

Interim Report

31 July

2018

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, blue, sans-serif font. The letter 'S' is particularly large and has a unique, curved shape. To the right of "Sesa", the letters "s.p.a" are written in a smaller, standard sans-serif font.

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Governing and supervisory bodies of Sesa SpA

Board of Directors

Holding office until

Paolo Castellacci	Chairman	approval of the FS at 30.04.2021
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2021
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2021
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2021
Angela Oggionni	Independent Director	approval of the FS at 30.04.2021
Luigi Gola	Independent Director	approval of the FS at 30.04.2021
Maria Chiara Mosca	Independent Director	approval of the FS at 30.04.2021
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2021

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 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.

Corporate Governance Committees

Holding office until

Strategic Committee

Luigi Gola (Chairman), member Paolo Castellacci, Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari approval of the FS at 30.04.2021

Control and Risk Committee and Related parties Committee

Maria Chiara Mosca (Chairman), members Luigi Gola, Angela Oggionni approval of the FS at 30.04.2021
Director in charge Alessandro Fabbroni approval of the FS at 30.04.2021

Remuneration Committee

Luigi Gola (Chairman), members Angela Oggionni, Maria Chiara Mosca approval of the FS at 30.04.2021

Board of Statutory Auditors

Holding office until

Giuseppe Cerati	Chairman	approval of the FS at 30.04.2021
Luca Parenti	Standing auditor	approval of the FS at 30.04.2021
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2021
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2021
Daria Dalle Luche	Alternate auditor	approval of the FS at 30.04.2021

Supervisory Board pursuant to Law 231/2011

Holding office until

Luca Parenti	Chairman	approval of the FS at 30.04.2021
Giuseppe Cerati	Member	approval of the FS at 30.04.2021
Chiara Pieragnoli	Member	approval of the FS at 30.04.2021

Michele Ferri, Internal Audit Manager

Independent Auditors

Holding office until

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

Listing Market

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	52.81%
Specialist operator	Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

Highlights of Group results

Consolidated income statement data at 31 July of each year (3 months)

(in thousands of euros)	2018	2017	2016	2015	2014
Revenues	347,715	314,685	293,199	279,265	259,067
Total revenues and other income	349,642	316,869	294,913	280,582	260,294
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	15,685	13,114	12,392	11,391	12,389
EBIT	11,666	10,185	8,748	8,317	8,729
EBT	10,566	9,114	7,998	7,177	7,122
Profit (loss) for the period	7,235	6,008	5,219	4,638	4,488
Profit (loss) for the period attributable to the Group	6,479	5,501	4,882	4,497	4,237

Consolidated balance-sheet data at 31 July of each year

(in thousands of euros)	2018	2017	2016	2015	2014
Total Net Invested Capital	218,224	211,319	197,326	188,378	177,327
Total equity	217,143	204,738	184,667	165,415	148,529
- attributable to the Group	207,206	196,416	177,160	160,399	144,992
- attributable to non-controlling interests	9,937	8,322	7,507	5,016	3,537
Net Financial Position (Net Liquidity)	1,081	6,581	12,659	22,963	28,798
Total Equity and Net Financial Position	218,224	211,319	197,326	188,378	177,327

Consolidated profitability ratio at 31 July of each year (3 months)

	2018	2017	2016	2015	2014
EBITDA / Revenues and other income	4.49%	4.17%	4.23%	4.08%	4.78%
EBIT / Revenues and other income (ROS)	3.34%	3.24%	2.98%	2.98%	3.37%
Profit attributable to the Group / Total Revenues and other income	1.85%	1.75%	1.67%	1.61%	1.64%

Human Resources, amount at period-end (1)

(unit or thousands of euros)	2018	2017	2016	2015	2014
Number of employees at period-end	1,754	1,476	1,262	1,101	1,026
Average number of employees	1,698	1,451	1,182	1,030	1,000
Personnel costs	23,454	19,345	16,765	13,384	12,746

(1) Including fixed-term contracts, excluding internships

Main Financial Indicators

Financial indicators

Sesa	2018	2017	2016	2015	2014
(Euro)					
Trading stock Market (1)	MTA - Star	MTA - Star	MTA - Star	MTA -Star	MTA
Stock price (31 July of each year)	30.20	24.65	14.50	15.54	13.12
Dividend per share (2) (*)	0.60	0.56	0.48	0.45	0.45
Dividend paid (in millions of euros) (3)	9.297	8.677	7.513	7.043	6.984
Pay Out Ratio (4)	31%	32%	30%	31%	32%
Outstanding shares (in millions of euros)	15.49	15.49	15.65	15.65	14.85
Market capitalisation (in millions of euros at 31 July of each year)	467.9	381.9	226.9	143.2	194.8
Market to Book Value (**)	2.2	1.9	1.2	1.5	1.3
Dividend Yield (on Stock price at 31 July) (***)	2.0%	2.3%	3.3%	2.9%	3.4%
Sesa	2018	2017	2016	2015	2014
(Euro)					
Earnings per share (base) (****)	1.74	1.62	1.55	1.40	1.48
Earnings per share (diluted) (*****)	1.73	1.62	1.54	1.39	1.40

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 April 30, 2018 calculated according to the resolution on dividends approved by the Shareholders' Meeting of August 24, 2018

(3) Dividend gross of treasury shares

(4) Dividend gross of treasury shares/Consolidated Net Profit at April 30

(*) Dividend paid on the current period

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

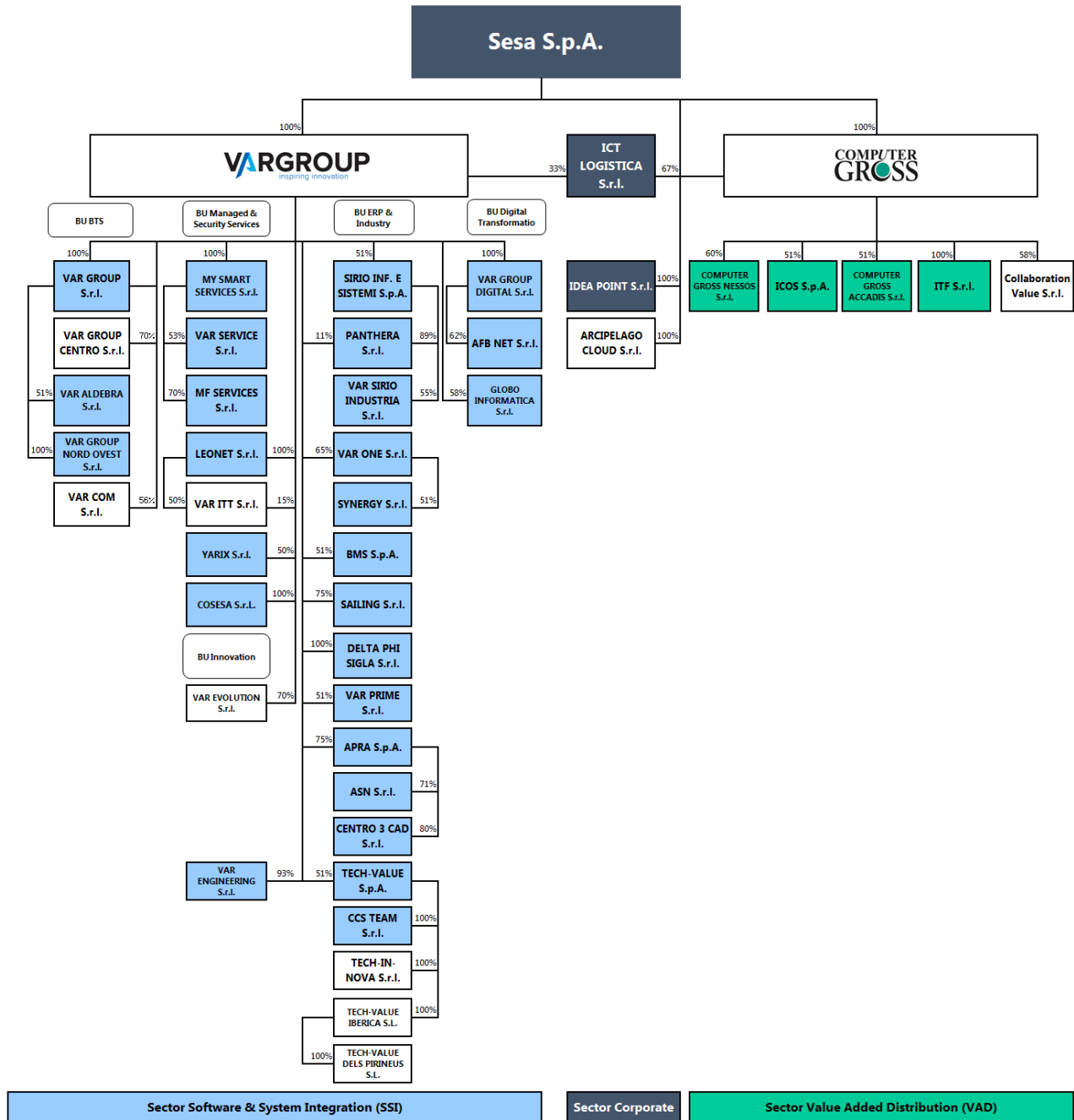
(***) Dividend per share/market value per share as of July 31 of every Fiscal Year

(****) Consolidated net profit/average number of ordinary shares net of treasury shares in portfolio

(***** Consolidated net profit/average number of ordinary shares net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grants 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 July 2018

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 (SSI), 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.

For more details on the scope of consolidation and the investments held by Sesa SpA, please see the Notes to the Group' Consolidated Financial Statements and related Annex at 30 April 2018.

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 July 2018 is referred to the first three months and represents the first quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2019.

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 July 2018 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 July 2018 has not been audited.

Accounting policies and standards

The Interim Report of Sesa Group at 31 July 2018 (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 July 2018 are set out in the attached annex.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 July 2018 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2018, taking into account those specifically applicable to interim reports. The Interim Report at 31 July 2018 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 July 2018. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

Regarding the scope of consolidation (on a line-by-line basis) compared to the Annual Financial Report at 30 April 2018 are reported the following changes: the entry of Panthera Srl, following the acquisition of the ERP company branch Panthera carried out on 7 May 2018, and Var Engineering Srl following the reorganization and enhancement of services in Digital Manufacturing sector.

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 three months of the fiscal year Sesa Group recording a growth of the main economic and financial indicators, which, thanks to investments in human capital and technological infrastructures and the focus on development of the more value-added business lines of the ICT market.

The **VAD Sector**, active in the IT value distribution market and headed by the wholly-owned subsidiary Computer Gross Italia SpA, continued its efforts to expand the portfolio of solutions offered to customers and the specialization of human resources.

The results of the first three months confirm the return to profitability growth achieved in the second half of the fiscal year ended 30 April 2018, thanks to the growth in revenues, the consolidation of the commercial margin and the reduction in the incidence of operating costs.

The **Software e System Integration (SSI) Sector**, active in offering IT services and solutions to the SME and Enterprise segments, records relevant growth in revenues and profitability, confirming the trend of the year ended 30 April 2018 and benefiting from the development of the business area with the highest profitability (ERP& Industry Solutions, Managed and Security Services, Digital Solutions).

The growth in turnover and operating profitability recorded in the quarter was determined, among other things, by investments in company acquisitions made in the previous fiscal year: the companies recently included in the scope of consolidation, Tech-Value Srl (active in the IT services sector and PLM solutions for "engineering intensive" customers) and Panthera Srl (active in the ERP market for SME and Enterprise customers) contributed about 50% of the growth in the period.

In the quarter under review, the following significant events were reported:

- purchase of the Panthera ERP business on 7 May 2018 by the subsidiary Panthera Srl. The contribution of Panthera Srl to the results of the Sesa Group is recognized as of May 2018;
- reorganization and strengthening of the offer of Var Engineering Srl, a center of expertise in the Digital Manufacturing sector, whose consolidation was started in May 2018.

Among the corporate events, on 12 July 2018 was held the Board of Directors of Sesa SpA, which approved the Group's Consolidated financial statements and the statutory financial statements of Sesa SpA at 30 April 2018, proposing the distribution of a dividend of Euro 0.60 per share, with a 7.1% increase compared to Euro 0.56 per share in the previous year, with payment on 24 September 2018.

During that meeting, the Board of Directors also adopted the following resolutions:

- Approval of Remuneration Report pursuant to art. 123-ter of Legislative Decree n. 58/1998 and Report on Corporate Governance and Ownership Structures pursuant to art. 123-bis of Legislative Decree n. 58/1998;
- Proposal to Shareholders' Meeting for the authorization for the purchase (for a maximum amount of Euro 2.5 million and for an amount not exceeding 10% of share capital) and disposal of treasury shares.

The shareholders' Meeting on 24 August 2018 approved the financial statements at 30 April 2018 and the related proposal for dividend distribution of Euro 0.60 per share, in the modalities proposed by the Board of Directors held on 12 July 2018.

The Shareholders' Meeting also approved the proposal to authorize the purchase and disposal of treasury shares and provided for the renewal of the corporate bodies for the next three years.

The Chairman, Paolo Castellacci, the CEO, Alessandro Fabbroni, as well as the Executive Vice-Chairmen, Giovanni Moriani e Moreno Gaini, have been confirmed for the next three years.

Furthermore Maria Chiara Mosca, as an independent director appointed by the minority shareholders on the basis of the statutory mechanism of the voting list, and Angelica Pelizzari, Angela Oggioni and Luigi Gola, as Non-Executive Directors, have been nominated.

Operating conditions and business development

The Sesa Group is a major Italian operator in offering of value-added IT services and solutions and partner of the leading international software and hardware vendors for the enterprise segment. The Sesa Group is able to offer a wide range of software and hardware solutions in addition to the integration and specialised consultancy services in support of their own clients.

The Group's activities are divided into three segments:

- the Corporate Segment, includes the activities relating to the governance and management of the Group's operating machine and financial platform, centralized at the parent company Sesa SpA. In particular, for the main operating companies of the Group, the Administration, Finance and Control, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by the fully owned subsidiary ICT Logistica srl. The Corporate Segment also includes Cloud Computing and marketing services supporting the ICT Channel provided by Arcipelago Cloud Srl and Idea Point Srl;
- the VAD Segment includes the activities involved in the value-added distribution of the main software and hardware technologies focusing on datacentre, enterprise software and networking segment. The VAD division is managed by the subsidiary Computer Gross Italia SpA and focuses on value products (servers, storage, software enterprise, networking and systems);
- the Software and System Integration (SSI) Segment, includes the activities involved in the supply of IT services and solutions, software solutions and to support the digital transformation, IT consultancy aimed at supporting customer companies, focusing on SME and Enterprise segments. The Software and System Integration division is managed by the fully owned subsidiary Var Group SpA;

Corporate Segment

Sesa SpA

The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, 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.

Sesa holds the fully owned of Computer Gross Italia SpA and Var Group SpA, managing the functions of Administration, Finance and Control, Human Resources and Training, Organization, Information Technology, Investor Relations, Corporate Affairs and Corporate Governance, Legal and Audit for the main companies of the Group.

ICT Logistica Srl

The Company, which is 100% owned by Sesa SpA (of which 66.66% through Computer Gross Italia and 33.33% through Var Group SpA) provides logistics services (product storage, assembly, customisation and handling) applied to ITC on behalf of main Group's companies 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.

Idea Point Srl

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

Software and System Integration Segment (SSI)

Business Unit Business Technology Solutions ("BTS")

Var Group SpA

The Company, which is 100% owned by Sesa Spa, is one of the reference system integrators of the Italian IT market for the SME and Enterprise segments with a turnover of around Euro 300 million at 30 April 2018 (including that of the revenue companies). Var Group has developed an integrated offer of IT solutions with a model based (also through its subsidiaries) on 4 business units: Business Technology Solutions, Managed and Security Services, ERP & Industry Solutions, Digital Solutions.

The Financial Solutions and Innovation business units also support the integration of the offer.

Var Group Srl

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

Var Group Nord Ovest Srl

The Company, which is wholly owned by Var Group Srl, provides IT services and solutions in the North-West of Italy (through the branches of Milan, Turin and Genoa).

Var Aldebra Srl

The Company, which is 51% owned by Var Group srl, provides IT services and solutions in the the North-Eastern Italy (through the branches of Bologna, Verona, Treviso, Trento e Bolzano).

Business Unit Managed & Security Services

Leonet Srl

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

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 52.59% 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.

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 opened a R&D center in Tel Aviv for the development of innovative security systems.

Cosesa Srl

The Company, which is 100% owned by Var Group SpA, provides Strategic Outsourcing services to the major corporate customers.

Var Engineering Srl

The Company, which is 93% owned by Tech-Value Srl, is active in the Digital Manufacturing sector and a reference IT partner in the implementation of Product Lifecycle Management, Process Transformation and Virtual Manufacturing projects. It entered in the scope of consolidation from May 2018.

Business Unit ERP & Industry solutions

Sirio Informatica e Sistemi SpA

The Company, which is 51% owned by Var Group SpA, develops and markets proprietary ERP software and applications for small- and medium-sized businesses.

Panthera Srl

The Company, which is 89% owned by Sirio Informatica e Sistemi SpA and 11% owned by Var Group SpA, operates in the development and marketing of ERP software and proprietary applications for the SME and Enterprise market with customers operating in the main Italian production districts. The Company entered in the scope of consolidation from May 2018.

Var Sirio Industria Srl

The Company, which is 55% owned by Sirio Informatica e Sistemi SpA, operates in the technological innovation sector (Industry 4.0), specialized in production, IoT and Energy.

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 expertise centres in Italy.

Synergy Srl

The Company, 51% owned by Var One SpA, operates in the solutions and integrated services sector on the SAP Business One platform for SME market. Synergy Srl provides consulting, business solutions and services to their customers concentrated in central of Italy.

BMS SpA

The Company, 51% owned by Var Group SpA, is a leading consulting firm, focused on SAP ERP services. BMS SpA operates mainly in Northern Italy, with reference to Enterprise clients.

Apra SpA

The Company, which is 75% 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).

Centro 3Cad Srl

80% owned by Apra SpA, it develops 3cad products in the furniture industry area. It operates in partnership with DAU and Intres, with which it forms the Consorzio 3cad for the development and support of the graphic products suite of the "3cad evolution" configurator in Italy and in the world.

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.

Var Prime Srl

The Company, which is 51% owned by Var Group SpA, is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise through integrated solutions and project management for major industrial sectors.

Tech-Value Srl

The Company, 51% owned by Var Group SpA, is specialized in IT services and PLM solutions towards “engineering intensive” companies in manufacturing sector with over 1,000 customers and over 120 resources in its branches in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (VI), Viareggio (LU) and Barcelona (Spain). Tech-Value SpA fully owns the companies CCSTeam Srl, Tech.In-Nova Srl, Tech-Value IBERICA SI and through the latter Tech-Value dels Pirineus s.l., Tech-Value Srl and CCSTeam Srl entered in the scope of consolidation starting from January 2018.

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 platform, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

Business Unit Digital Solutions**Var Group 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.

Agenzia senza nome Srl

The Company, 71.25% owned by Apra SpA, offers digital agency services with specific skills in creating and implementing web sites/e-commerce and digital marketing.

Globo Informatica Srl

The Company, which is 58% owned by Var Group SpA, is an IT Consulting company specialized in Digital Transformation solutions enabled by Enterprise Content and Information Management platforms of Vendor’s software OpenText, of which it is a key partner for the Documentum Family and point of reference in the Italian market.

AFB Net Srl

The Company, 62% owned by Var Digital Srl, is active in the digital transformation sector with specific expertise on omnichannel projects, digital marketing, social, BPM and IBM Asset Management Solutions.

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 12,000 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, EMC², HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, VMware. Computer Gross Italia SpA with about 300 employees is organized into Business Units with technical and sales personnel dedicated to market segments (software, networking, POS) and / or to strategic distributed brands.

The Company, with revenues equal to Euro 1,114 million and a net profit of Euro 20.3 million in the year ended 30 April 2018, is the main subsidiary of the Sesa Group.

ICOS SpA

Icos SpA, 51% owned by Computer Gross Italia SpA, is a value-added distributor of enterprise software and data center solutions on the Italian market with branches in Ferrara, Milan and Rome, with an historical partnership with the Vendor Oracle and furthermore distributor of NetApp, CommVault and Huawei solutions. Icos SpA entered in the scope of consolidation starting from November 2017.

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 the products offered. In particular, its brand portfolio includes Cisco which is a 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 Italia SpA, markets Hitachi Data Systems solutions on behalf of its parent Company Computer Gross Italia SpA.

Performance of operations

General economic trend

The world economy continues its development trend: in the two-years 2018-2019, a further consolidation of the growth trend of the world economy is expected (+3.9% expected annual for both 2018 and 2019) compared to a previous three-years period, which recorded a growth of +3.2% in 2016 and in 2015 and +3.7% in 2017. However, the differences between countries are more marked with an expansion rate that seems to have peaked in some of the major economies. Among the advanced economies, the divergences are greater between the United States (+2.9% in 2018) on one side, and Europe (+2.2% in 2018) and Japan (1.0% in 2018) on other. (source: IMF – WEO, July 2018).

In 2017, after a previous two years with lower growth rates, growth in the Euro area recorded the highest growth rate in recent years (2.4%), thanks mainly to expansive monetary policy and to the acceleration of the world economy. For 2018 and 2019 the estimates of growth of +2.2% in 2018 and +1.9% in 2019 are confirmed; among the risk factors, that may affect the development prospects of the Euro area, international protectionist policies and the expected correction of monetary policy (source: IMF – WEO, July 2018).

Italy ended 2017 with an increase in GDP of 1.5% after two years, 2015 and 2016, with more moderate growth of less than 1%. In 2017 and 2018 are expected growth rates tendential reduction (+1.2% in 2018 and +1.0% in 2019) following the expected lower growth of the entire Euro area (source: IMF – WEO, July 2018).

The following table shows the final results for 2015, 2016 and 2017 and forecast GDP trend for 2018 and 2019 (source: IMF - WEO, July 2018).

GDP growth rate	Change in GDP 2015 (actual)	Change in GDP 2016 (actual)	Change in GDP 2017 (actual)	Change in GDP 2018 (expected)	Change in GDP 2019 (expected)
World	+3.2%	+3.2%	+3.7%	+3.9%	+3.9%
Advanced Economies	+2.1%	+1.7%	+2.4%	+2.4%	+2.2%
Emerging Market	+4.0%	+4.4%	+4.7%	+4.9%	+5.1%
USA	+2.6%	+1.5%	+2.3%	+2.9%	+2.7%
Japan	+0.5%	+1.0%	+1.7%	+1.0%	+0.9%
China	+6.9%	+6.7%	+6.9%	+6.6%	+6.4%
Great Britain	+2.2%	+1.8%	+1.7%	+1.4%	+1.5%
Euro Area	+2.0%	+1.8%	+2.4%	+2.2%	+1.9%
Italy	+0.8%	+0.9%	+1.5%	+1.2%	+1.0%

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

The IT market consolidates a trend of progressive development with a more marked growth in the areas of greatest innovation, including advanced IT services: managed and security services, cloud computing solutions, collaboration solutions, digital transformation, IOT and cognitive computing.

Since 2015, the IT market in Italy has reversed its trend, showing growing growth rates with values well above the Gross Domestic Product. In 2017 there was a strengthening of the growth of the IT market (+1.9%), which began in 2016 (+1.6%) and is expected to continue in the next two years.. The progressive market development trend is expected to accelerate further in 2018 and 2019 (+2.4% in 2018 and +2.9% in 2019) (source: Sirmi, July 2018).

The recovery of the IT market was mainly driven by the development of the Management Services segment (+4.5% in 2016, +6.0% in 2017 and, 6.7% in 2018 and +7.6% in 2019E), which was the most dynamic and included IT services for infrastructures, security and cloud computing, the latter with growth rates of over 20% (source: Sirmi, July 2018).

The following table shows the trend in demand for IT in Italy in 2014-2017 and the forecasts for 2018 and 2019 (source Sirmi, July 2018).

Italian IT Market	2014	2015	2016	2017	2018E	2019E	Ch.	Ch.	Ch.	Ch.	Ch.
(in millions of euros)							15/14	16/15	17/16	18/17	19/18
Hardware	6,427	5,886	6,006	6,044	6,095	6,160	-8.4%	2.0%	0.6%	0.8%	1.1%
Software	3,881	3,857	3,848	3,833	3,840	3,850	-0.6%	-0.2%	-0.2%	0.2%	0.3%
Project Services	3,557	3,475	3,423	3,436	3,468	3,505	-2.3%	-1.5%	0.4%	0.9%	1.1%
Management Services	4,751	4,970	5,193	5,504	5,870	6,315	4.6%	4.5%	6.0%	6.7%	7.6%
Total IT Market	18,616	18,188	18,470	18,817	19,273	19,830	-2.3%	1.6%	1.9%	2.4%	2.9%
O/w Cloud Computing	954	1,128	1,510	1,862	2,282	2,784	28.7%	23.0%	23.3%	22.6%	22.0%
<i>% Cloud on total IT</i>	<i>5.1%</i>	<i>6.8%</i>	<i>8.2%</i>	<i>9.9%</i>	<i>11.8%</i>	<i>14.0%</i>					

The IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD Sector) grew by approximately 2% in 2017, with expectations of a slight acceleration in 2018 with rates between 2% and 3%, supported by the networking, enterprise software (analytics, security, etc.) segments.

Thanks to the development of the market areas connected with Technological Innovation (Digital transformation of companies and organisations, Security services and infrastructure and application Cloud services), the System Integrator segment recorded annual growth in 2017 of 5%, with development prospects in 2018 and 2019 in continuity with the previous year.

Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 July 2018 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the same period of the prior year.

Reclassified income statement	31/07/2018 (3 months)	%	31/07/2017 (3 months)	%	Change 2018/17
Revenues	347,715		314,685		10.5%
Other income	1,927		2,184		-11.8%
Total Revenues and Other Income	349,642	100.0%	(316,869)	100.0%	10.3%
Purchase of goods	(279,880)	80.0%	(262,151)	82.7%	6.8%
Costs for services and leased assets	(29,959)	8.6%	(21,581)	6.8%	38.8%
Personnel costs	(23,454)	6.7%	(19,345)	6.1%	21.2%
Other operating charges	(664)	0.2%	(678)	0.2%	-2.1%
Total Purchase of goods and Operating Costs	(333,957)	95.5%	(303,755)	95.9%	9.9%
EBITDA	15,685	4.49%	13,114	4.14%	19.6%
Depreciation and Amortisation of tangible and intangible assets (software)	(2,147)		(1,487)		44.4%
Amortisation client lists and technological know-how	(774)		(485)		59.6%
Accruals to provision for bad debts and risks and other non-monetary costs	(1,098)		(957)		14.7%
EBIT	11,666	3.34%	10,185	3.21%	14.5%
Profit from companies valued at equity	108		170		-36.5%
Financial income and charges	(1,208)		(1,241)		-2.7%
EBT	10,566	3.02%	9,114	2.88%	15.9%
Income taxes	(3,331)		(3,106)		7.2%
Net Profit	7,235	2.07%	6,008	1.90%	20.4%
<i>Net profit attributable to the Group</i>	<i>6,422</i>		<i>5,501</i>		<i>16.7%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>813</i>		<i>507</i>		<i>60.4%</i>
Adjusted EBIT*	12,440	3.56%	10,670	3.37%	16.6%
Adjusted EBT*	11,340	3.24%	9,599	3.03%	18.1%
Adjusted Net Profit*	7,786	2.23%	6,336	2.00%	22.9%
<i>Adjusted Net Profit attributable to the Group*</i>	<i>6,973</i>		<i>5,829</i>		<i>19.6%</i>

In the first three months of the year it should be noted a growth in the Group's main economic and financial indicators which, thanks to investments in human capital and technological infrastructures and the focus on the development of higher value-added business lines, benefited from an increase in consolidated revenues and profitability with growth rates of about 10% and 20% respectively.

Consolidated revenues for the period up by 10.5% from Euro 314,685 thousand at 31 July 2017 to Euro 347,715 thousand at 31 July 2018 thanks to the growth recorded in both Group's main business segments. The VAD Sector showed a 6.6% growth compared to the same period of 2017, while the revenues of the SSI Sector increased by 29.1% compared to the same period of 2017.

Total Revenues and Other Income up by Euro 32,773 thousand (+10.3%), from Euro 316,869 thousand at 31 July 2017 to Euro 349,642 thousand at 31 July 2018.

The Gross Margin¹ recorded an increase equal to Euro 15,044 thousand (+27.5%) passing from Euro 54,718 thousand at 31 July 2017 to Euro 69,762 thousand at 31 July 2018, thanks to an higher value-added mix of products and solutions.

* Adjusted EBIT and Adjusted EBT are gross of non-monetary items related to the Stock Grant plans towards Executive Directors and powered by buy back and gross of the amortization of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process. Adjusted Net profit and Adjusted Net profit attributable to the Group are gross of non-monetary items related to the Stock Grant plans towards Executive Directors and powered by buy back and gross of the amortization of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process, both net of the related tax effects.

¹ Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods.

The ratio between Gross Margin and Total Revenues and Other Income, equal to 20.0% at 31 July 2018, rose by 270 basis points compared to 17.3% recorded at 31 July 2017, thanks to the increase in gross margin recorded in both sectors and to the higher percentage of the turnover of the SSI Sector (characterised by a higher gross margin).

The Operating Costs trend, which reflecting also the change in the scope of consolidation compared to period ended at 31 July 2017 (with the inclusion of the companies Tech-Value Srl, CCS Team Srl, Icos SpA, Panthera Srl and Var Engineering Srl) is broken down as follows:

<i>(in thousands of euros)</i>	Period ended 31 July				
	2018	%	2017	%	Change
Total Revenues and Other Income	349,642	100.0%	316,869	100.0%	10.3%
Consolidated Gross Margin	69,763	20.0%	54,718	17.3%	27.5%
Costs for services and leased assets	(29,959)	8.6%	(21,581)	6.8%	38.8%
Personnel costs	(23,454)	6.7%	(19,345)	6.1%	21.2%
Other operating charges	(664)	0.2%	(678)	0.2%	-2.1%
Total Operating Costs	54,077	15.5%	41,604	13.1%	30.0%
Ebitda	15,685	4.49%	13,114	4.14%	19.6%

Personnel costs passed from Euro 19,345 thousand at 31 July 2017 (6.1% of the Revenues and other income) to Euro 23,454 thousand (6.7% of the Revenues and other income) at 31 July 2018, with a percentage growth of 21.2% deriving from the increase in the Group's average workforce (+17.0%) needed to cope with the growth in turnover and the inclusion in the scope of consolidation of recently acquired companies (overall count over 180 units compared to previous period ended at 31 July 2017). The Total Group workforce passed from 1,476 units at 31 July 2017 to 1,754 units at 31 July 2018.

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

<i>(in units)</i>	Average number of employees at 31 July		Actual number of employees at 31 July		Actual number of employees at 30 April 2018
	2018	2017	2018	2017	
Executives	18	16	18	16	18
Middle managers	134	102	145	105	122
Office workers	1,546	1,333	1,591	1,355	1,502
Total	1,698	1,451	1,754	1,476	1,642

Consolidated Ebitda at 31 July 2018 is equal to Euro 15,685 thousand (Ebitda margin 4.49%) recorded an increase of Euro 2,571 thousand (+19.6%) compared to Euro 13,114 thousand (Ebitda margin 4.14%) at 31 July 2017, thanks to the growth of gross margins in both the main sectors. The growth of the Ebitda result of the VAD sector, mainly due to the increase in turnover and the containment of the incidence of operating costs, while the SSI benefits from higher revenues in the Business Units of the IT services and solutions with greater marginality, such as Managed & Security services, Digital and ERP & Industry Solutions.

Consolidated Ebit is equal to Euro 11,666 thousand (Ebit margin 3.34%) recording an increase of Euro 1,481 thousand (+14.5%) compared to Euro 10,185 thousand (Ebit margin 3.21%) at 31 July 2017, after amortisation and accruals to provision for bad debts and risks. Such increase mainly reflects the above-mentioned growth in Ebitda, net of the increase in tangible and intangible amortisation resulting from investments in technology and software solutions implemented by the Group to support commercial growth and supply and the increase in the item Amortisation client lists and technological know-how relating to recent acquisitions of companies.

Consolidated Ebt at 31 July 2018 is equal to Euro 10,566 thousand (Ebt margin 3.02%), with an increase of 15.9% compared to Euro 9,114 thousand (Ebt margin 2.88%) recorded in the previous period. The net balance

of financial and income charges also recorded a slight improvement, passing from a negative balance of Euro 1,241 thousand at 31 July 2017 to a negative balance of Euro 1,208 thousand at 31 July 2018.

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

<i>(in thousands of euros)</i>	Period ended at 31 July	
	2018	2017
Interest expense for assignments of receivables	(272)	(219)
Charges and commissions for assignments of receivables with recourse	(276)	(219)
Interest expense on bank accounts and loans	(64)	(152)
Other interest expense	(320)	(326)
Commissions and other financial charges	(281)	(528)
Financial charges relating to staff severance pay (TFR)	(70)	(56)
Total financial charges	(1,283)	(1,500)
Interest income on other short-term receivables	85	112
Other financial income	17	19
Interest income on bank deposits	13	16
Dividends from equity investments	2	0
Total financial income	117	147
Net financial charges (a)	(1,166)	(1,353)
Foreign exchange losses	(795)	(1,337)
Foreign exchange gains	753	1,449
Total foreign exchange management (b)	(42)	112
Net financial management (a+b)	(1,208)	(1,241)

Consolidated net profit after taxes amounted to Euro 7,235 thousand (Eat margin 2.07%) at 31 July 2018. Recording an increase of 20.4% compared to Euro 6,008 thousand (Eat margin 1.90%) at 31 July 2017, also benefiting from a lower income tax rate. Excluding the amortization client list and technological Know-how, which includes the differences in value of the acquired companies, Adjusted Consolidated net profit records an even stronger positive evolution (+22.9%) passing from Euro 6,335 thousand at 31 July 2017 to Euro 7,786 thousand at 31 July 2018.

After non-controlling interests, Consolidated net profit attributable to shareholders at 31 July 2018 is equal to Euro 6,422 thousand, with an increase of 16.7% compared to Euro 5,501 thousand at 31 July 2017.

After non-controlling interests, Adjusted Consolidated net profit attributable to shareholders at 31 July 2018 is equal to Euro 6,973 thousand, with an increase of 19.6% compared to Euro 5,829 thousand at 31 July 2017.

Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 July 2018 is shown below (in thousands of euros). The comparative figures relating to the period ended 30 April 2018 are shown together with the figures of the period ended 31 July 2017, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

Reclassified Balance Sheet	31/07/2018	31/07/2017	30/04/2018
Intangible assets	43,727	23,281	39,083
Property, plant and equipment	56,089	51,198	55,221
Investments valued at equity	8,506	8,960	9,179
Other non-current receivables and deferred tax assets	17,424	15,858	17,264
Total non-current assets (a)	125,746	99,297	120,747
Inventories	83,466	77,932	67,752
Current trade receivables	327,212	337,429	328,760
Other current assets	32,993	38,676	37,423
Current operating assets (b)	443,671	454,037	433,935
Payables to suppliers	251,977	246,769	295,706
Other current payables	63,507	68,823	62,967
Short-term operating liabilities (c)	315,484	315,592	358,673
Net working capital (b-c)	128,187	138,445	75,262
Non-current provisions and other tax liabilities	14,131	8,614	14,175
Employee benefits	21,578	17,809	20,495
Non-current liabilities (d)	35,709	26,423	34,670
Net Invested Capital (a+b-c-d)	218,224	211,319	161,339
Total Equity (f)	217,143	204,738	216,001
Medium-Term Net Financial Position	138,548	123,249	123,172
Short-Term Net Financial Position	(137,467)	(116,668)	(177,834)
Total Net Financial Position (Net Liquidity) (g)	1,081	6,581	(54,662)
Equity and Net Financial Position (f+g)	218,224	211,319	161,339

During the period under review, the Group consolidated and further strengthened its capital structure. Non-current assets at 31 July 2018 are equal to Euro 125,746 thousand with an increase of Euro 26,449 thousand compared to the result at 31 July 2017, generated from investments in the period to support growth and in particular by:

- increase of intangible assets rising from Euro 23,281 thousand at 31 July 2017 to Euro 43,727 thousand at 31 July 2018, due mainly to the acquisition of controlling interests of Icos SpA and Tech-Value Srl, as well as the purchase of the Panthera ERP business through Panthera Srl;
- increase of property, plant and equipment rising from Euro 51,198 thousand at 31 July 2017 to Euro 56,089 thousand at 31 July 2018, mainly due to technological investments carried out by the Group in support of the development of cloud computing services towards the customers.

There is a further improvement in the efficiency of working capital management: Net working capital amounted to Euro 128,187 thousand at 31 July 2018 with a percentage reduction of 7.4% (equal to Euro 10,258 thousand) compared at 31 July 2017, thanks to the incidence contraction between Net Working Capital on Total Revenues and Other Income, which decreases to 9.2% at 31 July 2018 compared to 10.7% at 31 July 2017.

The Group's Net Financial Position at 31 July 2018 is negative (net debt) and equal to Euro 1,081 thousand with an improvement of Euro 5,500 thousand compared to Euro 6,581 thousand at 31 July 2017. The positive change in the Net Financial Position compared to the previous period is mainly attributable to the cash flow generated by operating management, net of investments in acquisitions of new companies and technological

infrastructures.

Details of the Group's Net Financial Position at 31 July 2018 are shown below (with figures in thousands of euros). Together with the comparative figures for the year ended 30 April 2018 are also included those for the period ended 31 July 2017, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and consequently financial management during the year.

Net Financial Position	31/07/2018	31/07/2017	30/04/2018
Liquidity	(229,056)	(170,582)	(247,194)
Current financial receivables	(3,322)	(1,901)	(3,344)
Current financial debt	94,911	55,815	72,704
Net current financial debt	(137,467)	(116,668)	(177,834)
Current financial debt	138,548	123,249	123,172
Net non-current financial debt	138,548	123,249	123,172
Net Financial Position	1,081	6,581	(54,662)

The change in Net Financial Position at 31 July 2018 compared to 30 April 2018, which showed a net liquidity equal to Euro 54,662 thousand, mainly reflects the seasonality of the business which is characterized by a greater absorption of working capital during the second half of the calendar year and so at 31 July compared to 30 April of every year.

Consolidated Group's equity at 31 July 2018 amounted to Euro 217,143 thousand compared to Euro 204,738 thousand at 31 July 2017 and to Euro 216,001 thousand at 30 April 2018.

VAD Sector main economic figures

Below is shown the reclassified income statement of the VAD Sector (Euro thousand) as of 31 July 2018, compared with the previous year ended 31 July 2017.

VAD Segment <i>(in thousands of euros)</i>	2018	31 July %	2017	%	Change
Revenues from third parties	267,026		252,097		5.9%
Inter segment revenues	20,496		17,727		15.6%
Revenues	287,522		269,824		6.6%
Other income	1,295		1,290		0.4%
Total Revenues and Other Income	288,817	100.0%	271,114	100.0%	6.5%
Purchase of goods	(267,933)	-92.8%	(250,759)	-92.5%	6.8%
Gross Margin	20,884	7.2%	20,355	7.5%	2.6%
Costs for services and leased assets	(6,964)	-2.4%	(7,280)	-2.7%	-4.3%
Personnel costs	(3,970)	-1.4%	(3,627)	-1.3%	9.5%
Other operating charges	(322)	-0.1%	(450)	-0.2%	-28.4%
Ebitda	9,628	3.3%	8,998	3.3%	7.0%
Amortisation/depreciation, provisions and other non-monetary costs	(1,615)		(1,357)		19.0%
Ebit	8,013	2.8%	7,641	2.8%	4.9%
Profit from companies valued at equity	64		153		-58.2%
Financial income and charges	(931)		(791)		17.7%
Ebt	7,146		7,003		2.0%
Income taxes	(2,091)		(2,118)		-1.3%
Net Profit	5,055	1.8%	4,885	1.8%	3.5%
Net profit attributable to non-controlling interests	7		10		-30.0%
Net profit attributable to the Group	5,048		4,875		3.5%

The VAD Sector in the quarter confirmed the positive performance achieved in the second half of the previous fiscal year, with the return to growth in both revenues and profitability.

Revenues and Other Income at 31 July 2018 amounted to Euro 288,817 thousand, up by 6.5% compared to Euro 271,117 thousand at 31 July 2017, overperforming the reference market showing expected growth less than 5% in 2018.

The growth in revenues was achieved in the most dynamic and innovative market areas such as enterprise software, networking and collaboration and supported by investments and initiatives aimed to expand the portfolio of solutions offered to customers and the human resources's specialization.

The Gross Margin² increased by 2.6% during the period, from Euro 20,355 thousand (Gross Margin equal to 7.5%) at 31 July 2017 to Euro 20,884 thousand (Gross Margin equal to 7.2%) at 31 July 2018.

Thanks to the lower incidence of operating costs, the Ebitda in the period is equal to Euro 9,628 thousand (Ebitda margin 3.3%), up by 7.0% compared to Euro 8,998 thousand (Ebitda margin 3.3%) at 31 July 2017. Therefore, the VAD Sector continued to record in the quarter May-July 2018 the growth trend in profitability showed in the last quarters.

The Net profit in the period is equal to Euro 5,055 thousand, with an increase of 3.5% thanks to the positive trend of the operating profitability, net of higher amortisation and depreciation, mainly due to the beginning of the amortisation of the technological know-how and client lists recorded following the consolidation of the subsidiary Icos SpA. At 31 July 2018 the Net profit incidence on Total Revenues and Other Income remained stable at 1.8% compared to the corresponding period at 31 July 2017.

² Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

SSI Sector main economic figures

Below is shown the reclassified income statement of the SSI Sector (Euro thousand) as of 31 July 2018, compared with the previous year ended 31 July 2017.

SSI Segment <i>(in thousands of euros)</i>	2018	31 July %	2017	%	Change
Revenues from third parties	80,363		62,143		29.3%
Inter segment revenues	762		688		10.8%
Revenues	81,125		62,831		29.1%
Other income	1,102		1,275		-13.6%
Total Revenues and Other Income	82,227	100.0%	64,106	100.0%	28.3%
Purchase of goods	(30,811)	-37.5%	(29,110)	-45.4%	5.8%
Costs for services and leased assets	(27,281)	-33.2%	(16,435)	-25.6%	66.0%
Personnel costs	(17,964)	-21.8%	(14,268)	-22.3%	25.9%
Other operating charges	(308)	-0.4%	(205)	-0.3%	50.2%
Ebitda	5,863	7.1%	4,088	6.4%	43.4%
Amortisation, depreciation and other non-monetary costs	(2,357)		(1,527)		54.4%
Ebit	3,506	4.3%	2,561	4.0%	36.9%
Profit from companies valued at equity	64		17		276.5%
Financial income and charges	(283)		(454)		-37.7%
Ebt	3,287		2,124		54.8%
Income taxes	(1,173)		(967)		21.3%
Net Profit for the year	2,114	2.6%	1,157	1.8%	82.7%
Net profit attributable to non-controlling interests	806		509		58.3%
Net profit attributable to the Group	1,309		648		102.0%

The SSI Sector in the quarter under review confirmed the positive performance achieved in the financial years with a double-digit growth both in terms of revenues and profitability.

Sector's revenues in the period grew by 29.1%, from Euro 62,831 thousand at 31 July 2017 to Euro 81,125 thousand at 31 July 2018, continuing the trend of the previous fiscal year and benefiting from the development of high value-added business areas such as Managed & Security Services, ERP & Industry Solutions, Digital Solutions, with the recent investments in innovation and corporate acquisitions (Tech-Value Srl, ERP company branch Panthera Srl).

In particular, the changes in the scope of consolidation recorded in the quarter contributed for approximately 50% to the quarterly growth in revenues and Ebitda.

Ebitda in the period is equal to Euro 5,863 thousand, up by 43.4% compared to 31 July 2017, with a significant growth in the Ebitda margin (+70 basis point), which rose from 6.4% at 31 July 2017 to 7.1% at 31 July 2018, supported in particular by the increasing incidence of revenues in the Managed and Security Services, ERP & Industry Solutions, Digital Solutions areas.

The Net profit for the period, equal to Euro 2,114 thousand, recorded an increase of 82.7% thanks to the growth in profitability and the positive contribution from the financial management, which passed from a negative net balance of Euro 454 thousand at 31 July 2017 to a negative net balance of Euro 283 thousand at 31 July 2018.

At 31 July 2018 the Net profit incidence on Total Revenues and Other Income further increased reaching 2.6% compared to 1.8% in the corresponding period at 31 July 2017.

Corporate Sector main economic figures

Below is shown the reclassified income statement of the Corporate Sector (Euro thousand) as of 31 July 2018, compared with the previous year ended 31 July 2017.

Corporate Segment <i>(in thousands of euros)</i>	2018	31 July %	2017	%	Change
Revenues from third parties	324		445		-27.2%
Inter segment revenues	2,914		2,575		13.2%
Revenues	3,238		3,020		7.2%
Other income	599		540		10.9%
Total Revenues and Other Income	3,837	100.0%	3,560	100.0%	7.8%
Purchase of goods	(55)	-1.4%	(181)	-5.1%	-69.6%
Costs for services and leased assets	(2,019)	-52.6%	(1,870)	-52.5%	8.0%
Personnel costs	(1,520)	-39.6%	(1,450)	-40.7%	4.8%
Other operating charges	(49)	-1.3%	(32)	-0.9%	53.1%
Ebitda	194	5.1%	27	0.8%	618.5%
Amortisation, depreciation and other non-monetary costs	(47)		(45)		4.4%
Ebit	147	3.8%	(18)	-0.5%	916.7%
Profit from companies valued at equity	(20)		-		ns
Financial income and charges	6		4		50.0%
Ebt	133	3.7%	(14)	-0.4%	1050.0%
Income taxes	(67)		(21)		-219.0%
Net Profit for the year	66	1.7%	(35)	-1.0%	288.6%
Net profit attributable to non-controlling interests	-		(13)		ns
Net profit attributable to the Group	65		(22)		395.5%

The economic results of the Corporate Sector show a growth in revenues and operating results compared to the previous period ended 31 July 2017. The Net profit for the period is equal to Euro 66 thousand compared to a loss of Euro 35 thousand at 31 July 2017.

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, through the subsidiary Computer Gross Italia SpA, includes value added distribution of IT products and solutions in the server, storage, enterprise software and networking categories to the sector operators (software houses, technology integrators, resellers) for the realization of complex technological solutions aimed at end users mainly belonging to the SME and Enterprise segments;
- *Software and System Integration (SSI)*, 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.
- the *Corporate Segment*, which includes the activities carried out by the parent company Sesa SpA (administration, finance, organisation, planning and control, information technology, human resources, general and legal affairs), and logistics services (product storage, assembly, customisation and handling) managed by the company ICT Logistica Srl.

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.

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

- revenues from non-controlling interests by operating segment;
- Ebitda defined as profit for the year gross of amortisation, provisions for bad debts, provisions for risk provisions, figurative costs related to stock grant plans assigned to Executive Directors, financial income and charges, 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 reported above and 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 July 2018 and 31 July 2017 is broken down as follows:

<i>(in thousands of euros)</i>	Value Added Distribution	Software and System Integration	Corporate	Eliminations	Group	Value Added Distribution	Software and System Integration	Corporate	Eliminations	Group
Revenues from third parties	267,026	80,363	324		347,713	252,097	62,143	445	-	314,685
Inter segment revenues	20,496	762	2,914		24,172	17,727	688	2,575	-	20,990
Revenues	287,522	81,125	3,238	(24,170)	347,715	269,824	62,831	3,020	(20,990)	314,685
Other income	1,295	1,102	599	(1,069)	1,927	1,290	1,275	540	(921)	2,184
Total Revenues and Other Income	288,817	82,227	3,837	(25,239)	349,642	271,114	64,106	3,560	(21,911)	316,869
Purchase of goods	(267,933)	(30,811)	(55)	18,919	(279,880)	(250,759)	(29,110)	(181)	17,899	(262,151)
Costs for services and leased assets	(6,964)	(27,281)	(2,019)	6,305	(29,959)	(7,280)	(16,435)	(1,870)	4,004	(21,581)
Personnel costs	(3,970)	(17,964)	(1,520)		(23,454)	(3,627)	(14,268)	(1,450)	-	(19,345)
Other operating charges	(322)	(308)	(49)	15	(664)	(450)	(205)	(32)	9	(678)
Ebitda	9,628	5,863	194	-	15,685	8,998	4,088	27	1	13,114
Amortisation, depreciation and write-downs and other non-monetary costs	(1,615)	(2,357)	(47)	-	(4,019)	(1,357)	(1,527)	(45)	-	(2,929)
Ebit	8,013	3,506	147	-	11,666	7,641	2,561	(18)	1	10,185
Profit from companies valued at equity	64	64	(20)	-	108	153	17	-	-	170
Financial income and charges	(931)	(283)	6	-	(1,208)	(791)	(454)	4	-	(1,241)
Ebt	7,146	3,287	133	-	10,566	7,003	2,124	(14)	1	9,114
Income taxes	(2,091)	(1,173)	(67)	-	(3,331)	(2,118)	(967)	(21)	-	(3,106)
Profit for the year	5,055	2,114	66	-	7,235	4,885	1,157	(35)	1	6,008
Net profit attributable to non-controlling interests	7	806	-	-	813	10	509	(13)	1	(3,106)
Net profit attributable to the Group	5,048	1,309	65	-	6,422	4,875	648	(22)	-	5,501

Relations with related parties and Group's companies

Regarding the relations with related parties, it should be noted that the transactions carried out with these parties, including intragroup transactions, were concluded at market conditions and with reciprocal economic convenience.

The identification of the Group's related parties was carried out in compliance with the international standard IAS 24. No significant related party transactions are reported in the period.

Significant events after the period-end

On 24 August 2018 the Shareholders' Meeting of Sesa approved the Financial Statements at 30 April 2018 and the related proposal for the dividend distribution of Euro 0.6 per share in the manner proposed by the Board of Directors.

The Shareholders' Meeting also approved the authorization proposal for purchase (within Euro 2.5 million in value and 10% of the share capital) and the disposal of treasury shares and provided to renew the corporate bodies for the next three years.

The Chairman Dr. Paolo Castellacci, the Managing Director Dr. Alessandro Fabbroni, as well as the Executive Vice Chairmen Giovanni Moriani and Moreno Gaini were confirmed.

Dr. Maria Chiara Mosca was also appointed as Independent Director by minority shareholders on the basis of the list vote statutory mechanism, Dr. Angelica Pelizzari, Dr. Angela Oggionni and Eng. Luigi Gola were also appointed as non-Executive Directors.

On 5 September 2018, has been notified the sentence of acceptance by the Provincial Tax Commission of Florence regarding the appeals filed by Computer Gross Italia SpA about VAT relative to the years 2011 and 2012, which together the 2010 one (for which the favorable outcome of the appeal by Provincial Tax Commission was already notified in January 2017) constitute the only not insignificant tax disputes concerning Group companies.

Outlook on operations

In the quarter under review, the Group's management continued in line with the previous year and consistently with the focus strategy on value-added business areas with high growth potential in the IT market.

The first quarter at 31 July 2018 overperformed the reference market and the Group's track record, which in the last 10 years achieved average annual growth in revenues and profitability of about 10% thanks to successful initiatives and investments carried out in the previous years.

The aim for the fiscal year to 30 April 2019 is to continue in the path of sustainable growth by investing with long-term policies in human capital and technological infrastructures, in order to evolve the portfolio of solutions offered to customers and consolidate the competitive advantages of the Group for the benefit of all stakeholders.

The Chairman of the Board of Directors
Paolo Castellacci

CEO
Alessandro Fabbroni

Annexes

Consolidated Income Statement

<i>(in thousands of euros)</i>	Period ended at 31 July	
	2018	2017
Revenues	347,715	314,685
Other income	1,927	2,184
Consumables and goods for resale	(279,880)	(262,151)
Costs for services and rent, leasing, and similar costs	(29,959)	(21,581)
Personnel costs	(23,454)	(19,345)
Other operating costs	(1,762)	(1,635)
Amortisation and depreciation	(2,921)	(1,972)
EBIT	11,666	10,185
Profit from companies valued at equity	108	170
Financial income	870	1,597
Financial charges	(2,078)	(2,838)
Profit before taxes	10,566	9,114
Income taxes	(3,331)	(3,106)
Profit for the year	7,235	6,008
<i>of which:</i>		
Profit attributable to non-controlling interests	813	507
Profit attributable to the Group	6,422	5,501

Consolidated Statement of Financial Position

<i>(in thousands of euros)</i>	At 31 July 2018	At 30 April 2018
Intangible assets	43,727	39,083
Property, plant and equipment	56,089	55,221
Investment property	290	290
Equity investments valued at equity	8,506	9,179
Deferred tax assets	6,760	6,532
Other non-current receivables and assets	10,374	10,442
Total non-current assets	125,746	120,747
Inventories	83,466	67,752
Current trade receivables	327,212	328,760
Current tax receivables	7,613	7,452
Other current receivables and assets	28,702	33,315
Cash and cash equivalents	229,056	247,194
Total current assets	676,049	684,473
Non-current assets held for sale		
Total assets	801,795	805,220
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(3,420)	1,723
Profits carried forward	140,355	132,961
Total Group Equity	207,206	204,955
Equity attributable to non-controlling interests	9,937	11,046
Total Equity	217,143	216,001
Non-current loans	138,548	123,172
Employee benefits	21,578	20,495
Non-current provisions	2,971	2,836
Deferred tax liabilities	11,160	11,339
Total non-current liabilities	174,257	157,842
Current loans	94,911	72,704
Payables to suppliers	251,977	295,706
Current tax payables	5,291	2,187
Other current liabilities	58,216	60,780
Total current liabilities	410,395	431,377
Total liabilities	584,652	589,219
Total equity and liabilities	801,795	805,220

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 non-controlling interests	Total equity
At 30 April 2018	37,127	33,144	1,723	132,961	204,955	11,046	216,001
Profit for the period				6,422	6,422	813	7,235
Actuarial Profit/ Loss for employee benefits							
Comprehensive income for the period				6,422	6,422	813	7,235
Purchase of treasury shares			(276)		(276)		(276)
Dividends distribution						(828)	(828)
Allocation of Net profit							
Changes in the scope of consolidation and other changes			(4,867)	972	(3,895)	(1,094)	(4,989)
At 31 July 2018	37,127	33,144	(3,420)	140,355	207,206	9,937	217,143

Consolidated Statement of Cash Flows

<i>(in thousands of euros)</i>	Period ended at 31 July	
	2018	2017
Profit before taxes	10,566	9,114
Adjustments for:		
Amortisation and depreciation	2,921	1,972
Accruals to provisions for personnel and other provisions	1,558	1,825
Net financial (income)/charges	626	606
Profit from companies valued at equity	(108)	(170)
Other non-monetary items	166	248
Cash flows generated from operating activities before changes in net working capital	15,729	13,595
Change in inventories	(15,554)	(16,362)
Change in trade receivables	3,234	(23,477)
Change in payables to suppliers	(44,452)	(24,215)
Change in other assets	4,786	(15,297)
Change in other liabilities	(4,785)	12,788
Use of provisions for risks	(40)	(44)
Payment of employee benefits	(730)	(12)
Change in deferred taxes	(407)	169
Change in current tax payables and receivables	(388)	(15)
Interest paid	(656)	(697)
Taxes paid	-	-
Net cash flow generated from operating activities (a)	(43,263)	(53,567)
Investments in companies, net of acquired cash	(8,336)	-
Investments in property, plant and equipment	(2,581)	(2,713)
Investments in intangible assets	(1,199)	(2,154)
Disposals of property, plant and equipment and intangible assets	-	-
Disposal of assets held for sale	-	-
Investments in associated companies	(369)	-
Disposals of associated companies	1,154	-
Disbursement of loans	-	-
Investments in non-current financial assets	(202)	-
Collection of non-current financial assets	33	108
Dividends collected	42	45
Interest collected	98	147
Net cash flow generated from/(used in) investing activities (b)	(11,360)	(4,567)
New disbursements of long-term loans and financials leasing	60,000	57,000
Repayments of long-term loans	(26,925)	(24,715)
(Decrease)/increase in short-term loans	4,508	4,783
Investments/disinvestments in financial assets	6	(5)
Change in Group equity	-	(171)
Change in equity attributable to minority interests	-	72
Purchase of treasury shares	(276)	(199)
Dividends distribution	(828)	-
Net cash flow generated from/(used in) financing activities (c)	36,485	36,765
Translation difference on cash and cash equivalents	-	-
Change in cash and cash equivalents (a + b + c)	(18,138)	(21,369)
Cash and cash equivalents at the beginning of the year	247,194	191,951
Cash and cash equivalents at the end of the year	229,056	170,582

The consolidated Statement of Cash Flows reflects the management of the Group's cash flows for the first three months of the fiscal year and is influenced by the seasonality that typically characterizes the distribution of revenues during the year.

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 July 2018 corresponds to the document results, books and accounting records.

Empoli, 13 September 2018

Alessandro Fabbroni

(Director responsible for drawing up accounting documents)