strategic plan presented to the financial community last June showed a strong acceleration during the third quarter and we start to see some preliminary positive feedback from customers on the "Customer Satisfaction" improvement program now fully in place. The "Advanced Solution" business line, which withstood a lot of development efforts since the beginning of the year, grew +12% and we are actively pursuing the opening of new distribution contracts especially in Spain and Portugal. We are also negotiating with some hi-tech start-ups in order to gain know-how to provide to our customer base some innovative logistic services whereas since January, also by means of newly hired managerial talents, we will furtherly strengthen our portfolio of value-added solutions for retailers. We consider particularly noticeable the continuous improvement of the Cash Conversion Cycle which is now remarkably down -8 days from its peak as at beginning of 2018. The new ROCE-Return on Capital Employed metrics are now systematically used thorough our teams and they are delivering on promised results: during the first 9 months of this year the ROCE stands at 8.3%, sharply up against the 6.9% as of last year. The EBIT improvement, up +37% against September 30, 2018 is another indication of a good implementation of the plan. Based on October sales as well as on positive expectations about Black Friday and Christmas

*campaign, we confirm our 2019 profitability targets of an EBIT comprised between 38 and 42 euro million and a ROCE from 2020 on steadily above the WACC Weighted Average Cost of Capital estimated at 8%.*

## **MAIN CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2019 AND OF THE THIRD QUARTER OF 2019**

It should be highlighted that the consolidation scope as at 30 September 2019 includes the results of 4Side S.r.l., an entity acquired on 20 March 2019. In addition, it should also be highlighted that, from 1 January 2019 the Group adopted the new IFRS 16 with a simplified retrospective approach (option B, with no restatement of the contracts already in place as at 1 January 2019, without applying this standard to 'low-value' and short-term assets).

**Sales from contracts with customers**, equal to € 2,611.1 million, showed an increase of +13% compared with € 2,309.8 million as of 30 September 2018. In the third quarter, consolidated sales increased by +16% compared with the same period of the previous year (€ 893.6 million vs € 771.6 million).

**Gross profit** totalled € 118.7 million and showed an increase of +7% compared with 30 September 2018 (+4% excluding from the 2018 result € 1.1 million of non-recurring charges entirely accounted in the third quarter, and the € 1.5 million 4Side S.r.l. 2019. positive contribution, while the first-time adoption of IFRS 16 had no impact) as a consequence of higher sales, counterbalanced by a decrease in gross profit margin. In the third quarter, Gross profit, equal to € 37.6 million, increased by +10% compared with the same period of previous year (or +6% net of non-recurring charges and of € 0.3 million 4Side S.r.l. contribution).

**Operating income (EBIT)**, equal to € 20.6 million, showed an increase of +37% compared with 30 September 2018 (€ 15.1 million), with an EBIT margin increased to 0.79% from 0.65% as at 30 September 2018, due to both an increase in the gross profit and a less than proportional increase in operating costs. In the third quarter, EBIT, equal to € 6.7 million, increased by +62% compared with the third quarter 2018, with an EBIT margin increase from 0.53% to 0.75%. Net of the improvement from the IFRS 16 first-time adoption (leading to a replacement of lease rentals with lower depreciation on related right-of-use assets), the positive contribution of the company 4Side S.r.l. for € 0.3 million and non-recurring charges booked in 2018, EBIT still shows an improvement of +12% (+18% in the third quarter 2019 where the company 4Side S.r.l. showed and operating loss of € 0.3 million).

**Profit before income taxes**, equal to € 13.3 million, showed an increase of +17% compared with 30 September 2018, so less higher than the +37% EBIT improvement, as a consequence of higher financial charges mainly from interest expenses due to the first-time accounting of lease liabilities (equal to € 90.8 million as at 30 September 2019) pursuant to IFRS 16, and from charges relating to the early repayment of the existing syndicated senior loan for € 72.5 million. Net of these interest costs pursuant to IFRS 16 and of the € 0.3 million profit of the company 4Side S.r.l., the profit before income taxes was equal to € 12.8 million (€ 3.3 million in the third quarter 2019), with an increase of +2% (-18% in the third quarter 2019), taking into account non-recurring charges booked in the comparative periods of 2018.

**Net income**, equal to € 9.4 million, showed an increase of +12% compared with 30 September 2018 (in line with the result of the first nine months of 2018 if considering the same consolidation scope and excluding € 0.8 million euro of non-recurring charges net of relative estimated taxes). In the third quarter 2019, all the rest being equal, Net Profit totalled € 2.1 million compared with € 3.0 million in the third quarter of 2018, also as a consequence of a significantly high tax rate, due to the not benefitting of tax assets on losses sustained by subsidiaries in liquidation.

**Basic earnings per ordinary share**, equal to € 0.18 euro, showed an increase of +13% compared with the value 30 September 2018 (€ 0.16). In the third quarter basic earnings per ordinary share was € 0.04, in line with the same of 2018.

The Group's main economic, financial and asset results as at 30 September 2019 and of the third quarter 2019 are hereby summarised:

(euro/000)	9 months	9 months	Var. %
	2019	2018	
<b>Sales from contracts with customers</b>	<b>2,611,054</b>	<b>2,309,801</b>	<b>13%</b>
Cost of sales	(2,492,357)	(2,198,667)	13%
<b>Gross profit</b>	<b>118,697</b>	<b>111,134</b>	<b>7%</b>
<i>Gross Profit %</i>	4.55%	4.81%	
Sales and marketing costs	(38,222)	(39,238)	-3%
Overheads and administrative costs	(59,048)	(56,268)	5%
Impairment loss/reversal of financial assets	(781)	(574)	36%
<b>Operating income (EBIT)</b>	<b>20,646</b>	<b>15,054</b>	<b>37%</b>
<i>EBIT %</i>	0.79%	0.65%	
Finance costs - net	(7,349)	(3,648)	101%
<b>Profit before income taxes</b>	<b>13,297</b>	<b>11,406</b>	<b>17%</b>
Income tax expenses	(3,939)	(3,068)	28%
<b>Net income</b>	<b>9,358</b>	<b>8,338</b>	<b>12%</b>
Earnings per share - basic (euro)	0.18	0.16	13%

  

(euro/000)	Q3	Q3	Var. %
	2019	2018	
<b>Sales from contracts with customers</b>	<b>893,569</b>	<b>771,642</b>	<b>16%</b>
Cost of sales	(855,951)	(737,460)	16%
<b>Gross profit</b>	<b>37,618</b>	<b>34,182</b>	<b>10%</b>
<i>Gross profit %</i>	4.21%	4.43%	
Sales and marketing costs	(12,219)	(12,434)	-2%
Overheads and administrative costs	(18,742)	(17,557)	7%
Impairment loss/reversal of financial assets	6	(74)	-108%
<b>Operating income (EBIT)</b>	<b>6,663</b>	<b>4,117</b>	<b>62%</b>
<i>EBIT %</i>	0.75%	0.53%	
Finance costs - net	(3,604)	(1,245)	189%
<b>Profit before income taxes</b>	<b>3,059</b>	<b>2,872</b>	<b>7%</b>
Income tax expenses	(1,278)	(725)	76%
<b>Net income</b>	<b>1,781</b>	<b>2,147</b>	<b>-17%</b>
Earnings per share - basic (euro)	0.04	0.04	0%

For a better comparison with the first nine months and third quarter 2018, the Group's main financial results at 30 September 2019 adjusted without IFRS 16 impacts, are shown as follows:

(euro/000)	9 months 2019 Pre-IFRS 16	9 months 2018	Var. %
<b>Sales from contracts with customers</b>	<b>2,611,054</b>	<b>2,309,801</b>	<b>13%</b>
Cost of sales	(2,492,357)	(2,198,667)	13%
<b>Gross Profit</b>	<b>118,697</b>	<b>111,134</b>	<b>7%</b>
<i>Gross Profit %</i>	4.55%	4.81%	
Sales and marketing costs	(40,002)	(39,238)	2%
Overheads and administrative costs	(59,520)	(56,268)	6%
Impairment loss/reversal of financial assets	(781)	(574)	36%
<b>Operating income (EBIT)</b>	<b>18,394</b>	<b>15,054</b>	<b>22%</b>
<i>EBIT %</i>	0.70%	0.65%	
Finance costs - net	(5,301)	(3,648)	45%
<b>Profit before income taxes</b>	<b>13,093</b>	<b>11,406</b>	<b>15%</b>
Income tax expenses	(3,816)	(3,068)	24%
<b>Net income</b>	<b>9,277</b>	<b>8,338</b>	<b>11%</b>

(euro/000)	Q3 2019 Pre-IFRS 16	Q3 2018	Var. %
<b>Sales from contracts with customers</b>	<b>893,569</b>	<b>771,642</b>	<b>16%</b>
Cost of sales	(855,951)	(737,460)	16%
<b>Gross Profit</b>	<b>37,618</b>	<b>34,182</b>	<b>10%</b>
<i>Gross Profit %</i>	4.21%	4.43%	
Sales and marketing costs	(12,816)	(12,434)	3%
Overheads and administrative costs	(18,916)	(17,557)	8%
Impairment loss/reversal of financial assets	6	(74)	-108%
<b>Operating income (EBIT)</b>	<b>5,892</b>	<b>4,117</b>	<b>43%</b>
<i>EBIT %</i>	0.66%	0.53%	
Finance costs - net	(2,914)	(1,245)	134%
<b>Profit before income taxes</b>	<b>2,978</b>	<b>2,872</b>	<b>4%</b>
Income tax expenses	(1,233)	(725)	70%
<b>Net income</b>	<b>1,745</b>	<b>2,147</b>	<b>-19%</b>

**Operating net working capital** was equal to € 347.3 million compared with € 10.4 million as at 31 December 2018;

**Net financial position** as at 30 September 2019, negative by € 183.6 million, in line with figures at 30 June 2019 (negative by € 183.1 million), including € 90.8 million of lease liabilities not recorded as at 31 December 2018 as they arose from the first-time adoption of IFRS 16, was compared with a cash surplus of € 241.0 million as at 31 December 2018 (negative financial position of € 120.8 million as at 30 September 2018). Nevertheless, the worse net financial position was mainly due to the level of net working capital as at 30 September 2019 that, in turn, was influenced by technical and seasonal events and by the level of utilization of both 'without-recourse' factoring and securitization programs referring to trade receivables.

These programs are aimed at transferring risks and rewards to the buyer, thus receivables sold are stripped out from the statement of financial position according to IFRS 9.

Taking into account further technical forms of collection in advance of trade receivables other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on net financial debt at 30 September 2019 was € 311.3 million (€ 596.7 million as at 31 December 2018 and € 343.2 million as at 30 September 2018).

**Net equity** as at 30 September 2019, equal to € 345.3 million, showed an increase compared with € 342.9 million as at 31 December 2018.

(euro/000)	30/09/2019	31/12/2018
Fixed assets	211,429	118,502
Operating net working capital	347,308	10,443
Other current assets/liabilities	(13,306)	(12,667)
Other non-current assets/liabilities	(16,590)	(14,424)
<b>Total uses</b>	<b>528,841</b>	<b>101,854</b>
Short-term financial liabilities	127,782	138,311
Lease liabilities	6,886	-
Current financial (assets)/liabilities for derivatives	587	610
Financial receivables from factoring companies	(1,508)	(242)
Current debts for investments in subsidiaries	-	1,082
Other current financial receivables	(9,293)	(10,881)
Cash and cash equivalents	(65,201)	(381,308)
Net current financial debt	59,253	(252,428)
Borrowings	41,394	12,804
Lease liabilities	83,889	-
Other non - current financial receivables	(970)	(1,420)
Net financial debt (A)	183,566	(241,044)
Net equity (B)	345,275	342,898
<b>Total sources of funds (C=A+B)</b>	<b>528,841</b>	<b>101,854</b>

For a better comparison with 31 December 2018 figures, the Group's main financial and net assets position at 30 September 2019 adjusted without IFRS 16 impacts is shown below:

(euro/000)	30/09/2019 Pre - IFRS 16	31/12/2018
Fixed assets	120,393	118,502
Operating net working capital	346,014	10,443
Other current assets/liabilities	(11,809)	(12,667)
Other non-current assets/liabilities	(16,590)	(14,424)
<b>Total uses</b>	<b>438,008</b>	<b>101,855</b>
Short-term financial liabilities	127,782	138,311
Lease liabilities	-	-
Current financial (assets)/liabilities for derivatives	587	610
Financial receivables from factoring companies	(1,508)	(242)
Current debts for investments in subsidiaries	-	1,082
Other financial receivables	(9,293)	(10,881)
Cash and cash equivalents	(65,201)	(381,308)
Net current financial debt	52,367	(252,428)
Borrowings	41,394	12,804
Lease liabilities	-	-
Other financial receivables	(970)	(1,420)
Net Financial debt (A)	92,791	(241,044)
Net equity (B)	345,217	342,898
<b>Total sources of funds (C=A+ B)</b>	<b>438,008</b>	<b>101,855</b>

## MAIN CONSOLIDATED RESULTS BY GEOGRAPHICAL AREA

### *Subgroup Italy<sup>1</sup>*

**Sales from contracts with customers**, equal to € 1,729.4 million, showed an increase of +14% compared with € 1,522.6 million as of 30 September 2018. In the third quarter 2019, sales showed an increase of +19% compared with the third quarter 2018.

**Gross profit** totalled € 87.0 million euro and showed an increase of +7% compared with € 81.3 million at 30 September 2018 (+4% excluding € 1.1 million of non-recurring charges entirely accounted in the third quarter 2018, and the € 1.5 million 4Side S.r.l. positive contribution from the 2019 results) with a gross profit margin equal to 5.03% (5.34% as at 30 September 2018). In the third quarter, Gross profit, equal to € 27.7 million, shows an increase of +13% compared with the third quarter of 2018 (+7%, excluding non-recurring charges and the € 0.3 million 4Side S.r.l. contribution).

**Operating income (EBIT)**, equal to € 12.7 million, showed a +57% increase compared to 30 September 2018, with an EBIT margin, equal to 0.73%, increased from 0.53% of 30 September 2018. In the third quarter 2019, EBIT showed an increase of +157% reaching € 4.3 million compared with € 1.7 million of the third quarter 2018, with an EBIT margin of 0.75% compared with 0.35% of the same period of 2018. Net of 2019 benefits from the first-time adoption of IFRS 16 and the € 0.3 million positive contribution of the company 4Side S.r.l., and net of non-recurring charges booked in 2018, EBIT shows an improvement of +14% (+42% in the third quarter 2019 when the company 4Side S.r.l. showed an operating loss of € 0.3 million).

**Operating net working capital** was equal to € 255.9 million compared with € 48.4 million as at 31 December 2018.

**Net financial position**, negative by € 155.0 million (negative by € 118.7 million as at 30 June 2019), including € 73.5 million of lease liabilities not recorded as at 31 December 2018 as they arose from the first-time adoption of IFRS 16, was compared with a cash surplus of € 146.5 million as at 31 December 2018 (negative financial position of € 58.0 million as at 30 September 2018). The impact of both 'without-recourse' sale and securitization programs of trade receivables as at 30 September 2018 was € 182.5 million (€ 319.9 million as at 31 December 2018 and € 190.3 million as at 30 September 2018).

(euro/000)	9 months	9 months	Var. %
	2019	2018	
Sales to third parties	1,697,343	1,483,742	14%
Intercompany sales	32,098	38,815	-17%
<b>Sales from contracts with customers</b>	<b>1,729,441</b>	<b>1,522,557</b>	<b>14%</b>
Cost of sales	(1,642,397)	(1,441,238)	14%
<b>Gross profit</b>	<b>87,044</b>	<b>81,319</b>	<b>7%</b>
<i>Gross Profit %</i>	<i>5.03%</i>	<i>5.34%</i>	
Sales and marketing costs	(29,722)	(30,676)	-3%
Overheads and administrative costs	(43,935)	(42,128)	4%
Impairment loss/reversal of financial assets	(684)	(423)	62%
<b>Operating income (EBIT)</b>	<b>12,703</b>	<b>8,092</b>	<b>57%</b>
<i>EBIT %</i>	<i>0.73%</i>	<i>0.53%</i>	

<sup>1</sup> Esprinet, V-Valley, 4Side, Nilox Deutschland and Celly Group

(euro/000)	Q3	Q3	Var. %
	2019	2018	
Sales to third parties	570,718	476,101	20%
Intercompany sales	9,332	12,682	-26%
<b>Sales from contracts with customers</b>	<b>580,050</b>	<b>488,783</b>	<b>19%</b>
Cost of sales	(552,344)	(464,212)	19%
<b>Gross profit</b>	<b>27,706</b>	<b>24,571</b>	<b>13%</b>
<i>Gross profit %</i>	<i>4.78%</i>	<i>5.03%</i>	
Sales and marketing costs	(9,550)	(9,803)	-3%
Overheads and administrative costs	(13,876)	(13,075)	6%
Impairment loss/reversal of financial assets	51	(6)	-950%
<b>Operating income (EBIT)</b>	<b>4,331</b>	<b>1,687</b>	<b>157%</b>
<i>EBIT %</i>	<i>0.75%</i>	<i>0.35%</i>	

For a better comparison with the first nine months and third quarter 2018, the Subgroup Italy main financial results at 30 September 2019 adjusted without IFRS 16 impacts, are shown below:

(euro/000)	9 months	9 months	Var. %
	2019 Pre-IFRS 16	2018	
Sales to third parties	1,697,343	1,483,742	14%
Intercompany sales	32,098	38,815	-17%
<b>Sales from contracts with customers</b>	<b>1,729,441</b>	<b>1,522,557</b>	<b>14%</b>
Cost of sales	(1,642,397)	(1,441,238)	14%
<b>Gross Profit</b>	<b>87,044</b>	<b>81,319</b>	<b>7%</b>
<i>Gross Profit %</i>	<i>5.03%</i>	<i>5.34%</i>	
Sales and marketing costs	(31,300)	(30,676)	2%
Overheads and administrative costs	(44,265)	(42,128)	5%
Impairment loss/reversal of financial assets	(684)	(423)	62%
<b>Operating income (EBIT)</b>	<b>10,795</b>	<b>8,092</b>	<b>33%</b>
<i>EBIT %</i>	<i>0.62%</i>	<i>0.53%</i>	

(euro/000)	Q3 2019	Q3	Var. %
	Pre-IFRS 16	2018	
Sales to third parties	570,718	476,101	20%
Intercompany sales	9,332	12,682	-26%
<b>Sales from contracts with customers</b>	<b>580,050</b>	<b>488,783</b>	<b>19%</b>
Cost of sales	(552,344)	(464,212)	19%
<b>Gross Profit</b>	<b>27,706</b>	<b>24,571</b>	<b>13%</b>
<i>Gross Profit %</i>	<i>4.78%</i>	<i>5.03%</i>	
Sales and marketing costs	(10,079)	(9,803)	3%
Overheads and administrative costs	(13,995)	(13,075)	7%
Impairment loss/reversal of financial assets	51	(006)	-950%
<b>Operating income (EBIT)</b>	<b>3,683</b>	<b>1,687</b>	<b>118%</b>
<i>EBIT %</i>	<i>0.63%</i>	<i>0.35%</i>	

(euro/000)	30/09/2019	31/12/2018
Fixed assets	191,157	115,414
Operating net working capital	255,878	48,346
Other current assets/liabilities	(22,547)	830
Other non-current assets/liabilities	(10,184)	(9,310)
<b>Total uses</b>	<b>414,304</b>	<b>155,280</b>
Short-term financial liabilities	131,559	136,269
Lease liabilities	5,199	-
Current debts for investments in subsidiaries	-	1,082
Current financial (assets)/liabilities for derivatives	587	613
Financial receivables from factoring companies	(1,508)	(242)
Financial (assets)/liab. from/to Group companies	(9,500)	(104,500)
Other financial receivables	(9,290)	(10,880)
Cash and cash equivalents	(37,944)	(180,219)
Net current financial debt	79,103	(157,877)
Borrowings	8,602	12,804
Lease liabilities	68,307	-
Other financial receivables	(970)	(1,420)
Net Financial debt (A)	155,042	(146,493)
Net equity (B)	299,262	301,773
<b>Total sources of funds (C=A+B)</b>	<b>454,304</b>	<b>155,280</b>

For a better comparison with 31 December 2018 figures, the Subgroup Italy main financial and net assets position at 30 September 2019 adjusted without IFRS 16 impacts, is shown as follows:

(euro/000)	30/09/2019 Pre - IFRS 16	31/12/2018
Fixed assets	117,347	115,414
Operating net working capital	254,594	48,346
Other current assets/liabilities	18,947	830
Other non-current assets/liabilities	(10,184)	(9,310)
<b>Total uses</b>	<b>380,704</b>	<b>155,280</b>
Short-term financial liabilities	131,559	136,269
Lease liabilities	-	-
Current debts for investments in subsidiaries	-	1,082
Current financial (assets)/liabilities for derivatives	587	613
Financial receivables from factoring companies	(1,508)	(242)
Financial (assets)/liab. from/to Group companies	(9,500)	(104,500)
Other financial receivables	(9,290)	(10,880)
Cash and cash equivalents	(37,944)	(180,219)
Net current financial debt	73,904	(157,877)
Borrowings	8,602	12,804
Lease liabilities	-	-
Other financial receivables	(970)	(1,420)
Net Financial debt (A)	81,536	(146,493)
Net equity (B)	299,168	301,773
<b>Total sources of funds (C=A+ B)</b>	<b>380,704</b>	<b>155,280</b>



### *Subgroup Iberica<sup>2</sup>*

**Sales from contracts with customers**, equal to € 913.7 million, shows an increase of +11% compared with € 826.1 million as at 30 September 2018. In the third quarter 2019 sales showed an increase of +9% (equal to € 27.3 million) compared with the same period of the previous year;

**Gross profit** totals € 31.4 million, showing an increase of +6% compared with € 29.8 million of 30 September 2018 with a gross profit margin decreased from 3.60% to 3.44%. In the third quarter Gross profit confirmed the result of the same period of the previous year, with a gross profit margin down to 2.99% from 3.27%.

**Operating income (EBIT)**, equal to € 7.7 million, showed an increase of +11% compared with 30 September 2018, with a stable EBIT margin. Excluding the impact of first-time adoption of IFRS 16, EBIT showed a lower improvement, equal to +6%, with an EBIT margin slightly down (0.81% compared with 0.84% as at 30 September 2018). In the third quarter 2019 EBIT was equal to € 2.1 million compared with € 2.5 million of the third quarter 2018, with an EBIT margin decreased from 0.84% to 0.64% as at 30 September 2018. Excluding the first-time adoption of IFRS 16, the third quarter EBIT shows a decrease of -21% with an EBIT margin down to 0.60% from 0.84% in the same period of 2018.

**Operating net working capital** was equal to € 91.8 million compared with € -37.3 million as at 31 December 2018;

**Net financial position** negative by € 68.5 million (negative by € 64.4 million as at 30 June 2019), including € 17.8 million of lease liabilities not recorded as at 31 December 2018 as they arose from the first-time adoption of IFRS 16, was compared with a cash surplus of € 94.6 million as at 31 December 2018 (negative financial position of € 63.7 million as at 30 September 2018). The impact of both 'without-recourse' sale and advanced cash-in of receivables programs was approx. € 128.8 million (approx. € 276.8 million as at 31 December 2018 and € 152.9 million as at 30 September 2018).

(euro/000)	9 months	9 months	Var. %
	2019	2018	
Sales to third parties	913,711	826,059	11%
Intercompany sales	-	-	0%
<b>Sales from contracts with customers</b>	<b>913,711</b>	<b>826,059</b>	<b>11%</b>
Cost of sales	(882,269)	(796,283)	11%
<b>Gross profit</b>	<b>31,442</b>	<b>29,776</b>	<b>6%</b>
<i>Gross Profit %</i>	<i>3.44%</i>	<i>3.60%</i>	
Sales and marketing costs	(8,500)	(8,562)	-1%
Overheads and administrative costs	(15,145)	(14,152)	7%
Impairment loss/reversal of financial assets	(97)	(151)	-36%
<b>Operating income (EBIT)</b>	<b>7,700</b>	<b>6,911</b>	<b>11%</b>
<i>EBIT %</i>	<i>0.84%</i>	<i>0.84%</i>	

<sup>2</sup> Esprinet Iberica, Esprinet Portugal, Vinzeo Technologies and V-Valley Iberian

(euro/000)	Q3	Q3	Var. %
	2019	2018	
Sales to third parties	322,851	295,540	9%
Intercompany sales	-	-	0%
<b>Sales from contracts with customers</b>	<b>322,851</b>	<b>295,540</b>	<b>9%</b>
Cost of sales	(313,190)	(285,882)	10%
<b>Gross profit</b>	<b>9,661</b>	<b>9,658</b>	<b>0%</b>
<i>Gross profit %</i>	<i>2.99%</i>	<i>3.27%</i>	
Sales and marketing costs	(2,670)	(2,631)	1%
Overheads and administrative costs	(4,875)	(4,482)	9%
Impairment loss/reversal of financial assets	(45)	(68)	-34%
<b>Operating income (EBIT)</b>	<b>2,071</b>	<b>2,477</b>	<b>-16%</b>
<i>EBIT %</i>	<i>0.64%</i>	<i>0.84%</i>	

For a better comparison with the first nine months and third quarter 2018, the Subgroup Spain main financial results at 30 September 2019 adjusted without IFRS 16 impacts, are shown below:

(euro/000)	9 months 2019	9 months 2018	Var. %
	Pre-IFRS 16		
Sales to third parties	913,711	826,059	11%
Intercompany sales	-	-	0%
<b>Sales from contracts with customers</b>	<b>913,711</b>	<b>826,059</b>	<b>11%</b>
Cost of sales	(882,269)	(796,283)	11%
<b>Gross Profit</b>	<b>31,442</b>	<b>29,776</b>	<b>6%</b>
<i>Gross Profit %</i>	<i>3.44%</i>	<i>3.60%</i>	
Sales and marketing costs	(8,702)	(8,562)	2%
Overheads and administrative costs	(15,287)	(14,152)	8%
Impairment loss/reversal of financial assets	(097)	(151)	-36%
<b>Operating income (EBIT)</b>	<b>7,356</b>	<b>6,911</b>	<b>6%</b>
<i>EBIT %</i>	<i>0.81%</i>	<i>0.84%</i>	

(euro/000)	Q3 2019 Pre-IFRS 16	Q3 2018	Var. %
Sales to third parties	322,851	295,540	9%
Intercompany sales	-	-	0%
<b>Sales from contracts with customers</b>	<b>322,851</b>	<b>295,540</b>	<b>9%</b>
Cost of sales	(313,190)	(285,882)	10%
<b>Gross Profit</b>	<b>9,661</b>	<b>9,658</b>	<b>0%</b>
<i>Gross Profit %</i>	<i>2.99%</i>	<i>3.27%</i>	
Sales and marketing costs	(2,737)	(2,631)	4%
Overheads and administrative costs	(4,930)	(4,482)	10%
Impairment loss/reversal of financial assets	(045)	(068)	-34%
<b>Operating income (EBIT)</b>	<b>1,949</b>	<b>2,477</b>	<b>-21%</b>
<i>EBIT %</i>	<i>0.60%</i>	<i>0.84%</i>	

(euro/000)	30/09/2019	31/12/2018
Fixed assets	94,958	77,606
Operating net working capital	91,772	(37,317)
Other current assets/liabilities	9,241	(13,496)
Other non-current assets/liabilities	(6,406)	(5,114)
<b>Total uses</b>	<b>189,565</b>	<b>21,679</b>
Short-term financial liabilities	16,223	2,042
Lease liabilities	1,686	-
Current financial (assets)/liabilities for derivatives	-	(3)
Financial (assets)/liab. from/to Group companies	29,500	104,500
Other financial receivables	(3)	(1)
Cash and cash equivalents	(27,257)	(201,089)
Net current financial debt	20,149	(94,551)
Borrowings	32,792	-
Lease liabilities	15,583	-
Net Financial debt (A)	68,524	(94,551)
Net equity (B)	121,041	116,230
<b>Total sources of funds (C=A+B)</b>	<b>189,565</b>	<b>21,679</b>

For a better comparison with 31 December 2018 figures, the Subgroup Spain main financial and net assets position at 30 September 2019 adjusted without the IFRS 16 impacts, is shown below:

(euro/000)	30/09/2019 Pre - IFRS 16	31/12/2018
Fixed assets	77,732	77,606
Operating net working capital	91,764	(37,317)
Other current assets/liabilities	9,242	(13,496)
Other non-current assets/liabilities	(6,406)	(5,114)
<b>Total uses</b>	<b>172,332</b>	<b>21,679</b>
Short-term financial liabilities	16,223	2,042
Lease liabilities	-	-
Current financial (assets)/liabilities for derivatives	-	(3)
Financial (assets)/liab. from/to Group companies	29,500	104,500
Other financial receivables	(3)	(1)
Cash and cash equivalents	(27,257)	(201,089)
Net current financial debt	18,463	(94,551)
Borrowings	32,792	-
Lease liabilities	-	-
Net Financial debt (A)	51,255	(94,551)
Net equity (B)	121,077	116,230
<b>Total sources of funds (C=A+ B)</b>	<b>172,332</b>	<b>21,679</b>

## RECLASSIFIED INCOME STATEMENT

Please find below the consolidated income statement showing the reclassification under the item finance costs of financial charges due to without-recourse sale of receivables programs (both factoring and securitization), and the EBITDA, i.e. EBIT gross of depreciation, amortization and write-downs:

(euro/000)	9 months 2019	9 months 2019 reclassified	Var.
<b>Sales from contracts with customers</b>	<b>2,611,054</b>	<b>2,611,054</b>	-
Cost of sales	(2,492,357)	(2,489,409)	(2,948)
(+) Depreciation and amortization	520	520	-
<b>Gross Profit adjusted</b>	<b>119,217</b>	<b>122,165</b>	<b>(2,948)</b>
<i>Gross Profit adjusted %</i>	<i>4.57%</i>	<i>4.68%</i>	
Sales and marketing costs	(38,222)	(38,222)	-
Overheads and administrative costs	(59,048)	(59,048)	-
(+) Depreciation and amortization	9,484	9,484	-
Impairment loss/reversal of financial assets	(781)	(781)	-
<b>Earnings before Interest, tax, depreciation and amortization (EBITDA)</b>	<b>30,650</b>	<b>33,598</b>	<b>(2,948)</b>
<i>EBITDA %</i>	<i>1.17%</i>	<i>1.29%</i>	
(+) Depreciation and amortization	(10,004)	(10,004)	-
<b>Operating income (EBIT)</b>	<b>20,646</b>	<b>23,594</b>	<b>(2,948)</b>
Finance costs - net	(7,349)	(10,297)	2,948
<b>Profit before income taxes</b>	<b>13,297</b>	<b>13,297</b>	<b>0.00</b>
Income tax expenses	(3,939)	(3,939)	-
<b>Net income</b>	<b>9,358</b>	<b>9,358</b>	<b>0.00</b>

(euro/000)	Q3 2019	Q3 2019 reclassified	Var.
<b>Sales from contracts with customers</b>	<b>893,569</b>	<b>893,569</b>	-
Cost of sales	(855,951)	(854,997)	(954)
(+) Depreciation and amortization	168	168	0
<b>Gross Profit adjusted</b>	<b>37,786</b>	<b>38,740</b>	<b>(954)</b>
<i>Gross Profit adjusted %</i>	<i>4.23%</i>	<i>4.34%</i>	
Sales and marketing costs	(12,219)	(12,219)	-
Overheads and administrative costs	(18,742)	(18,742)	-
(+) Depreciation and amortization	3,182	3,182	-
Impairment loss/reversal of financial assets	6	6	-
<b>Earnings before Interest, tax, depreciation and amortization (EBITDA)</b>	<b>10,013</b>	<b>10,967</b>	<b>(954)</b>
<i>EBITDA %</i>	<i>1.12%</i>	<i>1.23%</i>	
(+) Depreciation and amortization	(3,350)	(3,350)	-
<b>Operating income (EBIT)</b>	<b>6,663</b>	<b>7,617</b>	<b>(954)</b>
Finance costs - net	(3,604)	(4,558)	954
<b>Profit before income taxes</b>	<b>3,059</b>	<b>3,059</b>	-
Income tax expenses	(1,278)	(1,278)	-
<b>Net income</b>	<b>1,781</b>	<b>1,781</b>	-

## SIGNIFICANT EVENTS OCCURRING IN THE PERIOD

### **Waiver to exercise the option on minority interests of Celly S.p.A. and 5% increase in the relevant shareholding.**

In June 2019 the Board of Directors of Esprinet S.p.A. approved to waive the exercise of the European 'call option' on the 20% of the share capital of Celly S.p.A. by accepting as consideration a 5% share in Celly's equity.

This transfer was carried out on 13 September 2019.

## SUBSEQUENT EVENTS

### **Financial structure strengthening**

On 30 September, Esprinet S.p.A. signed a 3-year unsecured RCF-Revolving Credit Facility with a pool of Italian and international banks for a total amount of € 152.5 million. This transaction was closed after the full repayment of the pre-existing syndicated senior loan, which was outstanding for € 72.5 million being unused the linked revolving credit facility of € 65.0 million.

This Revolving Credit Facility is supported by a set of financial covenants, which are ordinary for this kind of transactions:

- ratio of net financial indebtedness to EBITDA;
- ratio of 'extended net financial indebtedness' to Equity;
- ratio of EBITDA to net financial charges;
- amount of 'gross net financial indebtedness'.

In addition, on 7 November 2019 the subsidiary Vinzeo Technologies S.A.U. was granted two 5-year loans with a total amount of € 10,0 million from 2 Spanish banks.

As a result of the new syndicated loan and the medium-term loans granted or approved within the period for a total amount of € 72.0 million, the Group financial structure was completed.

### **Share buy-back program**

Under the ongoing own share acquisition program, which was resolved by the Esprinet S.p.A. AGM of 8 May 2018, in the period between 1 October 2019 and 12 November 2019, the Company continued the buy-back program of ordinary shares of Esprinet S.p.A. reaching a total number of 983,508 shares (equal to 1.88% of the share capital), with an average purchase price of € 3.15 per share, net of fees.

Following these transactions, Esprinet S.p.A. owns 2,133,508 own shares (or 4.07% of share capital) as of the date of this report.

### **Deletion of Celly Nordic OY in liquidation from the Companies Register**

On 31 October 2019, the company Celly Nordic OY, already in liquidation at 30 September 2019 and wholly owned by Celly S.p.A., was deleted from the Finnish Companies Register.

### **Developments in legal and tax disputes**

With reference to the writ of summons served on 6 February 2019 from the historical supplier of the 'Sport Technology' products line, with respect to information disclosed in the Financial Statements at 31 December 2018, it should be highlighted that on 21 May 2019 the Liquidator of the above said supplier filed a preliminary application for a voluntary arrangement with creditors with the competent Court in accordance with art. 161, comma 6, L.F.

Subsequent to the procedure opening, the deadline of 4 October 2019 was set for filing the final proposal, along with an arrangement plan and the documents according to art. 161 L.F., with respect to which no further developments are known.

### **Developments in tax disputes**

On 23 July 2019 a tax inspection relating to direct taxes, IRAP and VAT for the fiscal year 2016, was started against Mosaico S.r.l., a former subsidiary merged into Esprinet S.p.A. on 1 November 2018; a tax audit report followed.

In consideration of the findings and of the small amounts involved, Mosaico S.r.l. filed a voluntary correction return and at the same time paid the small amount of € 10 thousand.

On 11 November 2019 the designated section of the Provincial Tax Commission of Milano did not uphold the suspension of payments by Esprinet S.p.A., temporarily decided on 4 June 2019, of a sum of € 6.2 million. This payment related to the assessment concerning VAT for the year 2013 (disputed tax amount to € 14.5 million) against which the Company filed an appeal.



**DECLARATION EX ART. 154- DECLARATION EX ART. 154-bis, paragraph 2 Legislative Decree n.58/1998 (T.U bis, paragraph 2 Legislative Decree n.58/1998 (T.U.F.)**

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 Article 154 bis of Legislative Decree n.58/1998 (T.U.F.), the financial data shown in this press release corresponds to the findings resulting from accounting documents, books and accounting records.

**Esprinet (Borsa Italiana: PRT)**, is the holding of a Group engaged in the “B2B” distribution of technology products at the top of the market in Italy and Spain. The 2018 turnover of € 3.6 billion places Esprinet among the top 50 Italian industrial groups and the top 10 distributors worldwide. Thanks to a business model based on the coexistence of different sales channels tailored to the specific characteristics of 39.000 reseller clients, Esprinet markets about 1000 brands and over 63,000 products available in 130,000 square meters of managed warehouses. Through the V-Valley division, Esprinet is able to distribute value-added products, services and IT solutions. The Group’s activities also cover Portugal, and the production and sales of the named brands 'Celly' (smartphones accessories) and 'Nilox' (IT accessories and outdoor technology).

For further information:

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*Annexes: Summary of the Group consolidated earnings and financial results for the period ended as at 30 September 2019.*

## Summary of main Group's results

(euro/000)	9 months						Q3						
	notes	2019	%	2018 *	notes	%	% var. 19/18	2019	%	2018	notes	%	% var. 19/18
<b>Profit &amp; Loss</b>													
Sales from contracts with customers		2,611,054	100.0%	2,309,801		100.0%	13%	893,569	100.0%	771,642		100.0%	16%
Gross profit		118,697	4.5%	111,134		4.8%	7%	37,618	4.2%	34,182		4.4%	10%
EBITDA	(1)	30,650	1.2%	18,576	(1)	0.8%	65%	10,012	1.1%	5,310		0.7%	89%
Operating income (EBIT)		20,646	0.8%	15,054		0.7%	37%	6,663	0.7%	4,117		0.5%	62%
Profit before income tax		13,297	0.5%	11,406		0.5%	17%	3,059	0.3%	2,872		0.4%	7%
Net income		9,358	0.4%	8,338		0.4%	12%	1,781	0.2%	2,147		0.3%	-17%
<b>Financial data</b>													
Cash flow	(2)	19,360		11,860	(2)								
Gross investments		1,855		2,567									
Net working capital	(3)	334,002		(2,224)	(3)								
Operating net working capital	(4)	347,308		10,443	(4)								
Fixed assets	(5)	211,429		118,502	(5)								
Net capital employed	(6)	528,841		101,855	(6)								
Net equity		345,275		342,898									
Tangible net equity	(7)	163,054		251,579	(7)								
Net financial debt	(8)	183,566		(241,044)	(8)								
<b>Main indicators</b>													
Net financial debt / Net equity		0.5		(0.7)									
Net financial debt / Tangible net equity		1.1		(1.0)									
EBIT / Finance costs - net		2.8		4.1									
EBITDA / Finance costs - net		4.2		5.1									
Net financial debt/ EBITDA	(9)	4.5		(8.4)									
ROCE	(10)	8.3%		6.9%	(10)								
<b>Operational data</b>													
N. of employees at end-period		1,293		1,250									
Average number of employees	(11)	1,278		1,249	(11)								
<b>Earnings per share (euro)</b>													
- Basic		0.18		0.16		13%		0.04		0.04			0%
- Diluted		0.18		0.16		13%		0.03		0.04			-25%

(\*) Financial data indicators are calculated on 31 December 2018 figures.

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation and depreciation.

(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 payables, financial liabilities for leasing, cash and cash equivalents, assets/liabilities for derivative instruments and financial receivables from factoring companies.

(9) EBITDA intended as '12 months rolling' for the year 2019.

(10) Calculated as the ratio of (i) 12months rolling operating income (EBIT) net of non-recurring items, IFRS 16 impacts and income taxes measured using the effective tax rate shown in the latest published annual consolidated financial statements, to (ii) average invested capital (calculated as the sum of net working capital plus fixed assets) at the closing date of the period and at the end of the four preceding quarters.

(11) Calculated as the average of opening balance and closing balance of consolidated companies.

The earnings and financial results in the first nine months 2019 and those of the relative periods of comparison have been drawn up according to International Financial Standards ('IFRS'), endorsed by the European Union and in force during the 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.

### Consolidated statement of financial position

(euro/000)	30/09/2019	related parties *	31/12/2018	related parties *
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11,808		13,327	
Right-of-use assets	91,014		-	
Goodwill	90,714		90,595	
Intangible assets	492		724	
Deferred income tax assets	15,123		11,884	
Receivables and other non-current assets	3,248	1,635	3,392	1,554
	<b>212,399</b>	<b>1,635</b>	<b>119,922</b>	<b>1,554</b>
<b>Current assets</b>				
Inventory	503,182		494,444	
Trade receivables	364,336	2	383,865	-
Income tax assets	1,997		3,421	
Other assets	27,581	1,275	29,610	1,310
Cash and cash equivalents	65,201		381,308	
	<b>962,297</b>	<b>1,277</b>	<b>1,292,651</b>	<b>1,310</b>
<b>Disposal groups assets</b>				
	-		-	
<b>Total assets</b>	<b>1,174,696</b>	<b>2,912</b>	<b>1,412,573</b>	<b>2,864</b>
<b>EQUITY</b>				
Share capital	7,861		7,861	
Reserves	326,022		319,831	
Group net income	9,217		14,031	
<b>Group net equity</b>	<b>343,100</b>		<b>341,723</b>	
<b>Non-controlling interests</b>	<b>2,175</b>		<b>1,175</b>	
<b>Total equity</b>	<b>345,275</b>		<b>342,898</b>	
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	41,394		12,804	
Lease liabilities	83,890		-	
Deferred income tax liabilities	9,576		8,138	
Retirement benefit obligations	4,788		4,397	
Provisions and other liabilities	2,226		1,889	
	<b>141,874</b>		<b>27,228</b>	
<b>Current liabilities</b>				
Trade payables	520,210	-	867,866	-
Short-term financial liabilities	127,782		138,311	
Lease liabilities	6,885		-	
Income tax liabilities	968		103	
Derivative financial liabilities	587		613	
Debts for investments in subsidiaries	-		1,082	
Provisions and other liabilities	31,115	1,555	34,472	1,567
	<b>687,547</b>	<b>1,555</b>	<b>1,042,447</b>	<b>1,567</b>
<b>Disposal groups liabilities</b>				
	-		-	
<b>Total liabilities</b>	<b>829,421</b>	<b>1,555</b>	<b>1,069,675</b>	<b>1,567</b>
<b>Total equity and liabilities</b>	<b>1,174,696</b>	<b>1,555</b>	<b>1,412,573</b>	<b>1,567</b>

**Consolidated separate income statement**

(euro/000)	9 months			9 months		
	2019	no n-recurring	related parties*	2018	no n-recurring	related parties*
<b>Sales from contracts with customers</b>	<b>2,611,054</b>	-	4	<b>2,309,801</b>	-	7
Cost of sales	(2,492,357)	-	-	(2,198,667)	(1,099)	-
<b>Gross profit</b>	<b>118,697</b>	-	-	<b>111,134</b>	<b>(1,099)</b>	-
Sales and marketing costs	(38,222)	-	-	(39,238)	-	-
Overheads and administrative costs	(59,048)	-	(3,834)	(56,268)	-	(3,675)
Impairment loss/reversal of financial assets	(781)	-	-	(574)	-	-
<b>Operating income (EBIT)</b>	<b>20,646</b>	-	-	<b>15,054</b>	<b>(1,099)</b>	-
Finance costs - net	(7,349)	-	10	(3,648)	-	4
<b>Profit before income taxes</b>	<b>13,297</b>	-	-	<b>11,406</b>	<b>(1,099)</b>	-
Income tax expenses	(3,939)	-	-	(3,068)	264	-
<b>Net income</b>	<b>9,358</b>	-	-	<b>8,338</b>	<b>(835)</b>	-
- of which attributable to non-controlling interests	140	-	-	153	-	-
- of which attributable to Group	9,218	-	-	8,185	(835)	-
Earnings per share - basic (euro)	0.18	-	-	0.16	-	-
Earnings per share - diluted (euro)	0.18	-	-	0.16	-	-

(euro/000)	Q3			Q3		
	2019	no n-recurring	related parties	2018	no n-recurring	related parties
<b>Sales from contracts with customers</b>	<b>893,569</b>	-	-	<b>771,642</b>	-	2
Cost of sales	(855,951)	-	-	(737,460)	(1,099)	-
<b>Gross profit</b>	<b>37,618</b>	-	-	<b>34,182</b>	<b>(1,099)</b>	-
Sales and marketing costs	(12,219)	-	-	(12,434)	-	-
Overheads and administrative costs	(18,742)	-	(1,276)	(17,557)	-	(1,228)
Impairment loss/reversal of financial assets	6	-	-	(74)	-	-
<b>Operating income (EBIT)</b>	<b>6,663</b>	-	-	<b>4,117</b>	<b>(1,099)</b>	-
Finance costs - net	(3,604)	-	3	(1,245)	-	2
<b>Profit before income taxes</b>	<b>3,059</b>	-	-	<b>2,872</b>	<b>(1,099)</b>	-
Income tax expenses	(1,278)	-	-	(725)	264	-
<b>Net income</b>	<b>1,781</b>	-	-	<b>2,147</b>	<b>(835)</b>	-
- of which attributable to non-controlling interests	(120)	-	-	88	-	-
- of which attributable to Group	1,901	-	-	2,059	(835)	-
Earnings per share - basic (euro)	0.04	-	-	0.04	-	-
Earnings per share - diluted (euro)	0.04	-	-	0.04	-	-

<sup>(\*)</sup> Emoluments to key managers excluded.

## Consolidated statement of comprehensive income

(euro/000)	9 months	9 months	Q3	Q3
	2019	2018	2019	2018
<b>Net income</b>	<b>9,358</b>	<b>8,338</b>	<b>1,781</b>	<b>2,147</b>
<i>Other comprehensive income:</i>				
- Changes in 'cash flow hedge' equity reserve	(47)	166	53	171
- Taxes on changes in 'cash flow hedge' equity reserve	11	(44)	27	(40)
- Changes in translation adjustment reserve	0	6	2	1
<i>Other comprehensive income not to be reclassified in the separate income statement</i>				
- Changes in 'TFR' equity reserve	(347)	159	(139)	24
- Taxes on changes in 'TFR' equity reserve	97	(35)	39	(5)
<b>Other comprehensive income</b>	<b>(285)</b>	<b>252</b>	<b>(17)</b>	<b>151</b>
<b>Total comprehensive income</b>	<b>9,073</b>	<b>8,590</b>	<b>1,764</b>	<b>2,298</b>
- of which attributable to Group	8,948	8,427	1,891	2,210
- of which attributable to non-controlling interests	125	163	(127)	88

## 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
<b>Balance at 31 December 2017</b>	<b>7,861</b>	<b>309,192</b>	<b>(5,145)</b>	<b>26,280</b>	<b>338,188</b>	<b>1,046</b>	<b>337,142</b>
<b>Total comprehensive income/(loss)</b>	-	<b>252</b>	-	<b>8,338</b>	<b>8,590</b>	<b>163</b>	<b>8,427</b>
Allocation of last year net income/(loss)	-	19,293	-	(19,293)	-	-	-
Dividend payment	-	-	-	(6,987)	<b>(6,987)</b>	-	<b>(6,987)</b>
Purchases of own shares	-	-	(3,265)	-	<b>(3,265)</b>	-	<b>(3,265)</b>
<b>Transactions with owners</b>	-	<b>19,293</b>	<b>(3,265)</b>	<b>(26,280)</b>	<b>(10,252)</b>	-	<b>(10,252)</b>
Grant of share under share plans	-	(3,815)	4,274	-	<b>459</b>	-	<b>459</b>
Currently active Share plans	-	323	-	-	<b>323</b>	-	<b>323</b>
FTA for new IFRS standard application	-	133	-	-	<b>133</b>	-	<b>133</b>
Other variations	-	23	-	-	<b>23</b>	-	<b>23</b>
<b>Balance at 30 September 2018</b>	<b>7,861</b>	<b>325,401</b>	<b>(4,136)</b>	<b>8,338</b>	<b>337,464</b>	<b>1,209</b>	<b>336,255</b>
<b>Balance at 31 December 2018</b>	<b>7,861</b>	<b>325,680</b>	<b>(4,800)</b>	<b>14,158</b>	<b>342,899</b>	<b>1,175</b>	<b>341,724</b>
<b>Total comprehensive income/(loss)</b>	-	<b>(285)</b>	-	<b>9,358</b>	<b>9,073</b>	<b>125</b>	<b>8,948</b>
Allocation of last year net income/(loss)	-	7,239	-	(7,239)	-	-	-
Increase in reserve from 4Side acquisition	-	1,180	-	-	<b>1,180</b>	1,180	-
Dividend payment	-	-	-	(6,919)	<b>(6,919)</b>	-	<b>(6,919)</b>
20% Celly Call Option deletion	-	1,082	-	-	<b>1,082</b>	-	<b>1,082</b>
Celly Group step up acquisition	-	(463)	-	-	<b>(463)</b>	(310)	<b>(153)</b>
Purchases of own shares	-	-	(2,500)	-	<b>(2,500)</b>	-	<b>(2,500)</b>
<b>Transactions with owners</b>	-	<b>9,038</b>	<b>(2,500)</b>	<b>(14,158)</b>	<b>(7,620)</b>	<b>870</b>	<b>(8,490)</b>
Grant of share under share plans	-	935	-	-	<b>935</b>	-	<b>935</b>
Other variations	-	(12)	-	-	<b>(12)</b>	5	<b>(17)</b>
<b>Balance at 30 September 2019</b>	<b>7,861</b>	<b>335,356</b>	<b>(7,300)</b>	<b>9,358</b>	<b>345,275</b>	<b>2,175</b>	<b>343,100</b>

**Consolidated statement of cash flows**

(euro/000)	9 months 2019	9 months 2018
<b>Cash flow provided by (used in) operating activities (D=A+B+C)</b>	<b>(316,692)</b>	<b>(234,027)</b>
<b>Cash flow generated from operations (A)</b>	<b>31,398</b>	<b>18,779</b>
Operating income (EBIT)	20,646	15,054
Depreciation, amortisation and other fixed assets write-downs	10,004	3,522
Net changes in provisions for risks and charges	337	(384)
Net changes in retirement benefit obligations	(524)	(195)
Stock option/grant costs	935	782
<b>Cash flow provided by (used in) changes in working capital (B)</b>	<b>(342,173)</b>	<b>(249,125)</b>
Inventory	(8,738)	15,807
Trade receivables	17,831	(12,242)
Other current assets	3,922	(2,297)
Trade payables	(348,319)	(263,491)
Other current liabilities	(6,869)	13,098
<b>Other cash flow provided by (used in) operating activities (C)</b>	<b>(5,917)</b>	<b>(3,681)</b>
Interests paid, net	(3,821)	(2,058)
Foreign exchange (losses)/gains	(1,887)	(502)
Income taxes paid	(209)	(1,121)
<b>Cash flow provided by (used in) investing activities (E)</b>	<b>(2,854)</b>	<b>(2,662)</b>
Net investments in property, plant and equipment	(1,463)	(2,382)
Net investments in intangible assets	(142)	(176)
Changes in other non current assets and liabilities	(197)	3,160
4Side business combination	1,448	-
Own shares acquisition	(2,500)	(3,264)
<b>Cash flow provided by (used in) financing activities (F)</b>	<b>3,439</b>	<b>83,382</b>
Medium/long term borrowing	47,000	-
Repayment/renegotiation of medium/long-term borrowings	(111,062)	(35,032)
Leasing liabilities reimbursement	(6,777)	-
Net change in financial liabilities	80,652	138,810
Net change in financial assets and derivative instruments	757	(14,133)
Deferred price Celly acquisition	-	1
Dividend payments	(6,919)	(6,987)
Increase/(decrease) in 'cash flow edge' equity reserve	(36)	122
Changes in third parties net equity	(183)	172
Other movements	7	429
<b>Net increase/(decrease) in cash and cash equivalents (G=D+E+F)</b>	<b>(316,107)</b>	<b>(153,307)</b>
<b>Cash and cash equivalents at year-beginning</b>	<b>381,308</b>	<b>296,969</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(316,107)</b>	<b>(153,307)</b>
<b>Cash and cash equivalents at year-end</b>	<b>65,201</b>	<b>143,662</b>

## Consolidated net financial position

(euro/000)	30/09/2019	31/12/2018	Var.	30/09/2018	Var.
Short-term financial liabilities	127,782	138,311	(10,529)	193,676	(65,894)
Lease liabilities	6,886	-	6,886	-	6,886
Current debts for investments in subsidiaries	-	1,082	(1,082)	1,306	(1,306)
Current financial (assets)/liabilities for derivatives	587	610	(23)	350	237
Financial receivables from factoring companies	(1,508)	(242)	(1,266)	(6,553)	5,045
Other financial receivables	(9,293)	(10,881)	1,588	(9,844)	551
Cash and cash equivalents	(65,201)	(381,308)	316,107	(143,662)	78,461
<b>Net current financial debt</b>	<b>59,253</b>	<b>(252,428)</b>	<b>311,681</b>	<b>35,273</b>	<b>23,980</b>
Borrowings	41,394	12,804	28,590	86,853	(45,459)
Lease liabilities	83,889	-	83,889	-	83,889
Non-current financial (assets)/liabilities for derivatives	-	-	-	45	(45)
Other financial receivables	(970)	(1,420)	450	(1,411)	441
<b>Net financial debt</b>	<b>183,566</b>	<b>(241,044)</b>	<b>424,610</b>	<b>120,760</b>	<b>62,806</b>

## Finance costs-net

(euro/000)	9 months 2019	9 months 2018	Var.	Q3 2019	Q3 2018	Var.
<b>Sales from contracts with customers</b>	<b>2.611.054</b>	<b>2.309.801</b>	<b>301.253</b>	<b>893.569</b>	<b>771.642</b>	<b>121.927</b>
Interest expenses on borrowings	1.830	2.132	(302)	596	669	(73)
Interest expenses to banks	296	246	50	61	152	(91)
Other interest expenses	9	4	5	6	1	5
Up front fees amortisation	1.282	563	719	974	182	792
IAS 19 expenses/losses	50	41	9	16	14	2
IFRS financial lease interest expenses	2.048	-	2.048	690	-	690
Expenses from business combination	-	-	-	-	-	-
Derivatives ineffectiveness	29	110	(81)	16	23	(7)
<b>Total financial expenses (A)</b>	<b>5.544</b>	<b>3.096</b>	<b>2.448</b>	<b>2.359</b>	<b>1.041</b>	<b>1.318</b>
Interest income from banks	(86)	(22)	(64)	(16)	(5)	(11)
Interest income from others	(117)	(112)	(5)	(75)	(22)	(53)
Interest income on business combination	-	(6)	6	-	(4)	4
Derivatives ineffectiveness	(8)	7	(15)	(4)	6	(10)
<b>Total financial income (A)</b>	<b>(211)</b>	<b>(133)</b>	<b>(78)</b>	<b>(95)</b>	<b>(25)</b>	<b>(70)</b>
<b>Net financial exp. (C=A+B)</b>	<b>5.333</b>	<b>2.963</b>	<b>2.370</b>	<b>2.264</b>	<b>1.016</b>	<b>1.248</b>
Net foreign exch. (profit)/losses (D)	2.016	685	1.331	1.340	229	1.111
<b>Net financial (income)/costs (E=C+D)</b>	<b>7.349</b>	<b>3.648</b>	<b>3.701</b>	<b>3.604</b>	<b>1.245</b>	<b>2.359</b>