

# Interim Report

31 January

# 2017

---

SESA SpA , Registered office: Via Piovola no. 138 – 50053  
Empoli (Province of Florence) - Share Capital: Euro  
37,126,927; Fiscal Code, Florence Register of Companies  
and VAT no. 07116910964

The logo for SESA s.p.a. features the word "seSa" in a stylized, lowercase, blue font. The letters are rounded and connected, with the 's' and 'e' being particularly prominent. To the right of "seSa", the letters "s.p.a" are written in a smaller, standard sans-serif font.

# Index

Governing and supervisory bodies of Sesa SpA	2
Group's Economic and Financial Highlights	3
Group Financial Indicators	4
Structure of the Sesa Group at 31 January 2017	5
Foreword	6
Accounting policies and standards	6
Significant events in the period	7
Operating conditions and business development	9
Performance of operations	13
<i>General economic and trend</i>	<i>13</i>
<i>Development of demand and performance of the sector in which th Group operates</i>	<i>14</i>
<i>Main income statement data of the Sesa Group</i>	<i>15</i>
<i>Main balance sheet data of the Sesa Group</i>	<i>19</i>
Segment Reporting	21
Relations with subsidiaries, associates, controlling companies and related concerns	23
Significant events after the period-end	23
Outlook on operations	23
Annexes	24
Attestation pursuant to article 154 bis paragraph 2 of Legislative Decree No. 58/98	29

# Governing and supervisory bodies of Sesa SpA

<b>Board of Directors</b>		<b>Holding office</b>
Paolo Castellacci	Chairman	approval of the FS at 30.04.2018
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2018
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2018
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2018
Luigi Gola	Independent Director	approval of the FS at 30.04.2018
Giovanna Zanotti	Independent Director	approval of the FS at 30.04.2018
Angela Oggionni	Independent Director	approval of the FS at 30.04.2018
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2018

To the Chairman, Paolo Castellacci, were granted all powers of ord. management for the strategic management of relations with Vendors and suppliers, power to represent the company legally and institutional relations.

To the Executive Vice-Chairman, Moreno Gaini, were granted all the powers of ordinary administration with regard to the management of equity investments in the IT distribution sector (VAD).

To the Executive Vice-Chairman, Giovanni Moriani, were granted all the powers of ordinary administration for the management of equity investments in the Software and System Integration Segment (VAR).

To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary management related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, management of human resources, carrying out banking transactions and the management of equity investments in Corporate & Services Segment.

<b>Corporate Governance Committees</b>		<b>Holding office</b>
<b>Strategic Committee</b>		
Luigi Gola (Chairman), members Paolo Castellacci, Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari		approval of the FS at 30.04.2018
<b>Control and Risk Committee and Related parties Committee</b>		
Giovanna Zanotti (Chairman), members Luigi Gola, Angelica Pelizzari Director in charge Alessandro Fabbroni		approval of the FS at 30.04.2018 approval of the FS at 30.04.2018
<b>Remuneration Committee</b>		
Luigi Gola (Chairman), members Angelica Pelizzari and Giovanna Zanotti		approval of the FS at 30.04.2018

<b>Board of Statutory Auditors</b>		<b>Holding office</b>
Sergio Menchini	Chairman	approval of the FS at 30.04.2018
Luca Parenti	Standing auditor	approval of the FS at 30.04.2018
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2018
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2018
Daria Dalle Luche	Alternate auditor	approval of the FS at 30.04.2018

<b>Supervisory Board pursuant to Law 231/2011</b>		<b>Holding office</b>
Luca Parenti	Chairman	approval of the FS at 30.04.2018
Massimo Innocenti	Member	approval of the FS at 30.04.2018
Ilaria Nocentini	Member	approval of the FS at 30.04.2018

Michele Ferri, Internal Audit Manager

<b>Independent Auditors</b>		<b>Holding office</b>
Independent Auditors in charge of statutory audit of accounts	PricewaterhouseCoopers SpA	approval of the FS at 30.04.2022

Francesco Billi, Controller and Manager of administrative processes

<b>Listing Market</b>		
Electronic stock market (MTA), Milan (Italy) (1)		STAR segment
Share Capital		37,126,927.50
Outstanding shares		15,494,590
Stake held by the controlling company ITH SpA		53.39%
Specialist operator		Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

## Highlights of Group results

### Consolidated income statement data at 31 January of each year (9 months)

(in thousands of euros)	2017	2016	2015	2014
Revenues	937,701	896,668	775,298	698,444
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	42,021	39,239	39,809	37,852
EBIT	33,581	32,141	30,500	28,941
EBT	30,585	28,498	26,017	24,998
Profit (loss) for the period	20,327	18,542	16,307	15,126
Profit (loss) for the period attributable to the Group	19,030	17,916	15,876	14,784

### Consolidated balance-sheet data at 31 January of each year

(in thousands of euros)	2017	2016	2015	2014
Total Net Invested Capital	221,500	208,900	200,893	202,727
Total equity	192,808	173,773	155,628	137,788
- attributable to the Group	184,604	166,276	151,940	134,523
- attributable to minority interests	8,204	7,497	3,688	3,265
Net Financial Position (Net Liquidity)	28,692	35,127	45,265	64,939
Total Equity and Net Financial Position	221,500	208,900	200,893	202,727

### Consolidated profitability ratio at 31 January of each year (9 months)

	2017	2016	2015	2014
EBITDA / Revenues	4.48%	4.38%	5.13%	5.41%
EBIT / Revenues (ROS) (1)	3.58%	3.58%	3.93%	4.14%
Profit attributable to the Group / Revenues	2.03%	2.00%	2.05%	2.12%

(1) For further details, please refer to Interim Report

### Human Resources, amount at period-end (1)

(unit or thousands of euros)	2017	2016	2015	2014
Number of employees at period-end	1,385	1,201	962	948
Average number of employees	1,300	1,080	968	930
Personnel costs	50,907	42,376	37,647	35,202

(1) Including fixed-term contracts, excluding internships

# Main Financial Indicators

## Financial indicators

<b>Sesa Group</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
(Euro)				
Trading stock Market (1)	MTA - Star	MTA - Star	MTA	AIM (1)
Stock price (31 January of each year)	18.68	14.42	13.28	11.38
Dividend per share (2) (*)	0.48	0.45	0.45	0.45
Dividend paid (in millions of euros)	7.408	6.964	6.984	6.270
Pay Out Ratio (3)	30%	31%	32%	30%
Outstanding shares (in millions at 31 January of each year)	15.49	15.65	14.85	13.74
Market capitalisation (in millions of euros at 31 January of each year)	289.4	225.7	197.2	156.4
Market to Book Value (**)	1.5	1.3	1.3	1.2
Dividend Yield (on Stock price at 31 January) (***)	2.6%	3.1%	3.4%	4.0%
<b>Sesa Group</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
(Euro)				
Earnings per share at 30 April (base) EPS (****)	1.6	1.4	1.5	1.6
Earnings per share at 30 April (diluted) EPS diluted (*****)	1.5	1.4	1.4	1.6

(1) Sesa entered into AIM following the merger with Made In Italy 1 SpA, a SPAC (special purpose acquisition company) established under Italian law, listed on the AIM market. The merger between Sesa SpA and Made In Italy 1 SpA (SeSa SpA) was completed on February 1, 2013. Listing on MTA market realized in October 2013. Transition on STAR segment completed on February 2015

(2) For the FY ended 30 April 2016 calculated according to the dividend resolutions submitted to the Shareholders Meeting of August 26, 2016

(3) Dividend / Consolidated Net Profit as of 30 April of every Fiscal Year

(\*) Dividend paid in the following year counting on the current year

(\*\*) Market Capitalisation as of January 31 of every Fiscal Year/Consolidated Group equity as of January 31 of every Fiscal Year

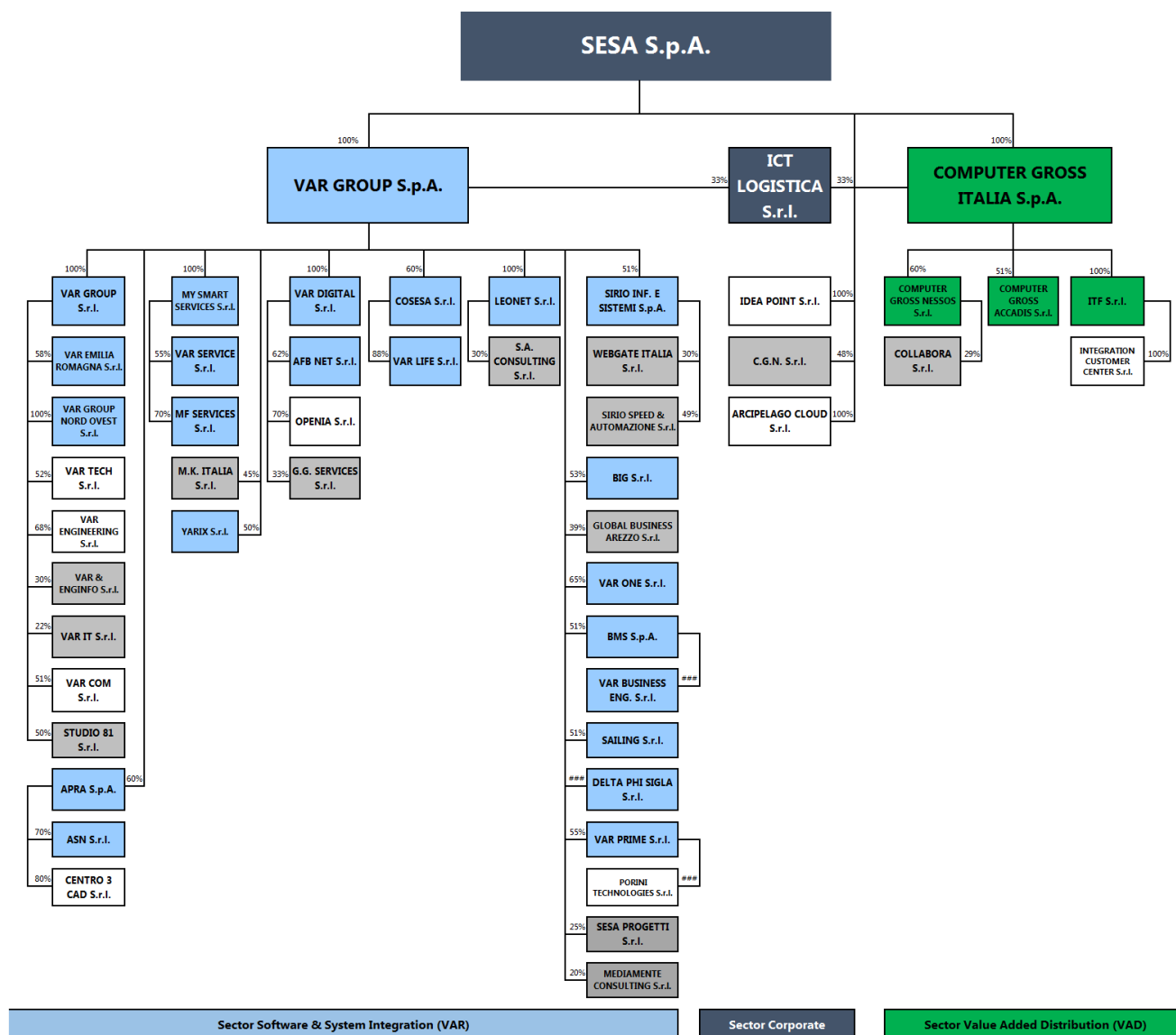
(\*\*\*) Dividend per share/market value per share as of January 31 of every Fiscal Year

(\*\*\*\*) Consolidated net profit at April 30/average number of ordinary shares net of treasury shares in portfolio at 30 April

(\*\*\*\*\* ) Consolidated net profits as of April 30/average number of ordinary shares as of April 30 net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grant Plans, warrants and/or convertible bonds. At the time of writing there are no warrants nor any kind of convertible bonds outstanding

## Structure of the Sesa Group at 31 January 2017

The Sesa Group is organised into three main divisions. The VAD segment (Value-Added ICT Distribution) managed through the subsidiary Computer Gross Italia SpA, ) operating in the IT distribution sector, the Software and System Integration segment (VAR), which offers through the subsidiary Var Group SpA value IT solutions to customers belonging to the SME and Enterprise segment, and the Corporate segment which manages corporate functions for all the group companies and the group's financial and operational platform through the parent company Sesa SpA.



Subsidiaries, consolidated on a line-by-line basis, are marked azure (companies belonging to the System and Software Integration segment), green (companies belonging to the Value-Added ICT Distribution segment) and blue (companies belonging to the Corporate segment). Associated companies are marked grey (share capital between 20% and 50%) and valued at equity, and subsidiaries, valued at cost inasmuch as they are not significant and/or not yet operational, are marked white.

In the period ended at 31 January 2017, it should be noted the entry in the scope of consolidation of Var Prime Srl (formerly NTT Srl), company operating in the ERP services on the Microsoft Dynamics NAV platform, and Yarix Srl, leader in Italian IT security sector, both consolidated on a line-by-line basis.

During the first 9 months of the current fiscal year, the simplification of the shareholder and corporate structures within the Group has continued with reference to the VAR segment, with the merger of Var Applications Srl into Sirio Informatica e Sistemi SpA, carried out on 20 July 2016, with merger of Dynamics Fashion Group Srl into Var Prime Srl, carried out on 16 December 2016, and with the start of merger of Var Business Engineering Srl into BMS SpA, Porini Technologies Srl into Var Prime Srl and Var Life Srl into Cosesa Srl, expected by 30 April 2017.

For more details on the investments held directly and indirectly by Sesa SpA, please see the section "Operating conditions and business development".

## Foreword

The information included in this Interim Report and the comments reported therein are intended to provide an overview of the patrimonial, financial and economic position of Sesa Group (hereinafter the "Group"), the relative changes that occurred during the period, as well as the significant events that have occurred affecting the result of the period.

The Interim Report at 31 January 2017 is referred to the first nine months and represents the third quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2017.

For a better evaluation of the economic-financial trend of the Group, in this Report are presented the Reclassified Balance Sheet and Income Statement for the period ended at 31 January 2017 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 January 2017 has not been audited.

## Accounting policies and standards

The Interim Report of Sesa Group at 31 January 2017 (hereinafter the "Interim Report") has been prepared pursuant to art.154-bis, paragraph 5 of Legislative Decree no. 58/1998 and the provisions of Consob. The interim Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the time of approval of this Interim Report. Consolidated income statement, statements of financial position, statement of cash flows and statement of changes in at 31 January 2017 are set out in the attached annex.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 January 2017 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2016, taking into account those specifically applicable to interim reports. The Interim Report at 31 January 2017 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 January 2017. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

Some estimates and assumptions have been made that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim report. They have been applied consistently to the periods and the comparative periods showed in this document. In addition to the financial measures envisaged by the IFRS, other measures deriving from the latter are also illustrated in the interim report, despite not being envisaged by the IFRS (Non-GAAP Measures). These measures are presented in order to allow a better assessment of the Group's operations and are not considered as alternative to those envisaged by IFRS.

## Significant events in the period

With reference to the first nine months of the year the Group continued its strategy of focusing on higher value added areas of the ICT market manned by Group companies.

In the **Value Added Distribution (VAD) sector** Computer Gross Italia SpA continues to operate as a leader in the high value-added IT market with a consolidated market share, also thanks to the several commercial initiatives carried out during the first nine months of the fiscal year. More than 20 new distribution agreements have been signed since the beginning of the fiscal year in software and advanced technologies segments with innovative and high growth potential vendors. The Group continued to adapt the organization and processes following the development of the products and solutions portfolio in the period, with a focus on value areas. In the period some initiatives have been developed with customers and strategic suppliers focusing on value-added solutions, also thanks to the investment in technical and commercial skills.

To facilitate the process of integration of new models of use of technology as a service it should be noted that a "Market place" for cloud services has been released since November 2016 in order to encourage and enable the purchase processes of cloud solutions by customers.

In the **Software and System Integration (VAR) sector** the first nine months of the year were characterized by a progressive development of the value-added IT services, also thanks to the integration of the acquisitions carried out in the period (Var Prime Srl) and in the previous year (Apra SpA, BMS SpA, Sailing Srl and Yarix Srl) which contributed to the enlargement of the offer.

In the period ended 31 January 2017 Var Group SpA signed binding agreements for the establishment of a pole in Cloud services on Microsoft Dynamics platform for the SME and Enterprise segments. These agreements allowed:

- the purchase by Var Group SpA of 55% of NTT Srl (later renamed Var Prime Srl). Var Prime Srl in the calendar year at 31 December 2016 expects to achieve approximately Euro 2.5 million in revenues, Euro 300 thousand in Ebitda, a Euro 100 thousand net profit, with a Net Financial Position (liquidity) of Euro 50 thousand;
- the merger by incorporation into Var Prime Srl of the company Dynamics Fashion Group Srl, a subsidiary of Var Prime, with total revenues of approximately Euro 1.5 million in 2016, Ebitda of Euro 200 thousand and a Net Financial Position (liquidity) of Euro 100 thousand. The merger by incorporation was completed on 7 December 2016;
- the acquisition, on 2 December 2016, through Var Prime Srl, of the total capital of Porini Technologies Srl. Porini Technologies Srl is active in Cloud services on ERP Microsoft Dynamics platform, with a turnover of approximately Euro 1 million and an expected Ebitda of about Euro 250 thousand. Merger by incorporation process of Porini Technologies Srl in Var Prime Srl is in progress, whose completion is expected by 30 April 2017.

Following such agreements, in respect of a total investment (the price paid for the controlling stake in Var Prime Srl, Dynamics Fashion Group Srl, Porini Technologies Srl) of between Euro 1.1 million and Euro 1.5 million, Var Group SpA set up a Cloud service pole on a Microsoft Dynamics platform for the SME and Enterprise segments with an overall annual revenue target of approximately Euro 5 million, expected Ebitda of Euro 750 thousand, an estimated net profit of Euro 350 thousand and a Net Financial Position close to break even.

In November 2016 Var Group SpA signed a framework agreement for the integration of Yarix Srl business, of which it already held 50% of the capital, which enabled the acquisition of control, and the consolidation on a line-by-line basis.

Finally, the simplification program and corporate restructuring continued with the completion of the mergers of Var Applications Srl in Sirio Informatica e Sistemi SpA on 20 July 2016, Dynamics Fashion Group Srl in Var Prime Srl on 16 December 2016 and the beginning of merges by incorporation of Var Business Engineering Srl in BMS SpA, of Porini Technologies Srl in Var Prime Srl and of Var Life Srl in Cosesa Srl, to be completed by 30 April 2017.



Among corporate events, the **Shareholders' Meeting of the Parent Company Sesa SpA** held on 26 August 2016 approved the Financial Statements as at 30 April 2016 and the related proposal to distribute the dividend of Euro 0.48 per share, growing by 6.6% compared to Euro 0.45 per share of the previous year, with payment date on 14 September 2016. The Meeting also resolved the cancellation of 156,511 treasury shares, equal to about 1% of the share capital, as well as the authorisation of the buy-back plan of treasury shares, as proposed by the Board of Directors, for a maximum amount of Euro 1.5 million, currently in progress. At the day of this document, Sesa SpA holds 16,019 treasury shares, equal to 0.1% of the share capital, also following the disposal of n. 85,568 treasury shares as partial payment for the acquisition of 20% of Attiva SpA, carried out on 22 February 2017. Further information about such operation are available in the section "Significant events after the period-end".

## Operating conditions and business development

The Sesa Group is a major Italian operator in the value-added distribution (VAD) of the main *software* and *hardware* technologies on the market and in offering software, technology, services and consultancy with the specific aim of training and supporting businesses as its IT end users.

The Sesa Group, as a whole, is able to offer a wide range of software and hardware products in addition to the consultancy services necessary to ensure that the products are used and integrated, having a strong capacity to interact with its customers, also providing high quality customer service.

Today the Group's activities are divided into three different business areas:

- the *VAD (Value-Added Distribution) segment*, which includes the activities involved in the value-added distribution of the main *software* and *hardware* technologies on the market, covered by the VAD Division, which is managed by subsidiary Computer Gross Italia SpA and *focuses* on value products (*servers, storage, software enterprise, networking* and systems);
- the *Software and System Integration segment (VAR)*, which includes the activities involved in the supply of IT services and solutions, particularly the offer of *software, technology, services* and consultancy with the specific aim of training and supporting businesses as IT end users, which are managed by subsidiary Var Group SpA;
- the *Corporate segment*, which includes the activities carried out by the Group's head office (administration, finance and control, human resources, *information technology*, organisation, *investor relations*, institutional relations, training, general and legal affairs and *internal auditing*), managed by Sesa SpA, and the activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by subsidiary ICT Logistica Srl. Corporate segment includes also *Cloud computing* and services for the ICT channel provided by Arcipelago Cloud Srl and Idea Point Srl.

### Corporate segment

#### Sesa SpA

The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, general, corporate and legal affairs services for the main companies of the Group and also acts as a holding company. The shares of the Parent Company Sesa SpA are listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*), STAR segment.

#### ICT Logistica Srl

The Company, which is 66.66% owned by Sesa SpA (of which 33.33% through Computer Gross Italia and 33.33% through Var Group SpA) is active in the sale of IT products and provides logistics services (product storage, assembly, customisation and handling) applied to ITC, on behalf of shareholders (Computer Gross Italia SpA, Var Group SpA and Bassilichi SpA) and other relevant customers operating in such sector.

#### Arcipelago Cloud Srl

The Company, which is wholly owned by Sesa SpA, is engaged in the provision of *cloud computing* services to support the ICT distribution channel. It designs, implements and develops cloud computing solutions for the resellers of the ICT channel.

#### Idea Point Srl

The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel.

## **Software and System Integration segment (VAR)**

### **Var Group SpA**

Var Group SpA, which is wholly owned by Sesa SpA, markets software and IT products and services to end customers that mainly belong to the small and medium business segment.

Var Group serves the Italian system integration market, through its sub-holdings specialized in specific solutions and business lines, with a model based on 4 business unit (Business Technology Solutions, ERP & Verticals, Managed Services and Digital Solutions) and 3 cross functions (Outsourcing, Financial Solutions and R&D).

### **Var Group Srl**

The Company, which is wholly owned by Var Group SpA, markets hardware and software services and solutions for the parent company in central Italy.

### **Var Group Nord Ovest Srl**

The Company, which is wholly owned by Var Group Srl, develops and markets hardware, software and applications for the SME market in the North-West of Italy (through the branches of Milan, Turin and Genoa).

### **Leonet Srl**

The Company, which is wholly owned by Var Group SpA, operates in the telecommunications services sector and as an internet service provider, cloud computing and systems assistance sectors, with a portfolio of services that meets the requirements of business and professional customers.

### **Var Digital Srl**

The Company, which is wholly owned by Var Group SpA, provides IT solutions for its business customers, with particular reference to the digital area (web marketing, e-commerce and digital solutions) for the business and finance segment.

### **Cosesa Srl**

The Company, which is 60% owned by Var Group SpA, provides Strategic Outsourcing services to the major corporate customers.

### **Var Life Srl**

The Company, which is 97% owned by Cosesa Srl, manages ICT services for the Italian pharmaceutical sector.

### **My Smart Services Srl**

The Company, which is wholly owned by Var Group SpA, provides management, maintenance, technical assistance and repair services of computers and IT products on the Italian market.

### **Var Service Srl**

The Company, which is 55% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products.

### **MF Services Srl**

The Company, which is 70% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products, in central and northern Italy.

### **Var Emilia Romagna Srl**

The Company, which is 63% owned by Var Group Srl, markets ICT products and solutions and provides system integration services with focus in the Emilia Romagna region.

### **Sirio Informatica e Sistemi SpA**

The Company, which is 51% owned by Var Group SpA, develops and markets proprietary software and applications for the small-and medium-business market.

During the month of July 2016 it was completed the incorporation of the subsidiary Var Applications Srl.

**B.I.G. Srl**

The company, which is 53% owned by Var Group SpA, operates in the sector of business intelligence solutions development and management consulting for SME segment.

**Var One Srl**

The Company, which is 65% owned by Var Group SpA, provides solutions and integrated services on the SAP Business One platform. Thanks to its network of qualified partners and a widespread presence on the territory it is one of the main SAP Business One Center of Competence in Italy.

**BMS SpA**

The Company, 51% owned by Var Group SpA and consolidated from August 2015, is a leading consulting firm, focused on SAP ERP services. BMS SpA is a SAP Gold channel partner and operates mainly in Northern Italy, with reference to Mid Corporate customers. It's expected the entry into effect of merger of Var Business Engineering Srl by 30 April 2017.

**Apra SpA**

The Company, which is 60% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy that offers software solutions and specific ERP to many production sectors (Furniture, Wine, etc). The Company entered the scope of consolidation since 10 July 2015.

**Agenzia senza nome Srl**

The Company, 75% owned by Apra SpA,, offers digital agency services with specific skills in the creating and implementig of web site/e-commerce and digital marketing.

The Company is consolidated on a line-by-line basis from the current financial year.

**Sailing Srl**

The company, which is 51% owned by Var Group SpA, operates in the production and marketing of software and IT services for the Retail sector, with large retailers as major customers. Sailing Srl entered the scope of consolidation since November 2015.

**Var Prime (ex NTT Srl)**

The Company is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise trough integrated solutions and project management for major industrial sectors. The company, wich entered the scope of consolidation in June 2016, integrated the activities of the subsidiary Dynamics Fashion Group Srl and Porini Technologies' cloud business on Microsoft Dynamics platform, whose merger is expected by 30 April 2017.

**Delta Phi Sigla Srl**

The Company, which is wholly owned by Var Group SpA, develops and markets software and proprietary applications for the Small Business market. Specifically, it owns the SIGLA++ software, which has a user database of a few thousands of customers throughout Italy.

**AFB Net Srl**

The Company, 62% owned by Var Group, is active in the digital transformation sector with specific competences on omnichannel project, digital marketin, social, BPM and IBM Asset Management Solutions.

The company is consolidated on a line-by-line basis from the current fiscal year.

**Yarix Srl**

The company, 50% owned by Var Group SpA, is active in the field of services and technology solutions for the IT security of private companies and public administrations.

Yarix Srl., with a research and development laboratory in Tel Aviv, operates with the mission to protect the companies' information system and IT data from the risk of loss and cyber crime, which are affecting IT sector. Through a signing of a framework agreement, the Company is consolidated on a line-by-line basis from the current fiscal year.

## **Value Added Distribution (VAD) segment**

### **Computer Gross Italia SpA**

The Company, which is wholly owned by Sesa SpA, distributes value-added ICT products to dealers (software houses, system integrators and dealers) with a portfolio of about 10,000 active customers in Italy, which in turn are present and operate in the small- and medium-business, corporate and public administration markets. Computer Gross Italia SpA is a leading Italian operator in the marketing of products and solutions provided by the main international vendors, including Citrix, Cisco, Dell, EMC<sup>2</sup>, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, Vmware.

The company, with revenues equal to 1,050.6 million and a net profit of Euro 22.1 million recorded in the year ended 30 April 2016, is the main subsidiary of the Sesa Group. Computer Gross Italia SpA, with about 300 employees, is organized in business units with sales and technical staff dedicated to market segments (software, networking, POS) and/or distributed strategic Brands.

### **Computer Gross Nessos Srl**

Computer Gross Nessos Srl, which is 60% owned by Computer Gross Italia SpA, employs the personnel dedicated to the management of Networking products and solutions, a sector in which it is the Italian market leader thanks to the completeness and added value range of products offered. In particular, Cisco is the leading vendor at global level in the networking market.

### **ITF Srl**

The Company, which is wholly owned by Computer Gross Italia SpA, is the related Financial Services business unit, which provides financial services and solutions in support of the customer business partners.

ITF controls Integration Customer Center Srl.

### **Computer Gross Accadis Srl**

The Company, which is 51% owned by Computer Gross Italy SpA, is the main Italian distributor of the Vendor Hitachi Data Systems. It entered the scope of consolidation of the Sesa Group starting 15 June 2015.

## Performance of operations

### General economic trend

After 2014 and 2015 with annual growth in world real GDP equal to 3.4% and 3.2% respectively, 2016 recorded a 3.1% growth benefiting from a more favorable trend of the advanced economies in the second half of 2016. Thanks to the positive trend in the second half of 2016, an expected incentive by the new US Government and an acceleration of the development of emerging markets, in 2017 is expected a global GDP growth of 3.4%, higher than 2016 (source IMF - WEO, January 2017).

The GDP of Euro Area, after a 2.0% growth in 2015 (in acceleration compared to +0.9% in 2014), recorded a slowdown in 2016 (+1.7%) as a result of a limited development of domestic demand, political uncertainty and the weakness of some member states. In 2017 is expected a consolidation of +1.6% growth (source: IMF - WEO, January 2017).

The Italian GDP, after a 2012-2014 period of continuous contraction (-2.8% in 2012, -1.7% in 2013 and -0.4% in 2014) has been growing again during 2015 and 2016, albeit in a limited manner (+0.7% in 2015 and +0.9% in 2016). In 2017 is expected a slight growth (+0.7%) with a 0.2% decreasing review compared to 2016. The political uncertainty and the weakness of the financial sector affect the Italian economy that continues to grow at lower rates compared to the European and global average (source: IMF - WEO, January 2017).

The following table shows the final totals of 2015 and 2016 and the forecasts of the GDP for 2017 (source: IMF - WOE, January 2017).

<b>GDP growth rate</b>	<b>Change GDP 2015 (actual)</b>	<b>Change GDP 2016 (actual)</b>	<b>Change GDP 2017 (expected)</b>
World	+3.2%	+3.1%	+3.4%
Advanced Economies	+2.1%	+1.6%	+1.9%
Emerging Markets	+4.0%	+4.1%	+4.5%
USA	+2.6%	+1.6%	+2.3%
Japan	+1.2%	+0.9%	+0.8%
China	+6.9%	+6.7%	+6.5%
Great Britain	+2.2%	+2.0%	+1.5%
Euro Area	+2.0%	+1.7%	+1.6%
Italy	+0.7%	+0.9%	+0.7%

## Development of demand and performance of the sector in which the Group operates

The Italian Information Technology (IT) market is growing by 0.7% in 2016 with a forecast of 0.9% for 2017, after a 2015 with a 2.3% decline demand, compared to a contraction of 2.1% in 2014 (source: Sirmi, January 2017).

The following table shows the trend in IT demand in Italy in 2012-2015 and the forecast for the years 2016 and 2017 (source: Sirmi, January 2017).

<b>Italian IT Market</b> (in millions of euros)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>Ch. 14/13</b>	<b>Ch. 15/14</b>	<b>Ch. 16/15</b>	<b>Ch. 17/16</b>
Hardware	6,593	6,427	5,886	5,920	5,970	-2.5%	-8.4%	0.6%	0.8%
Software	3,951	3,881	3,857	3,841	3,823	-1.8%	-0.6%	-0.4%	-0.5%
Project Services	3,711	3,557	3,475	3,423	3,380	-4.1%	-2.3%	-1.5%	-1.3%
Managed Services	4,764	4,751	4,970	5,130	5,299	-0.3%	4.6%	3.2%	3.3%
<b>Total IT Market</b>	<b>19,019</b>	<b>18,616</b>	<b>18,188</b>	<b>18,314</b>	<b>18,472</b>	<b>-2.1%</b>	<b>-2.3%</b>	<b>+0.7%</b>	<b>+0.9%</b>
<b>O/w Cloud Computing</b>	<b>789</b>	<b>954</b>	<b>1,228</b>	<b>1,480</b>	<b>1,811</b>	<b>20.9%</b>	<b>28.7%</b>	<b>20.6%</b>	<b>22.3%</b>
<i>% Cloud on total IT</i>	<i>4.15%</i>	<i>5.12%</i>	<i>6.75%</i>	<i>8.08%</i>	<i>9.80%</i>				

The progressive and constant increase of Managed Services segment (3.2%) and recovery hardware sales (+0.6%) determined a return to growth in 2016. Within the Italian IT market, the segment that shows a higher growth is still the cloud computing services, with growth rates higher than 20% annually. In the Cloud Computing and Managed Services segments the Sesa Group plays a role with investments in skills and infrastructures.

Within the IT Italian market, the distribution sector of IT, where the Group has its main business, closed 2016 with an overall increase of less than 5%, a slowdown noted compared to the increase of 2015, resulting from an unfavorable trend of sales in the second half of 2016. Moderate growth rates are also expected in 2017, in line with the market slowdown already seen in the second half of 2016.

## Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 January 2017 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the same period of the previous year.

<b>Reclassified income statement</b>	<b>31/01/2017 (9 months)</b>	<b>%</b>	<b>31/01/2016 (9 months)</b>	<b>%</b>	<b>Change 2017/16</b>
<b>Revenues</b>	<b>937,701</b>		<b>896,668</b>		<b>4.6%</b>
Other income	7,348		4,353		68.8%
<b>Total Revenues and Other Income</b>	<b>945,049</b>	<b>100.0%</b>	<b>901,021</b>	<b>100.0%</b>	<b>4.9%</b>
Purchase of goods	787,838	83.4%	765,123	84.9%	3.0%
Costs for services and leased assets	61,944	6.6%	52,130	5.8%	18.8%
Personnel costs	50,907	5.4%	42,376	4.7%	20.1%
Other operating charges	2,339	0.2%	2,153	0.2%	8.6%
<b>Total Purchase of goods and Operating Costs</b>	<b>903,028</b>	<b>95.6%</b>	<b>861,782</b>	<b>95.6%</b>	<b>4.8%</b>
<b>EBITDA</b>	<b>42,021</b>	<b>4.45%</b>	<b>39,239</b>	<b>4.35%</b>	<b>7.1%</b>
Amortisation tangible and intangible assets (software)	3,772		2,494		51.2%
Amortisation client lists and technological know-how	1,124		1,021		10.1%
Accruals to provision for bad debts and risks	3,544		3,583		-1.1%
<b>EBIT</b>	<b>33,581</b>	<b>3.55%</b>	<b>32,141</b>	<b>3.57%</b>	<b>4.5%</b>
Profit from companies valued at equity	64		345		-81.4%
Financial income and charges	(3,060)		(3,988)		-23.3%
<b>EBT</b>	<b>30,585</b>	<b>3.24%</b>	<b>28,498</b>	<b>3.16%</b>	<b>7.3%</b>
Income taxes	10,258		9,956		3.0%
<b>Net profit</b>	<b>20,327</b>	<b>2.15%</b>	<b>18,542</b>	<b>2.06%</b>	<b>9.6%</b>
<i>Net profit attributable to the Group</i>	<i>19,030</i>		<i>17,916</i>		<i>6.2%</i>
<i>Net profit attributable to minority interests</i>	<i>1,297</i>		<i>626</i>		<i>107.2%</i>

The consolidated revenues showed an increase of 4.6% passing from Euro 896,668 thousand at 31 January 2016 to Euro 937,701 thousand at 31 January 2017, thanks to the positive performance of the Group's business sectors. The Value Added Distribution (VAD) and the Software and System Integration (VAR) sectors recorded a growth respectively of 2.6% and 9.6% compared to the same period of the previous year.

The table below shows the trend of the revenues of the Group broken down by operating segment:

(in thousands of euros)	<b>Period ended at 31 January</b>			
	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>%</b>
Value Added Distribution (VAD)	820,881	800,271	20,610	2.6%
Software and System Integration (VAR)	170,485	155,494	14,991	9.6%
Corporate	9,032	8,541	491	5.7%
<i>Eliminations</i>	<i>(62,697)</i>	<i>(67,638)</i>	<i>4,941</i>	<i>-7.3%</i>
<b>Total Revenues</b>	<b>937,701</b>	<b>896,668</b>	<b>41,033</b>	<b>4.6%</b>

The Value Added Distribution (VAD) sector showed a growth of 2.6% compared to the same period of 2016, thanks to, among other things, the development of the subsidiary ITF Srl, specialized in financial services and solutions in support of the customer business partners. The growth of the VAD sector was achieved despite a reference market showing a slight growth, decelerating in the second half of 2016, and consequently with some elements of competitiveness between the sector's players.

Revenues of the Software and System Integration (VAR) sector grew by 9.6% compared to the same period of 2016, with an increase in absolute value of Euro 14,991 thousand, mainly thanks to the development of revenues from services, principally ERP and Verticals, Digital Transformation and Managed Services, and the contribution of companies recently included in the scope of consolidation. Recently acquired companies (Apra



SpA, BMS SpA, Sailing Srl, Var Prime Srl e Yarix Srl) contributed to the growth in revenues of VAR sector for approximately Euro 11 million in the period.

Total Revenues and Other Income at 31 January 2017 recorded an improvement of Euro 44,028 thousand (+4.9%), passing from Euro 901,021 at 31 January 2016 to Euro 945,049 thousand at 31 January 2017.

Costs for the Purchase of goods rose from Euro 765,123 thousand during the period ended at 31 January 2016 to Euro 787,838 thousand at 31 January 2017, with a percentage increase of 3.0%.

The consolidated gross commercial margin measured as the difference between Revenues and Other Income and costs for the Purchase of products, showed a growth of Euro 21,313 thousand (+15.7% compared to 31 January 2016) passing from Euro 135,038 thousand at 31 January 2016 to Euro 157,211 thousand at 31 January 2017, thanks to the higher value-added of products and solutions offered.

The ratio between the consolidated gross commercial margin and the Total Revenues and Other Income, equating to 16.6% at 31 January 2017, rose by 150 basis points compared to 15.1% recorded at 31 January 2016, thanks to the higher incidence of VAR sector's revenues (characterised by a higher gross margin) and to the growth in Gross Margin obtained in the period in the VAR sector. The ratio between the gross commercial margin and the Total Revenues and Other Income in the VAD sector is equal to 8.0% at 31 January 2017 slightly decreasing compared to 8.2% recorded at 31 January 2016 due to a less favourable margin mix.

The following table details the Gross margin by business segment:

<i>(in thousands of euros)</i>	Period ended at 31 January				
	2017	%	2016	%	Change
<b>Total Revenues and Other Income</b>	<b>945,049</b>	<b>100.0%</b>	<b>901,021</b>	<b>100.00%</b>	<b>4.9%</b>
Purchase of goods	(787,838)	-83.4%	(765,123)	-84.9%	3.0%
<b>Consolidated Gross Margin</b>	<b>157,211</b>	<b>16.6%</b>	<b>135,898</b>	<b>15.1%</b>	<b>15.7%</b>
<b>Total Revenues and Other Income - VAD Segment</b>	<b>826,470</b>	<b>100.0%</b>	<b>803,352</b>	<b>100.00%</b>	<b>2.9%</b>
Purchase of goods	(760,592)	-92.0%	(737,819)	-91.8%	3.1%
<b>Gross Margin VAD Segment</b>	<b>65,878</b>	<b>8.0%</b>	<b>65,533</b>	<b>8.2%</b>	<b>0.5%</b>
<b>Total Revenues and Other Income - VAR Segment</b>	<b>173,169</b>	<b>100.0%</b>	<b>157,409</b>	<b>100.00%</b>	<b>10.0%</b>
Purchase of goods	(80,133)	-46.3%	(85,591)	-54.4%	-6.4%
<b>Gross Margin VAR Segment</b>	<b>93,036</b>	<b>53.7%</b>	<b>71,818</b>	<b>45.6%</b>	<b>29.5%</b>

Total Purchase of goods and Operating Costs amounted to Euro 903,028 thousand at 31 January 2017, with an incidence on Total Revenues and Other Income of 95.6% as recorded at 31 January 2016.

It should be noted the reduction in the incidence of Total Purchase of goods on Total Revenues and Other Income, which passed from 84.9% at 31 January 2016 to 83.4% at 31 January 2017, offset by increased incidence of Operating Costs (mainly Costs for services and leased assets and Personnel costs), rising from 10.7% at 31 January 2016 to 12.2% at 31 January 2017.

Consolidated Operating Costs are broken down as follows:

<i>(in thousands of Euros)</i>	Period ended at 31 January				
	2017	%	2016	%	Change
<b>Totale Revenues and Other Income</b>	<b>951,265</b>	<b>100.0%</b>	<b>901,021</b>	<b>100.0%</b>	
<b>Consolidated Gross Margin</b>	<b>157,211</b>	<b>16.6%</b>	<b>135,038</b>	<b>15.0%</b>	<b>16.4%</b>
Costs for services and leased assets	61,944	6.6%	52,130	5.8%	18.8%
Personnel costs	50,907	5.4%	42,376	4.7%	20.1%
Other operating charges	2,339	0.2%	2,153	0.2%	8.6%
<b>Total Operating Costs</b>	<b>115,190</b>	<b>12.2%</b>	<b>96,659</b>	<b>10.7%</b>	<b>19.2%</b>

Costs for services and leased assets, equal to Euro 61,944 thousand at 31 January 2017, recorded an increase of Euro 9,814 thousand compared to the period ended 31 January 2016, following the improvement in turnover recorded of the VAR sector in the revenues from services area. The incidence on the item Total Revenues and Other Income passed from 5.8% at 31 January 2016 to 6.6% at 31 January 2017 due to, among other things, the higher incidence of revenues from services on total revenues, also following the companies recently acquired into VAR sector and specialized in supply of IT services.

Personnel costs passed from Euro 42,376 thousand at 31 January 2016 to Euro 50,907 thousand at 31 January 2017, with a percentage growth of 20.1%, deriving from the increase in the Group's average workforce needed to cope with the growth in turnover and the inclusion of skilled and specialized resources regarding recently acquired companies (VAR sector). The total Group workforce passed from 1,201 units at 31 January 2016 to 1,385 units at 31 January 2017, with a higher incidence of labour costs on Total Revenues and Other Income from 4.7% at 31 January 2016 to 5.4% at 31 January 2017.

Below is the average and actual number of the Group's employees:

<i>(in units)</i>	Average number of employees at 31 January		Actual number of employees at 31 January		Actual number of employees at 30 April 2016
	2017	2016	2017	2016	
Executives	16	16	16	16	16
Middle managers	94	94	93	96	95
Office workers	1,190	970	1,276	1,089	1,104
<b>Total</b>	<b>1,300</b>	<b>1,080</b>	<b>1,385</b>	<b>1,201</b>	<b>1,215</b>

The increase in workforce at 31 January 2017 compared to 31 January 2016 reflects the growth in turnover and the entry in the scope of consolidation of companies with high specialized personnel and know how. Among some acquisitions, we highlights the companies Var Prime Srl, Yarix Srl and AFB Net Srl, which together count about 100 resources.

Consolidated Ebitda at 31 January 2017 is equal to Euro 42,021 thousand, with an increase of Euro 2,782 thousand (+7.1%) compared to the period at 31 January 2016, showing in the period an higher growth compared to the increase in revenues (Ebitda margin passed to 4.45% from 4.35% at 31 January 2016), growing after 2 years of gradual decline. The VAR sector contributed to the increase at consolidated level with an Ebitda of Euro 9,417 thousand at 31 July 2016, up to 63.2% compared to Ebitda of Euro 5,770 thousand at 31 January 2016, as a result of the increased focus on the areas of high value-added IT services and solutions (cloud computing, managed services, digital and ERP solutions) also obtained through the integration of acquisitions (Apra SpA, BMS SpA, Sailing Srl) carried out during the previous and in the period in progress (Var Prime Srl and Yarix Srl).

Ebitda is broken down by operating segments as follows:

<i>(in thousands of euros)</i>	Period ended at 31 January				
	2017	%	2016	%	Change
<b>Total Revenues and Other Income</b>	<b>945,049</b>	<b>100.0%</b>	<b>901,021</b>	<b>100.00%</b>	<b>4.9%</b>
Total Purchase of goods and Operating costs	(903,028)	95.55%	(861,782)	95.65%	4.8%
<b>Consolidated Ebitda</b>	<b>42,021</b>	<b>4.45%</b>	<b>39,239</b>	<b>4.35%</b>	<b>7.1%</b>
<b>Total Revenues and Other Income - VAD Segment</b>	<b>826,470</b>	<b>100.0%</b>	<b>803,352</b>	<b>100.00%</b>	<b>2.9%</b>
Total Purchase of goods and Operating costs	(794,300)	96.11%	(770,190)	95.87%	3.1%
<b>Ebitda - VAD Segment</b>	<b>32,170</b>	<b>3.89%</b>	<b>33,162</b>	<b>4.13%</b>	<b>-3.0%</b>
<b>Total Revenues and Other Income - VAR Segment</b>	<b>173,169</b>	<b>100.0%</b>	<b>157,409</b>	<b>100.00%</b>	<b>10.0%</b>
Total Purchase of goods and Operating costs	(163,752)	94.56%	(151,639)	96.33%	8.0%
<b>Ebitda - VAR Segment</b>	<b>9,417</b>	<b>5.44%</b>	<b>5,770</b>	<b>3.67%</b>	<b>63.2%</b>

Consolidated Ebit at 31 January 2017 is equal to Euro 33,581 thousand, with an increase of 1,440 thousand (4.5%) compared to Euro 32,141 thousand at 31 January 2016 after amortisation and accruals to the provision for bad debts and risks. Such increase reflects the above-mentioned growth in Ebitda, net of the increase in amortisation and accruals to the provision for bad debts and risks, which rose from a total of Euro 7,098 thousand at 31 January 2016 to Euro 8,440 thousand at 31 January 2017, up by Euro 1,342 thousand compared to the previous period. The increase in amortisation of tangible and intangible assets (software), equal to Euro 1,278 thousand, as already recorded in the previous interim reports, mainly reflects the investment in technology and software carried out for the development of the proprietary Data Center and the costs incurred for the completion of Cash & Carry network. Amortisation of intangible assets (client lists and technological know-how items) resulting from the allocation of the difference in value between the cost for acquisitions of companies recently included in the scope of consolidation and the relative book value of equity, are equal to Euro 1,124 thousand at 31 January 2017, with an increase of Euro 103 thousand compared to ad Euro 1,021 thousand recorded at 31 January 2016.

Consolidated Ebt at 31 January 2017 is equal to Euro 30,585 thousand, with an increase of 7.3% compared to the previous period, benefiting, among other things, from a more efficient financial management. The net balance of financial income and charges passed from a net balance of Euro 3,988 thousand at 31 January 2016 to a net balance of Euro 3,060 thousand at 31 January 2017, improving by Euro 928 thousand thanks to lower factoring financial costs, mainly due to the reduction of factoring fees and interests, and lower interest expenses due to the reduction of average financial debt level. The reduction of net financial charges was also favoured by the result of exchange rate management that recorded a negative net balance of Euro 127 thousand at 31 January 2017, with an improve compared to a negative net balance of Euro 234 thousand at 31 January 2016.

The item Financial income and charges can be broken down as follows:

<i>(in thousands of euros)</i>	<b>Period ended at 31 January</b>	
	<b>2017</b>	<b>2016</b>
Interest expense for assignments of receivables	1,047	1,365
Charges and commissions for assignments of receivables with recourse	418	490
Interest expense on bank accounts and loans	228	512
Other interest expense	843	654
Commissions and other financial charges	1,315	1,665
Financial charges relating to staff severance pay (TFR)	158	152
Foreign exchange losses	2,437	1,906
<b>Total financial charges</b>	<b>6,446</b>	<b>6,744</b>
Interest income on other short-term receivables	892	633
Other financial income	121	98
Interest income on bank deposits	62	120
Dividends from equity investments	1	233
Foreign exchange gains	2,310	1,672
<b>Total financial income</b>	<b>3,386</b>	<b>2,756</b>
<b>Net financial charges</b>	<b>3,060</b>	<b>3,988</b>

Consolidated net profit after tax at 31 January 2017 is equal to Euro 20,327 thousand, up to 9.6% compared to a total of Euro 18,542 thousand at 31 January 2016.

After minority interests, Consolidated net profit attributable to shareholders at 31 January 2017 is equal to Euro 19,030 thousand, showing an increase of 6.2% compared to Euro 17,916 thousand at 31 January 2016.

## Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 January 2017 is shown below (in thousands of euros). The comparative figures relating to the period ended 30 April 2016 are shown together with the figures of the period ended 31 January 2016, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

<b>Reclassified Balance Sheet</b>	<b>31/01/2017</b>	<b>31/01/2016</b>	<b>30/04/2016</b>
Intangible assets	18,147	16,763	17,251
Property, plant and equipment	46,996	42,355	44,437
Investments valued at equity	3,180	3,859	3,938
Other non-current receivables and deferred tax assets	17,128	17,516	16,340
<b>Non-current assets (a)</b>	<b>85,451</b>	<b>80,493</b>	<b>81,966</b>
Inventories	68,274	70,346	59,079
Current trade receivables	410,956	419,442	306,474
Other current assets	28,902	28,234	23,487
<b>Current operating assets (b)</b>	<b>508,132</b>	<b>518,022</b>	<b>389,040</b>
Payables to suppliers	286,184	319,569	261,673
Other current payables	61,287	48,329	49,719
<b>Short-term operating liabilities (c)</b>	<b>347,471</b>	<b>367,898</b>	<b>311,392</b>
<b>Net working capital (b-c)</b>	<b>160,661</b>	<b>150,124</b>	<b>77,648</b>
Non-current provisions and deferred tax liabilities	7,064	6,068	6,175
Employee benefits	17,548	15,649	15,836
<b>Non-current liabilities (d)</b>	<b>24,612</b>	<b>21,717</b>	<b>22,011</b>
<b>Net Invested Capital (a+b-c-d)</b>	<b>221,500</b>	<b>208,900</b>	<b>137,603</b>
<b>Group equity (f)</b>	<b>192,808</b>	<b>173,773</b>	<b>179,414</b>
Medium-Term Net Financial Position	79,456	56,084	65,103
Short-Term Net Financial Position	(50,764)	(20,957)	(106,914)
<b>Total Net Financial Position (Net Liquidity) (g)</b>	<b>28,692</b>	<b>35,127</b>	<b>(41,811)</b>
<b>Equity and Net Financial Position (f+g)</b>	<b>221,500</b>	<b>208,900</b>	<b>137,603</b>

Non-current assets at 31 January 2017 are equal to Euro 85,451 thousand, with an increase of Euro 3,485 thousand compared to 30 April 2016, generated essentially by investments made during the period in question. In particular, the following main effects should be noted:

- a net increase in intangible assets of Euro 896 thousand, from Euro 17,251 thousand at 30 April 2016 to Euro 18,147 thousand at 31 January 2017. The increase is mainly attributable to the acquisition of the controlling share of Var Prime Srl (formerly NTT Srl) and the consolidation of Yarix Srl on a line-by-line basis. The difference in value between the cost for acquisition of controlling share and the relative accounting net assets of Var Prime Srl and Yarix Srl has been allocated to the client list and technological know-how items for Euro 1,240 thousand gross of deferred tax assets;
- a net increase in property, plant and equipment of Euro 2,559 thousand from Euro 44,437 thousand at 30 April 2016 to Euro 46,996 thousand at 31 January 2017, mainly due to the investments carried out by the subsidiary Computer Gross Italia SpA in order to complete the Group's headquarter in Empoli and the Cash&Carry network on the Italian territory.

The net working capital amounted to Euro 160,661 thousand at 31 January 2017 and showed a 7.0% increase compared to Euro 150,124 thousand recorded in the period ended 31 January 2016, due to a higher turnover. It should be noted a growing efficiency in the management of inventories, which in the period showed a decrease of 2.9% compared to 31 January 2016.

Details of the Group's Net Financial Position at 31 January 2017 are shown below (with figures in thousands of euros). Together with the comparative figures for the year ended 30 April 2016 are also included those for the period ended 31 January 2016, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and financial management during the year.

<b>Net Financial Position</b>	<b>31/01/2017</b>	<b>31/01/2016</b>	<b>30/04/2016</b>
Liquidity	101,429	64,386	146,168
Current financial receivables	2,006	476	1,294
Current financial debt	52,671	43,905	40,548
<b>Net current financial debt</b>	<b>(50,764)</b>	<b>(20,957)</b>	<b>(106,914)</b>
Current financial debt	79,456	64,386	65,103
<b>Net non-current financial debt</b>	<b>79,456</b>	<b>64,386</b>	<b>65,103</b>
<b>Net Financial Position</b>	<b>28,692</b>	<b>35,127</b>	<b>(41,811)</b>

Consolidated Net Financial Position at 31 January 2017 (net debt) is equal to Euro 28,692 thousand, with an improvement of Euro 6,435 thousand compared to the amount recorded in the period ended 31 January 2016. The positive trend of Net Financial Position compared to the same period of the previous year is due to the growing efficiency in working capital management, especially in trade receivables management, together with the self-financing of the period.

The change in Net Financial Position at 31 January 2016 compared to 30 April 2016, which showed a net liquidity equal to Euro 41,811 thousand, mainly reflects the seasonality of the business which is characterized by a greater absorption of working capital at 31 January compared to 30 April of every year.

Consolidated Group's equity at 31 January 2017 amounted to Euro 192,808 thousand. The change compared to 30 April 2016 reflects essentially the profit for the current period at 31 January 2017 for Euro 20,277 thousand, net of the dividend paid in September 2016 by the parent company Sesa SpA for Euro 7,408 thousand.

## Segment Reporting

The criteria applied to identify the business segments being reported are in line with the procedures through which the management runs the Group. In particular, the organisation of the business segments being reported corresponds to the structure of the reports that are periodically analysed by the board of directors for the purposes of the management of the Group's business. Specifically, the main scope of operational analysis used by the Group is that relating to the following operating segments:

- *Value Added Distribution*, which includes the value-added distribution, through the subsidiary Computer Gross SpA, of complex IT products and solutions in the categories of servers, storage, software and networking to the operators in the Enterprise and small/medium Enterprise segment. The Group's VAD offer integrated to software houses and integrators of technology addressed the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *Software and System Integration (VAR)*, which includes the offer of software, technology, services and consultancy, through the subsidiary Var Group SpA, aimed at training and supporting businesses as end users of IT. The Group provides services for the design, consultancy, development and installation of software and complex technology, pre- and after-sales assistance and strategic outsourcing.
- *Corporate*, which includes logistics services, including the storage, assembly, customisation and handling of products and other correlated activities, as well as centralized activities carried out by holding companies.

The operating segments of Value-Added Distribution and Software and System Integration are vertically integrated through the sale of IT products and solutions from Computer Gross SpA to Var Group SpA. Computer Gross SpA uses the logistics services included in the Corporate segment.

The Group's management assesses the performance of the different operating segments, using the following indicators:

- revenues from minority interests by operating segment;
- EBITDA defined as the profit for the year before depreciation, provisions for bad debts and risks, accruals to provisions for risks, financial income and charges, the profit (loss) of companies valued at equity and taxes;
- Profit for the year.

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group.

The criteria in determining the Ebitda applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

The segment reporting for the period ended at 31 January 2017 and 31 January 2016 is broken down as follows:

<i>(in thousands of euros)</i>	Value Added Distribution	Software e System Integration	Corporate	Eliminations		Value Added Distribution	Software e System Integration	Corporate	Eliminations	
<b>Revenues from third parties</b>	<b>767,818</b>	<b>168,550</b>	<b>1,333</b>		<b>937,701</b>	<b>742,398</b>	<b>153,169</b>	<b>1,101</b>		<b>896,668</b>
Inter segment revenues	53,063	1,935	7,699		62,697	57,873	2,325	7,440		67,638
<b>Revenues</b>	<b>820,881</b>	<b>170,485</b>	<b>9,032</b>	<b>(62,697)</b>	<b>937,701</b>	<b>800,271</b>	<b>155,494</b>	<b>8,541</b>	<b>(67,638)</b>	<b>896,668</b>
Other income	5,589	2,684	1,863	(2,788)	7,348	3,081	1,915	1,130	(1,773)	4,353
<b>Total Revenues and Other Income</b>	<b>826,470</b>	<b>173,169</b>	<b>10,895</b>	<b>(65,485)</b>	<b>945,049</b>	<b>803,352</b>	<b>157,409</b>	<b>9,671</b>	<b>(69,411)</b>	<b>901,021</b>
Purchase of goods	(760,592)	(80,133)	(543)	53,430	(787,838)	(737,819)	(85,591)	(559)	58,846	(765,123)
Costs for services and rent, leasing and similar costs	(22,125)	(46,048)	(5,757)	11,986	(61,944)	(21,668)	(36,315)	(4,602)	10,455	(52,130)
Personnel costs	(10,072)	(36,816)	(4,019)		(50,907)	(8,900)	(29,603)	(3,873)	-	(42,376)
Other operating costs	(1,511)	(755)	(101)	28	(2,339)	(1,803)	(130)	(281)	61	(2,153)
<b>Ebitda</b>	<b>32,170</b>	<b>9,417</b>	<b>475</b>	<b>(41)</b>	<b>42,021</b>	<b>33,162</b>	<b>5,770</b>	<b>356</b>	<b>(49)</b>	<b>39,239</b>
Amortisation, depreciation and write-downs	(4,471)	(3,899)	(70)	-	(8,440)	(4,135)	(2,904)	(59)	-	(7,098)
<b>Ebit</b>	<b>27,699</b>	<b>5,518</b>	<b>405</b>	<b>(41)</b>	<b>33,581</b>	<b>29,027</b>	<b>2,866</b>	<b>297</b>	<b>(49)</b>	<b>32,141</b>
Profit from companies valued at equity	3	32	29	-	64	8	328	9	-	345
Net financial income and charges	(2,217)	(869)	26	-	(3,060)	(1,149)	(1,008)	9	-	(2,148)
<b>Profit before taxes</b>	<b>25,485</b>	<b>4,681</b>	<b>460</b>	<b>(41)</b>	<b>30,585</b>	<b>27,886</b>	<b>2,186</b>	<b>315</b>	<b>(49)</b>	<b>30,338</b>
Income taxes	(7,820)	(2,151)	(300)	13	(10,258)	(8,563)	(1,164)	(245)	16	(9,956)
<b>Profit for the period</b>	<b>17,665</b>	<b>2,530</b>	<b>160</b>	<b>(28)</b>	<b>20,327</b>	<b>17,483</b>	<b>1,022</b>	<b>70</b>	<b>(33)</b>	<b>18,542</b>
Net profit attributable to minority interests	28	1,259	10		1,297	62	551	13	-	626
<b>Net profit attributable to the Group</b>	<b>17,636</b>	<b>1,272</b>	<b>150</b>	<b>(28)</b>	<b>19,030</b>	<b>17,422</b>	<b>471</b>	<b>56</b>	<b>(33)</b>	<b>17,916</b>

## Relations with related parties and Group's companies

As regards disclosures of relations with related parties it should be noted that any transactions carried out with related parties in ordinary operations were entered into at arm's length and on conditions that were to the parties' reciprocal financial benefit.

The Group's related parties have been identified in accordance with IAS 24.

No significant related party transactions are reported in the period.

## Significant events after the period-end

In February 2017 Computer Gross Italia SpA signed a long-term strategic partnership with Attiva SpA for the acquisition of a 20% stake of Attiva's capital. Attiva SpA is an Italian reference operator in IT distribution of Apple brand, focusing on channel "Apple Premium Reseller" specialized in IT and consumer electronics. The partnership agreement aims to create operative and commercial synergies between two complementary players. The amount for the acquisition of 20% of Attiva SpA is equal to Euro 4.5 million, of which Euro 3.0 million paid simultaneously with the sale and Euro 1.5 million paid through ordinary shares of Sesa SpA for a total of 85,568 treasury shares already held before the closing date. It's also provided a variable additional price up to a maximum of Euro 1 million, as Earn-Out payable in the period 30 November 2017 – 30 November 2019, following the achievement of some profitability targets of Attiva SpA and the positive evolution of the commercial partnership.

No further significant events occurred after the end of the nine-month period at 31 January 2017.

## Outlook on operations

The first nine months of the fiscal year are characterized by a weak growth of the Italian economy and the reference market, especially in the IT distribution sector. In the last quarter of the fiscal year, the Group will continue to operate in order to consolidate the sustainable growth in revenues and profitability, by continuing to develop revenues in high potential growth rate market areas and integrating recently acquired companies and further investing in human resources as well.

*The Chairman*  
Paolo Castellacci



## Annexes

## Consolidated Income Statement

<i>(in thousand of euros)</i>	<b>Period ended at 31 January</b>	
	<b>2017</b>	<b>2016</b>
Revenues	937,701	896,668
Other income	7,348	4,353
Consumables and goods for resale	(787,838)	(765,123)
Costs for services and rent, leasing and similar costs	(61,944)	(52,130)
Personnel costs	(50,907)	(42,376)
Other operating costs	(5,883)	(5,736)
Amortisation and depreciation	(4,896)	(3,515)
<b>EBIT</b>	<b>33,581</b>	<b>32,141</b>
Profit from companies valued at equity	64	345
Financial income	3,386	2,756
Financial charges	(6,446)	(6,744)
<b>Profit before taxes</b>	<b>30,585</b>	<b>28,498</b>
Income taxes	(10,258)	(9,956)
<b>Profit for the period</b>	<b>20,327</b>	<b>18,542</b>
<i>of which:</i>		
Net profit attributable to minority interests	1,297	626
Net profit attributable to the Group	19,030	17,916

Starting Consolidated Income Statement at 31 January 2017 early payment discounts received from vendors are recorded as a reduction of cost of the products purchased since – as is standard practice in the sector in which the Group operates – the commercial component is considered predominant. For comparative purposes, early payments discounts have been reclassified from Financial income item to reduce Consumables and goods for resale line item in Consolidated Income Statement at 31 January 2016 as well.

## Consolidated Statement of Financial Position

<i>(in thousand of euros)</i>	<b>At 31 January 2017</b>	<b>At 30 April 2016</b>
Intangible assets	18,147	17,251
Property, plant and equipment	46,996	44,437
Investment property	290	290
Equity investments valued at equity	3,180	3,938
Deferred tax assets	5,393	5,449
Other non-current receivables and assets	9,627	8,783
<b>Total non-current assets</b>	<b>83,633</b>	<b>80,148</b>
Inventories	68,274	59,079
Current trade receivables	410,956	306,474
Current tax receivables	8,276	4,269
Other current receivables and assets	22,632	20,512
Cash and cash equivalents	101,429	146,168
<b>Total current assets</b>	<b>611,567</b>	<b>536,502</b>
Non-current assets held for sale	1,818	1,818
<b>Total assets</b>	<b>697,018</b>	<b>618,468</b>
Share capital	37,127	37,127
Share premium reserve	33,102	33,144
Other reserves	6,363	5,330
Profits carried forward	108,012	96,738
<b>Total Group equity</b>	<b>184,604</b>	<b>172,339</b>
Equity attributable to minority interests	8,204	7,075
<b>Total equity</b>	<b>192,808</b>	<b>179,414</b>
Non-current loans	79,456	65,103
Employee benefits	17,548	15,836
Non-current provisions	1,525	712
Deferred tax liabilities	5,539	5,463
<b>Total non-current liabilities</b>	<b>104,068</b>	<b>87,114</b>
Current loans	52,671	40,548
Payables to suppliers	286,184	261,673
Current tax payables	10,912	2,260
Other current liabilities	50,375	47,459
<b>Total current liabilities</b>	<b>400,142</b>	<b>351,940</b>
<b>Total liabilities</b>	<b>504,210</b>	<b>439,054</b>
<b>Total equity and liabilities</b>	<b>697,018</b>	<b>618,468</b>

## Consolidated Statement of Changes in Equity

<i>(in thousand of euros)</i>	Share capital	Share premium reserve	Other reserves	Profit for the year and Profits carried forward	Group equity	Equity attributable to minority interests	Total equity
<b>At 30 April 2016</b>	<b>37,127</b>	<b>33,144</b>	<b>5,330</b>	<b>96,738</b>	<b>172,339</b>	<b>7,075</b>	<b>179,414</b>
Profit for the period				19,030	19,030	1,297	20,327
Actuarial Profit/ Loss for employee benefits			123		123	86	209
<b>Comprehensive income for the period</b>			<b>123</b>	<b>19,030</b>	<b>19,153</b>	<b>1,383</b>	<b>20,536</b>
Purchase of treasury shares		(42)	(301)		(343)		<b>(343)</b>
Dividends distribution				(7,408)	(7,408)		<b>(7,408)</b>
Stock Grant Plan – shares vesting in the period			353		353		<b>353</b>
Allocation of Net profit			848	(848)	-		-
Changes in the scope of consolidation and other changes			10	500	510	(254)	<b>256</b>
<b>At 31 January 2017</b>	<b>37,127</b>	<b>33,102</b>	<b>6,363</b>	<b>108,012</b>	<b>184,604</b>	<b>8,204</b>	<b>192,808</b>

## Consolidated Statement of Cash Flows

<i>(in thousands of euros)</i>	Period ended 31 January	
	2017	2016
<b>Profit before taxes</b>	<b>30,585</b>	<b>28,498</b>
<b>Adjustments for:</b>		
Amortisation and depreciation	4,896	3,515
Provisions for personnel and other provisions	4,451	3,730
Net financial (income)/charges	123	868
Profit from companies valued at equity	(381)	(345)
Other non-monetary items		
<b>Cash flows generated from operating activities before changes in net working capital</b>	<b>39,674</b>	<b>36,266</b>
Change in inventories	(9,195)	(10,971)
Change in trade receivables	(104,224)	(130,859)
Change in payables to suppliers	22,355	64,055
Change in other assets	(788)	4,607
Change in other liabilities	1,976	1,490
Use of provisions for risks	(24)	(343)
Payment of employee benefits	(746)	(1,556)
Change in deferred taxes	(252)	1,087
Change in current tax payables and receivables	(749)	(829)
Interest paid	(2,118)	(2,531)
Taxes paid	(4,864)	(6,958)
<b>Net cash flow generated from operating activities</b>	<b>(58,955)</b>	<b>(46,542)</b>
Investments in companies, net of acquired cash	(495)	(6,827)
Investments in property, plant and equipment	(4,743)	(7,051)
Investments in intangible assets	(2,072)	(573)
Disposals of property, plant and equipment and intangible assets	383	1,975
Disposal of assets held for sale		
Investments in associated companies	(16)	(708)
Disposals of other non-current investments		
Disbursement of loans		
Investments in non-current financial assets		
Collection of non-current financial assets	354	(461)
Dividends collected	1	108
Interest collected	2,152	1,613
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(4,436)</b>	<b>(11,924)</b>
New disbursements of long-term loans and financials leasing	52,000	47,689
Repayments of long-term loans	(14,476)	(8,815)
(Decrease)/increase in short-term loans	(11,978)	(249)
Change in Group equity	1,109	589
Change in equity attributable to minority interests	(140)	(549)
Purchase of treasury shares	(343)	(916)
Dividends distribution	(7,520)	(7,019)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>18,652</b>	<b>30,730</b>
Translation difference on cash and cash equivalents		
<b>Change in cash and cash equivalents</b>	<b>(44,739)</b>	<b>(27,736)</b>
Cash and cash equivalents at the beginning of the year	146,168	92,122
<b>Cash and cash equivalents at the end of the year</b>	<b>101,429</b>	<b>64,386</b>

Attestation pursuant to article 154 bis paragraph 2 of Legislative Decree n. 58 of 24 February 1998, "Consolidated Law on Finance" and subsequent amendments

The Director responsible for drawing up Sesa SpA's financial statements and accounting documents, pursuant to the provisions of article 154-bis, paragraph 2 of Consolidated Law on Finance hereby attests that the accounting information contained in the Interim Report at 31 January 2017 corresponds to the document results, books and accounting records.

Empoli, 14 March 2017

Alessandro Fabbroni

(Director responsible for drawing up accounting documents)