Half-Year Financial Report

31 October

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

SeSa s.p.a

Contents

Interim Report on operations

Governing and supervisory bodies of Sesa SpA

Board of Directors		Holding office
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	
Paolo Castellacci (Chairman), members Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari, Luigi Gola	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 of internal control 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
Cerati Giuseppe	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
Paola Carrara	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
Cerati Giuseppe	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 (Euro)	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 October of each year (6 months)

(in thousands of euros)	2018	2017	2016	2015	2014
Revenues	643,770	560,557	551,386	512,655	464,156
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	30,144	25,846	24,362	21,562	22,902
EBIT	21,462	19,380	18,794	17,257	17,067
EBT	19,638	17,971	17,183	15,405	14,404
Profit (loss) for the period	13,684	12,429	11,186	9,939	9,029
Profit (loss) for the period attributable to the Group	11,996	10,853	10,591	9,602	8,771

Consolidated balance-sheet data at 31 October of each year

(in thousands of euros)	2018	2017	2016	2015	2014
Total Net Invested Capital	211,810	203,776	190,178	181,460	170,636
Total equity	213,612	201,650	183,497	164,079	148,449
- attributable to the Group	203,249	192,699	175,900	158,080	144,935
- attributable to non-controlling interests	10,363	8,951	7,597	5,999	3,514
Net Financial Position (Net Liquidity)	(1,802)	2,126	6,681	17,381	22,187
Total Equity and Net Financial Position	211,810	203,776	190,178	181,460	170,636

Consolidated profitability ratio at 31 October of each year (6 months)

	2018	2017	2016	2015	2014
EBITDA / Revenues (1)	4.68%	4.61%	4.42%	4.21%	4.93%
EBIT / Revenues (ROS) (1)	3.33%	3.46%	3.41%	3.37%	3.68%
Profit attributable to the Group / Revenues	1.86%	1.94%	1.92%	1.87%	1.89%

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

Human Resources, amount at period-end (2)

(unit or thousands of euros)	2018	2017	2016	2015	2014
Number of employees at period-end	1,756	1,479	1,278	1,150	1,027
Average number of employees	1,618	1,453	1,247	1,089	983

(2) Including fixed-term contracts, excluding internships

Main Financial Indicators

Financial indicators

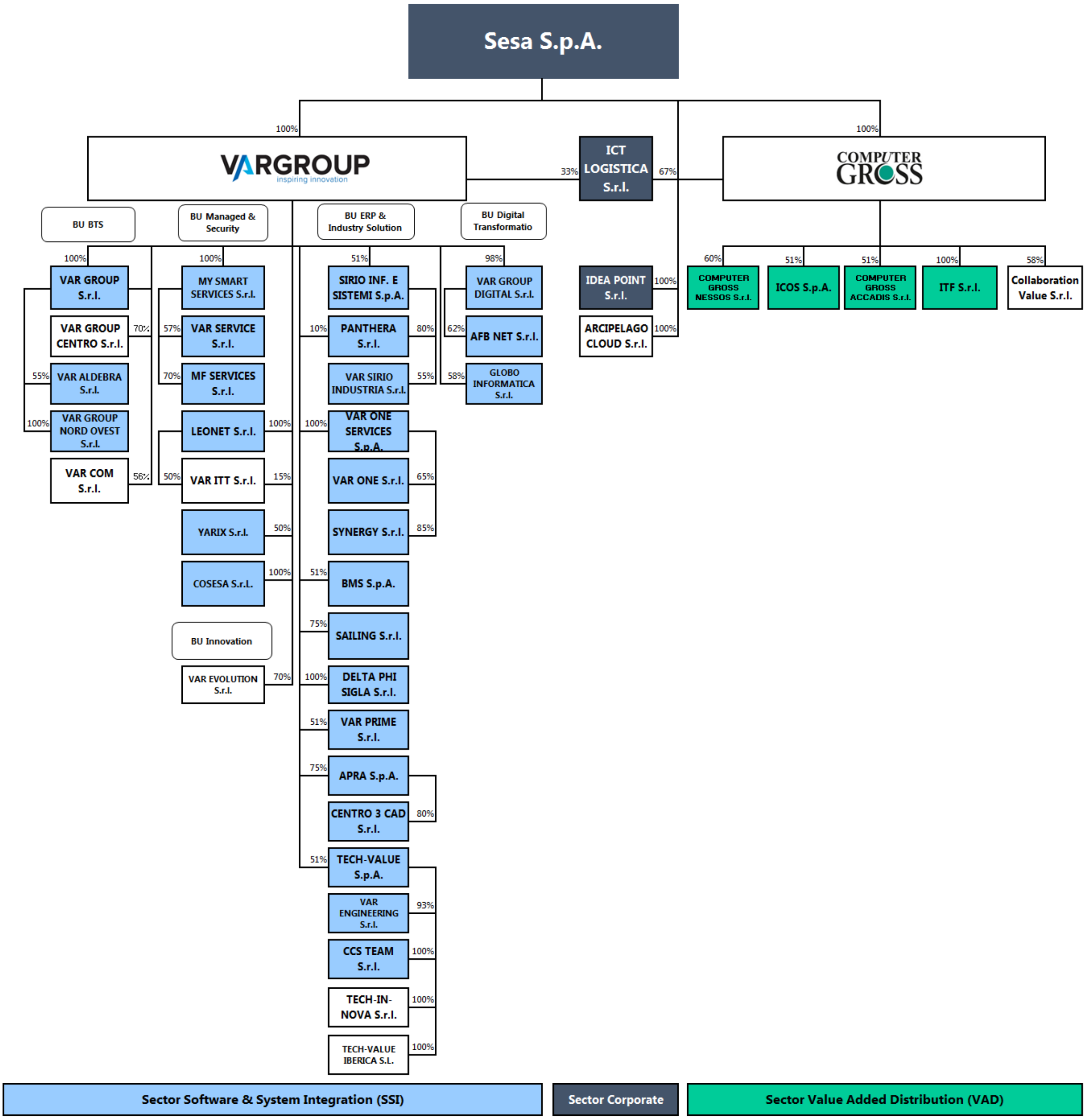
Sesa	**2018**	**2017**	**2016**	**2015**	**2014**
(Euro)					
Trading stock Market	MTA - STAR	MTA - STAR	MTA - STAR	MTA - STAR	MTA
Stock price (31 October of each year)	24.0	27.2	16.2	14.21	12.71
Dividend per share (1) (*)	0.60	0.56	0.48	0.45	0.45
Dividend paid (in millions of euros) (2)	9.297	8.677	7.408	6.964	6.984
Pay Out Ratio (3)	31%	32%	30%	32%	32%
Outstanding shares (in millions of euros at 31 October of each year)	15.49	15.49	15.49	15.65	14.85
Market capitalisation (in millions of euros at 31 October of each year)	371.9	421.3	250.9	222.4	188.7
Market to Book Value (**)	1.7	2.1	1.4	1.3	1,3
Dividend Yield (on Stock price at 31 October) (***)	2.5%	2.10%	3.00%	3.20%	3.50%

Sesa	**2018**	**2017**	**2016**	**2015**	**2014**
(Euro)					
Earnings per share (base) (****)	1.74	1.62	1.55	1.4	1.48
Earnings per share (diluted) (*****)	1.73	1.62	1.54	1.39	1.4

(1) For the FY ended 30April 2018 calculated according to the resolution on dividends approved by the Shareholders' Meeting of 24 August 2018
(2) Dividend gross of treasury shares
(3) Dividend gross of treasury shares/Consolidated Net Profit
(*) Dividends paid in the following year in respect of the profit accruing at 30 April each year
(**) Market Capitalisation as of 31 October of every Fiscal Year/Consolidated Group equity at 31 October each year
(***) Dividend per share/market value per share as of 31 October of every Fiscal Year
(****) Consolidated net profit as of 30 April/average number of ordinary shares net of treasury shares in portfolio as of 30 April
(*****) Consolidated net profit as of 30 April/average number of ordinary shares as of 30 April net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grants Plans, warrants and/or convertible bonds. At the reporting date there are no warrants nor any kind of convertible bonds outstanding

Structure of the Sesa Group at 31 October 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, financial and operational platform, human resources and strategies for all Group's companies 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.

Foreword

The Half-Year Financial Report at 31 October 2018 of the Sesa Group represents the interim equity, financial and earnings position related to the first half of the year ending 30 April 2019.

The Half-Year Financial Report at 31 October 2018 of the Sesa Group (hereinafter also the "Half-Year Report") was drawn up in accordance with Legislative Decree 58/1998 and subsequent amendments, as well as the Issuers' Regulations issued by Consob (Italian Stock Exchange Regulator), and comprises the Interim Report on Operations, the Condensed Consolidated Half-Year Financial Statements and the Attestation in accordance with art. 154-bis, paragraphs 2 and 3 of Legislative Decree 58/1998. This Half-Year Report was drawn up in compliance with International Financial Reporting Standards ("IFRS") endorsed by the European Union and in force at 31 October 2018, and particularly in observance of IAS 34 – Interim Financial Reporting.

The Interim Report on Operations includes the statement of financial position and the income statement in reclassified form, together with several alternative performance ratios. The aim is to allow a better evaluation of the Group's financial performance and results of operations.

In accordance with Recommendation CESR/05-178b on alternative performance ratios, within the scope of the report on operations, in addition to the financial measures envisaged by IFRS, other measures deriving from the latter are also illustrated, 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

In the period ended 31 October 2018 the Sesa Group recorded an increase in turnover and profitability, achieved thanks to the growth in the main business areas.
Consolidated revenues and other Income for the period were equal to Euro 648.2 million, with a percentage growth of 14.7% compared to the previous period ended at 31 October 2017. Consolidated Ebitda was equal to Euro 30.1 million, recording an increase of 16.6% compared to the previous period. Consolidated net profit rose from Euro 12.4 million at 31 October 2017 to Euro 13.7 million at 31 October 2018, with an increase of 10.1%.

In the first six months of the current fiscal year, the Group continued its development strategy in the areas of higher added value business successfully integrating the recent corporate acquisition operations and realizing double-digit revenue and profitability growth in both the VAD and SSI sectors.

In the period under review, thanks to the commercial initiatives, expansion of the portfolio of distributed brands and increasing operational efficiency, the **VAD sector** recorded a growth of the main economic and financial indicators, consolidating its role of Italian market leader in the distribution of value-added IT solutions with an annual market share of around 44%, a further increase compared to the previous year (source Sirmi, November 2018). The strategic actions implemented over the last two years and investments in human capital have generated a tangible return in terms of economic results with levels of absolute margins and half-yearly percentages on the increase compared to the previous year. The business initiatives included:

- the launch of the "Solution Up" portal, a marketplace dedicated to the cloud solutions offered by Vendors that integrates the advantages of an innovative tool (catalogue, integrated solutions Multicloud, cloud automation ready on Panda and Microsoft) to IT specialist services (support, consulting, training);
- the creation of a specialized team and a portal dedicated to Audio-Video solutions for system integrators and resellers, following the growing applications development of Audio-Video sector such as Conferencing, Digital Signage, Signal Management, Media Streaming and Webcasting;
- the expansion of the offer in Security and Analytics sectors thanks to the increase in distributed brands and the development of technical and integration services supporting the channel.

During the period, the **Software and System Integration sector (SSI)**, active in the offer of IT services and solutions to the SME and Enterprise segments, reinforced the growth trend in revenues and profitability, benefiting from the investments carried out in the last 12 months and the development of the most profitable business areas (ERP & Industry Solutions, Managed and Security Services, Digital Solutions). The increase in turnover and profitability recorded during the period was significantly influenced by investments in corporate acquisitions carried out in the last 12 months: the companies recently included in the scope of consolidation, including Tech-Value Srl (active in the IT services and PLM solutions for "engineering intensive" customers) and Panthera Srl (active in the ERP market for SME and Enterprise customers), recorded profitability levels in line with expectations, contributing approximately 75% to the sector's half-yearly growth.
In the first six months of the year, it should be noted the following main events:

- purchase of the ERP Panthera branch carried out on 7 May 2018 by the subsidiary Panthera Srl. The contribution of Panthera Srl to the Group's results is recognized starting from May 2018;
- reorganization and expansion of Var Engineering Srl's offer, an expertise center in Digital Manufacturing sector, whose consolidation started in May 2018;
- beginning of the reorganizing process of the shareholding structure of SSI sector's companies aimed at simplifying the corporate chain;
- strengthening of governance and control in relation to the investments held in Sailing Srl (increase in shareholding) and Synergy Srl (increase in shareholding).

Among the events of the **Corporate sector**, on 12 July 2018 the Board of Directors of Sesa SpA approved the draft of the separate
and consolidated 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 of the previous year, with dividend payment date on 24 September 2018.
During that Meeting, the Board of Directors also adopted the following resolutions:

- Approval of the Remuneration Report in compliance with art. 123-ter of Legislative Decree. 58/1998 and of the Report on corporate governance and ownership structures in compliance with art. 123-bis of Legislative Decree 58/1998;
- Proposal to the Shareholders' Meeting to authorise a plan for the acquisition and disposal of ordinary treasury shares for a value not exceeding 10% of the share capital with a maximum value of Euro 2.5 million.

The Shareholders' Meeting held on 24 August 2018 approved the Financial Statements as at 30 April 2018, the related proposal to distribute the dividend of Euro 0.60 per share.
The Shareholders' Meeting also approved the proposal to authorize the acquisition and disposal of ordinary 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 Excecutive Vice-Chairmen, Giovanni Moriani and Moreno Gaini.
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 Angela Oggioni and Luigi Gola, and Angelica Pelizzari as Non-Executive Directors, have been nominated.

Operating conditions and business development

The Sesa Group is a major Italian operator in the 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 full control over 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)

<u>Business Unit Business Technology Solutions ("BTS")</u>

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 subsidiaries). 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 55% owned by Var Group srl, provides IT services and solutions in North-Eastern Italy (through the branches of Bologna, Verona, Treviso, Trento e Bolzano).

<u>Business Unit Managed & Security Services</u>

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 57.4% 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.

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 80% owned by Sirio Informatica e Sistemi SpA and 10% 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 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, 85% 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 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. In the period under review, BMS SpA began preparatory activities for the merger with Var One Services aimed at creating a single center in the SAP S4 and SAP Business One services sector, benefiting from industrial and operational synergies.

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 75% 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 the scope of consolidation starting from January 2018.

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 the scope of consolidation from May 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 98% 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.
The corporate merger of the company Agenzia senza Nome Srl, operating in the same sector, is being completed.

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 Sesa Group's main subsidiary.

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 with an expected GDP growth in the two years 2018-2019 (+3.7%) in line with 2017. However, the world's future growth seems to be less balanced between the various economies compared to 2017, with some countries that have peaks and uncertainties that can significantly impact in the short/medium term. Among the advanced economies, the divergences are greater between the United States (+2.9% in 2018) on the one hand, and Europe (+2.0% in 2018), Japan (1.1% in 2018) and UK (+1.4% in 2018) on the other. For these economies a slowdown in GDP growth in 2019 for the commercial policies introduced by the United States, a reduction of international trade and industrial production, have been estimated (source: FMI - WEO, October 2018).

In 2017, after the 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 an expansive monetary policy and to the acceleration of the world economy. For 2018 and 2019 a slowdown is expected in growth estimates from +2.0% in 2018 to +1.9% in 2019; among the factors that may affect the development prospects of the Euro area, the international trade policies undertaken by the United States, some countries' political uncertainties and the monetary policies supporting the stability (source: IMF - WEO, October 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 2018 and 2019 a tendential reduction is expected in growth rates (+1.2% in 2018 and +1.0% in 2019) mainly due to a slowdown in the global economy which is reflected in the country's industrial production (source: IMF – WEO, October 2018).

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

GDP growth rate	Change GDP 2015 (actual)	Change GDP 2016 (actual)	Change GDP 2017 (actual)	Change GDP 2018 (expected)	Change GDP 2019 (expected)
World	+3.2%	+3.2%	+3.7%	+3.7%	+3.7%
Advanced Economies	+2.1%	+1.7%	+2.3%	+2.4%	+2.1%
Emerging Market	+4.0%	+4.4%	+4.7%	+4.7%	+4.7%
USA	+2.6%	+1.5%	+2.2%	+2.9%	+2.5%
Japan	+0.5%	+1.0%	+1.7%	+1.1%	+0.9%
China	+6.9%	+6.7%	+6.9%	+6.6%	+6.2%
Great Britain	+2.2%	+1.8%	+1.7%	+1.4%	+1.5%
Euro Area	+2.0%	+1.8%	+2.4%	+2.0%	+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 consolidated 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 increasing growth rates with values well above the Gross Domestic Product. In 2016-2017, it should be noted a significant reverse in IT market development, expected further strengthened in 2018 (+2.3%) and 2019 (+2.6%), due to the internal digital process and the Italian companies' need to invest in digital transformation (source: Sirmi, October 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 2018E and +7.0% in 2019E), which included IT services for infrastructures, security and cloud computing (source: Sirmi, October 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, October 2018).

Italian IT Market (in millions of euros)	**2014**	**2015**	**2016**	**2017**	**2018E**	**2019E**	**Ch. 15/14**	**Ch. 16/15**	**Ch. 17/16**	**Ch. 18/17**	**Ch. 19/18**
Hardware	6,427	5,886	6,006	6,044	6,080	6,120	-8.4%	2.0%	0.6%	0.6%	0.7%
Software	3,881	3,857	3,848	3,833	3,840	3,850	-0.6%	-0.2%	-0.4%	0.2%	0.3%
Project Services	3,557	3,475	3,423	3,436	3,465	3,500	-2.3%	-1.5%	0.4%	0.8%	1.0%
Management Services	4,751	4,970	5,193	5,504	5,870	6,280	4.6%	4.5%	6.0%	6.7%	7.0%
Total IT Market	**18,616**	**18,188**	**18,470**	**18,817**	**19,255**	**19,750**	**-2.3%**	**1.6%**	**1.9%**	**2.3%**	**2.6%**
O/w Cloud Computing	**954**	**1,128**	**1,510**	**1,862**	**2,281**	**2,784**	**28.7%**	**23.0%**	**23.3%**	**22.6%**	**22.0%**
% Cloud on total IT	*5.1%*	6.2%	8.2%	9.9%	11.8%	14.1%					

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 an expected slight acceleration in 2018 with rates between 3% and 4%, supported by the networking, enterprise software (analytics, security, etc.) segments (source Sirmi, October 2018).

The System & Software Integration segment recorded a more substantial growth with increases in the two-year period 2017-2018 between + 4% and +5% thanks to the most advanced market areas related to Technological Innovation (Digital Transformation of companies and organizations, Security Services and infrastructural and application Cloud Services). Within these categories, there are further emerging trends (Blockchain, AI/Cognitive, CyberSecurity, Big Data, etc.) showing double-digit growth (Source: Sirmi, October 2018).

Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 October 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	31/10/2018 (6 months)	%	31/10/2017 (6 months)	%	Change 2018/17
Revenues	**643,770**		**560,557**		**14.8%**
Other income	4,438		4,355		1.9%
Total Revenues and Other Income	**648,208**	**100.0%**	**564,912**	**100.0%**	**14.7%**
Purchase of goods	(515,023)	79.5%	(453,543)	80.3%	13.6%
Costs for services and leased assets	(57,057)	8.8%	(48,240)	8.5%	18.3%
Personnel costs	(44,406)	6.9%	(36,101)	6.4%	23.0%
Other operating charges	(1,578)	0.2%	(1,182)	0.2%	33.5%
Total Purchase of goods and Operating Costs	**(618,064)**	**95.3%**	**(539,066)**	**95.4%**	**14.7%**
EBITDA	**30,144**	**4.65%**	**25,846**	**4.58%**	**16.6%**
Depreciation and Amortisation of tangible and intangible assets (software)	(4,202)		(3,157)		33.1%
Amortisation client lists and technological know-how	(1,219)		(917)		32.9%
Accruals to provision for bad debts and risks and other non-monetary costs	(3,261)		(2,392)		36.3%
EBIT	**21,462**	**3.31%**	**19,380**	**3.43%**	**10.7%**
Profit from companies valued at equity	255		493		-48.3%
Financial income and charges	(2,079)		(1,902)		9.3%
EBT	**19,638**	**3.03%**	**17,971**	**3.18%**	**9.3%**
Income taxes	(5,954)		(5,542)		7.4%
Net Profit	**13,684**	**2.11%**	**12,429**	**2.20%**	**10.1%**
Net profit attributable to the Group	*11,996*	*1.85%*	*10,853*	*1.92%*	*10.5%*
Net profit attributable to non-controlling interests	*1,688*		*1,576*		*7.1%*
Adjusted EBIT*	**22,681**	**3.50%**	**20,297**	**3.59%**	**11.7%**
Adjusted EBT*	**20,857**	**3.22%**	**18,888**	**3.34%**	**10.4%**
Adjusted Net Profit*	**14,552**	**2.24%**	**13,082**	**2.32%**	**11.2%**
*Adjusted Net Profit attributable to the Group**	*12,864*		*11,506*		*11.8%*

In the first half of the year ending on 30 April 2019, the Sesa Group achieved a growth in revenues and profitability higher than the Group's long-term growth trend (2011-2018 revenues CAGR +9%, 2011-2018 Ebitda CAGR +9.1%).
The consolidated Revenues in the period increased by 14.8% from Euro 560,557 thousand at 31 October 2017 to Euro 643,770 thousand at 31 October 2018, thanks to the double-digit growth achieved in both the VAD and SSI sectors compared to the same period of 2017.

The changes in the scope of consolidation compared to 31 October 2017 (acquisitions of the companies Icos SpA, Tech-Value SpA, Panthera Srl and Sinergy Srl) contributed to the growth for about 40% in revenues and profitability at 31 October 2018.

Total Revenues and Other Income increased by 14.7%, from Euro 564,912 thousand at 31 October 2017 to Euro 648,208 thousand at 31 October 2018.

In the first half of the year, the consolidated Gross Margin measured as difference between the items Total Revenues and Other income and Purchase of goods showed a 19.6% growth compared to 31 October 2017, from Euro 111,369 thousand at 31 October 2017 to Euro 133,185 thousand at 31 October 2018. The ratio between consolidated Gross Margin and Total Revenues and Other Income, equal to 20.5% at 31 October

* Adjusted Ebit and Adjusted Ebt are 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 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

2018, recorded an increase of 83 basis points compared to 19.7% achieved at 31 October 2017, thanks to the higher incidence of the SSI sector on Group's revenues, which rose from 21.5% in the previous period to 21.9% at 31 October 2018 (characterised by a structurally higher Gross Margin further increased compared to the previous period) and the strengthening of the Gross Margin achieved in the VAD sector.

The balance of Operating Costs, which reflected the higher incidence of the SSI sector on the Group's total revenues and costs, was equal to Euro 103,041 thousand at 31 October 2018 (15.9% of Total Revenues and Other Income) compared to Euro 85,523 thousand at 31 October 2017 (15.1% of Total Revenues and Other Income).

Consolidated Operating Costs are broken down as follows:

	Period ended 31 October				
(in thousands of euros)	**2018**	**%**	**2017**	**%**	**Change**
Total Revenues and Other Income	**648,208**	**100.0%**	**564,912**	**100.0%**	**14.7%**
Consolidated Gross Margin	**133,185**	**20.5%**	**111,369**	**19.7%**	**19.6%**
Costs for services and leased assets	(57,057)	8.8%	(48,240)	8.5%	18.3%
Personnel costs	(44,406)	6.9%	(36,101)	6.4%	23.0%
Other operating charges	(1,578)	0.2%	(1,182)	0.2%	33.5%
Total Operating Costs	**(103,041)**	**15.9%**	**(85,523)**	**15.1%**	**20.5%**

Personnel costs rose from Euro 36,101 thousand to 31 October 2017 (6.4% of Total Revenues and Other Income) to Euro 44,406 thousand (6.9% of Total Revenues and Other Income) at 31 October 2018, with a 23% growth deriving from the increase in the Group's average workforce following the growth in turnover and the entry in the scope of consolidation of recently acquired companies, particularly in the SSI sector. The total Group workforce passed from 1,479 units at 31 October 2017 to 1,756 units at 31 October 2018.

The consolidated Ebitda increased by 16.6% in absolute terms while the Ebitda margin reached 4.65% on Total Revenues and Other Income. The consolidated Ebitda is equal to Euro 30,144 thousand at 31 October 2018 (Ebitda margin 4.65%) with an increase of Euro 4,298 thousand (+16.6%) compared to Euro 25,846 thousand (Ebitda margin 4.58%) at 31 October 2017 thanks to the growth achieved in both Group's main business segments. In particular, the VAD sector recorded an increase in the Ebitda due to the combined effect of Gross Margin increase and the recovery in the operating efficiency, while the SSI sector benefited from the increase in revenues in the Business Units of higher value-added IT services and solutions, such as Managed & Security Services, Digital Solutions and ERP & Industry Solutions.

The consolidated Ebit amounted to Euro 21,462 thousand (Ebit margin 3.31%) up by Euro 2,082 thousand (+10.7%) compared to Euro 19,380 thousand (Ebit margin 3.43%) at 31 October 2017, after amortisation and depreciation equal to Euro 5,421 thousand (+33% compared to 31 October 2017) and Accruals to provision for bad debts and risks and other non-monetary costs equal to Euro 3,261 thousand (+36.3% compared to 31 October 2017. Such increase mainly reflects the above-mentioned growth in Ebitda, net of the increase in tangible and intangible amortisation resulting from investments in solutions supporting the services growth and the increase in the item Amortisation client lists and technological know-how relating to recent acquisition of controlling interests carried out in the last 12 months (mainly ICOS SpA, Tech-Value Srl and Panthera Srl).

The consolidated Ebt at 31 October 2018 is equal to Euro 19,638 thousand (Ebt margin 3.03%), with an increase of 9.3% compared to Euro 17,971 thousand (Ebt margin 3.18%) recorded in the previous period. Profit from companies valued at equity fell from Euro 493 thousand at 31 October 2017 to Euro 255 thousand at 31 October 2018 mainly due to the different investment mix in associated companies. The net balance of Financial income and charges is negative for Euro 2,079 thousand at 31 October 2018 compared to Euro 1,902 thousand at 31 October 2017.

The consolidated Net profit after taxes is equal to Euro 13,684 thousand (Eat margin 2.11%) at 31 October 2018, showing an increase of 10.1% compared to Euro 12,429 thousand (Eat margin 2.20%) at 31 October 2017, in line with the Ebit trend.

The consolidated Net profit attributable to the Group at 31 October 2018 is equal to Euro 11,996 thousand, up by 10.5% compared to Euro 10,853 thousand at 31 October 2017, due to higher incidence of the VAD sector on Group's profit.

The consolidated Adjusted (gross of the amortization of intangible assets - client lists and technological know-how - recorded as a result of the PPA process) Net profit attributable to the Group at 31 October 2018 amounted to Euro 12,864 thousand, with a 11.8% growth compared to Euro 11,506 thousand at 31 October 2017.

The Earnings per share at 31 October 2018 related to the first half-year is equal to Euro 0.78 per share, compared to Euro 0.70 per share recorded at 31 October 2017.

Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 October 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 October 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	**31/10/2018**	**31/10/2017**	**30/04/2018**
Intangible assets	45,801	23,163	39,083
Property, plant and equipment	55,517	51,819	55,221
Investments valued at equity	8,339	8,868	9,179
Other non-current receivables and deferred tax assets	21,493	16,241	17,264
Total non-current assets	**131,150**	**100,091**	**120,747**
Inventories	86,491	71,554	67,752
Current trade receivables	278,056	267,148	328,760
Other current assets	30,225	25,465	37,423
Current operating assets	**394,772**	**364,167**	**433,935**
Payables to suppliers	221,819	190,930	295,706
Other current payables	56,346	41,746	62,967
Short-term operating liabilities	**278,165**	**232,676**	**358,673**
Net working capital	**116,607**	**131,491**	**75,262**
Non-current provisions and other tax liabilities	14,714	8,964	14,175
Employee benefits	21,233	18,842	20,495
Non-current liabilities	**35,947**	**27,806**	**34,670**
Net Invested Capital	**211,810**	**203,776**	**161,339**
Equity attributable to the Group	**203,249**	**192,699**	**204,955**
Equity attributable to non-controlling interests	**10,363**	**8,951**	**11,046**
Medium-Term Net Financial Position	143,777	115,353	123,172
Short-Term Net Financial Position	(145,579)	(113,227)	(177,834)
Total Net Financial Position (Net Liquidity)	**(1,802)**	**2,126**	**(54,662)**
Equity and Net Financial Position	**211,810**	**203,776**	**161,339**

The Balance Sheet at 31 October showed an improvement in the Net Financial Position compared to 31 October 2017 and a further strengthening of the Group's Equity.
Total Non-current assets at 31 October 2018 amounted to Euro 131,150 thousand, with an increase of Euro 31,059 thousand compared to 31 October 2017, generated from investments in the period to support growth and in particular by:

- increase in intangible assets from Euro 23,163 thousand at 31 October 2017 to Euro 45,801 thousand at 31 October 2018, due mainly to the acquisition of the controlling interests in Icos SpA and Tech-Value Srl, as well as the purchase of the ERP Panthera branch through the company Panthera Srl;

- increase in property, plant and equipment rising from Euro 51,819 thousand at 31 October 2017 to Euro 55,517 thousand at 31 October 2018, following the Group's investments in as a service solutions offered to customers, including cloud computing;
- Increase in the item Other non-current receivables and deferred tax assets from Euro 16,241 thousand at 31 October 2017 to Euro 21,493 thousand, mainly following the investment for Euro 4 million in a 6% stake in the company Digital Value Holding SpA, which holds 74% of the capital of Digital Value SpA. Digital Value SpA with a turnover of approximately Euro 300 million is a key player in the IT sector for the Large Accounts segment, born from the aggregation of leading operators in the sector and listed from November 2018 on the AIM market of Borsa Italiana, with a current market capitalization of over Euro 100 million. At the same time, a long-term industrial agreement was signed with the Sesa Group.

It should be noted a further improvement in the efficiency of working capital management: the Net Working Capital amounted to Euro 116,607 thousand at 31 October 2018 with a decrease of 11.3% (equal to Euro 14,884 thousand) compared to 31 October 2017, and an improvement in the ratio between Net Working Capital and Total Revenues and Other Income on an annual basis which fell to 8.1% at 31 October 2018 from 10.3% at 31 October 2017.

The item Non-current liabilities, equal to Euro 35,947 thousand at 31 October 2018, recorded a growth of Euro 8,141 thousand compared to Euro 27,806 thousand at 31 October 2017 due to the increase in the item deferred tax liabilities, following the recognition of the fiscal impact on client lists and technological know-how acquired during the last 12 months, and the increase in the staff severance pay (TFR) provision following the change in the scope of consolidation.

The consolidated Equity at 31 October 2018 amounted to Euro 213,612 thousand, compared to Euro 201,650 thousand at 31 October 2017 and Euro 216,001 thousand at 30 April 2018. The change compared to 30 April 2018 mainly reflects the profit accruing in the period at 31 October 2018 net of the dividend paid by the parent company of Euro 9,290 thousand.

The consolidated NFP at 31 October 2018 is positive (net liquidity) by Euro 1,802 thousand, with an improvement of Euro 3,928 thousand compared to a negative NFP (net debt) equal to Euro 2,126 thousand at 31 October 2017.
The improvement compared to the same period of the previous year was mainly due to the operating cash flow, net of investments for corporate acquisitions and technological infrastructures and dividends paid in the period.
Details of the Group's Net Financial Position at 31 October 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 October 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	**31/10/2018**	**31/10/2017**	**30/04/2018**
Liquidity	226,579	164,320	(247,194)
Current financial receivables	1,797	1,851	(3,344)
Current financial debt	82,797	52,944	72,704
Net current financial debt	**(145,579)**	**(113,227)**	**(177,834)**
Current financial debt	143,777	115,353	123,172
Net non-current financial debt	**143,777**	**115,353**	**123,172**
Net Financial Position	**(1,802)**	**2,126**	**(54,662)**

Main income statement data of the VAD sector

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

VAD segment	31 October				
(in thousands of euros)	**2018**	**%**	**2017**	**%**	**Change**
Revenues from third parties	**495,219**		**432,092**		**14.6%**
Inter segment revenues	34,745		34,712		0.1%
Revenues	**529,964**		**466,804**		**13.5%**
Other income	2,793		3,137		-11.0%
Total Revenues and Other Income	**532,757**	**100.0%**	**469,941**	**100.0%**	**13.4%**
Purchase of goods	(492,398)	-92.4%	(432,110)	-91.9%	14.0%
Costs for services and leased assets	(14,172)	-2.7%	(15,043)	-3.2%	-5.8%
Personnel costs	(7,098)	-1.3%	(6,544)	-1.4%	8.5%
Other operating charges	(1,124)	-0.2%	(677)	-0.1%	66.0%
Ebitda	**17,965**	**3.4%**	**15,567**	**3.3%**	**15.4%**
Amortisation/depreciation, provisions and other non-monetary costs	(4,110)		(2,843)		44.6%
Ebit	**13,855**	**2.6%**	**12,724**	**2.7%**	**8.9%**
Profit from companies valued at equity	213		359		-40.7%
Financial income and charges	(1,428)		(1,542)		-7.4%
Ebt	**12,640**	**2.4%**	**11,541**	**2.5%**	**9.5%**
Income taxes	(3,462)		(3,183)		8.8%
Net Profit	**9,178**	**1.7%**	**8,358**	**1.8%**	**9.8%**
Net profit attributable to non-controlling interests	57		38		50.0%
Net profit attributable to the Group	**9,121**		**8,320**		**9.6%**

The VAD sector in the six months confirmed the positive performance achieved in the second half of the previous fiscal year, with the return to growth in both revenues and profitability compared to the corresponding period at 31 October 2017, with double-digit increase rates.

Total Revenues and Other Income amounted to Euro 532,757 thousand at 31 October 2018, up by 13.4% compared to Euro 469,941 thousand at 31 October 2017 mainly thanks to the organic sales development of Computer Gross Italia SpA (+11.0% in the period compared to 31 October 2017), well higher than the evolution of the reference market which estimates for the whole 2018 a growth between 3% and 4%. It should be noted a positive trend in revenues in all main business units, in particular in the supply of high value-added IT solutions, favoring the margin mix.

In the period, the Gross Margin[1] of VAD sector showed a 6.7% growth, rising from Euro 37,831 thousand (Gross Margin equal to 8.1%) at 31 October 2017 to Euro 40,359 thousand (Gross Margin equal to 7.6%) at 31 October 2018. The Gross Margin percentage of Computer Gross Italia SpA at 31 October 2018 (equal to 7.5%) is in line with the figure recorded at 31 October 2017.

The Ebitda in the period amounted to Euro 17,965 thousand (Ebitda margin 3.4%), with a 15.4% growth compared to Euro 15,567 thousand (Ebitda margin 3.3%) at 31 October 2017, favored by the lower incidence of operating costs, including logistic costs. The Ebitda positive change recorded in the half-year May-October 2018, both in absolute and percentage terms, confirms the profitability growth trend achieved by the sector in the last 3 quarters.

The Net profit is equal to Euro 9,178 thousand, up by 9.8% thanks to the positive evolution of operating profitability net of higher amortisation and depreciation relative to the beginning of the amortisation of the items technological know-how and client lists recorded following the consolidation of the subsidiary Icos SpA, and to the higher accruals to provision for bad debts.

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

Below is shown the reclassified income statement of the VAD sector (Euro thousand) ended at 31 October 2018. Together with the comparative figures for the year ended 30 April 2018 are also included those for the period ended 31 October 2017, 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.

Reclassified Balance Sheet	**31/10/2018**	**31/10/2017**	**30/04/2018**
Intangible assets	3,273	1,085	3,388
Property, plant and equipment	40,394	41,491	41,034
Investments valued at equity	6,136	5,108	5,923
Other non-current receivables and deferred tax assets	7,780	7,127	7,937
Total non-current assets	**57,583**	**54,811**	**58,282**
Inventories	72,869	60,323	57,380
Current trade receivables	213,600	212,083	269,031
Other current assets	7,829	6,329	15,044
Current operating assets	**294,298**	**278,735**	**341,455**
Payables to suppliers	187,231	164,088	257,030
Other current payables	11,820	9,967	14,586
Short-term operating liabilities	**199,051**	**174,055**	**271,616**
Net working capital	**95,247**	**104,680**	**69,839**
Non-current provisions and other tax liabilities	4,423	3,285	4,284
Employee benefits	1,654	1,456	1,828
Non-current liabilities	**6,077**	**4,741**	**6,112**
Net Invested Capital	**146,753**	**154,750**	**122,009**
Equity	**171,842**	**159,681**	**172,123**
Medium-Term Net Financial Position	82,863	81,718	77,401
Short-Term Net Financial Position	(107,952)	(86,649)	(127,515)
Total Net Financial Position (Net Liquidity)	**(25,089)**	**(4,931)**	**(50,114)**
Equity and Net Financial Position	**146,753**	**154,750**	**122,009**

The Net Working Capital is equal to Euro 95,247 thousand at 31 October 2018, down (-9.0%) compared to Euro 104,680 thousand at 31 October 2017.

The Equity is equal to Euro 171,842 thousand at 31 October 2018 compared to Euro 172,123 thousand at 30 April 2018 due to the profit accruing in the six months net of dividends distributed by the parent company.

The Net Financial Position compared with the corresponding period at 31 October 2017 showed an improvement of Euro 20,158 thousand, from a positive balance (net liquidity) of Euro 4,931 thousand at 31 October 2017 to a positive balance (net liquidity) of Euro 25,089 thousand at 31 October 2018 due to the cash flow generated by operating management.

Main income statement data of the SSI sector

The reclassified income statement of the SSI sector at 31 October 2018 is shown below (data in thousands of euros), compared with the previous period ended at 31 October 2017.

SSI segment			**31 October**		
(in thousands of euros)	**2018**	**%**	**2017**	**%**	**Change**
Revenues from third parties	**147,904**		**127,664**		**15.9%**
Inter segment revenues	1,388		1,238		12.1%
Total Revenues	**149,292**		**128,902**		**15.8%**
Other income	2,622		2,036		28.8%
Total Revenues and other income	**151,914**	**100.0%**	**130,938**	**100.0%**	**16.0%**
Consumables and goods for resale	(53,843)	-35.4%	(52,847)	-40.4%	1.9%
Costs for services and rent, leasing and similar costs	(52,013)	-34.2%	(41,429)	-31.6%	25.5%
Personnel costs	(34,369)	-22.6%	(26,858)	-20.5%	28.0%
Other operating costs	(392)	-0.3%	(443)	-0.3%	-11.5%
Ebitda	**11,297**	**7.4%**	**9,361**	**7.1%**	**20.7%**
Amortisation/depreciation, provisions and other non-monetary costs	(4,463)		(3,161)		41.2%
Ebit	**6,834**	**4.5%**	**6,200**	**4.7%**	**10.2%**
Profit from companies valued at equity	72		111		-35.1%
Financial income and charges	(658)		(371)		77.4%
Profit before taxes	**6,248**	**4.1%**	**5,940**	**4.5%**	**5.2%**
Income taxes	(2,135)		(2,068)		3.2%
Profit for the period	**4,113**	**2.7%**	**3,872**	**3.0%**	**6.2%**
Net profit attributable to non-controlling interests	1,631		1,538		6.0%
Net profit attributable to the Group	**2,482**		**2,334**		**6.3%**

The SSI sector in the half-year confirmed the positive trend achieved in the last few years with a double-digit growth both in terms of revenues and operating profitability.

The item Total Revenues and Other Income increased by 16.0% in the period, from Euro 130,938 thousand at 31 October 2017 to Euro 151,914 thousand at 31 October 2018, continuing the trend of the previous fiscal year, thanks to the development of higher value-added business areas such as Managed & Security Services, ERP & Industry Solutions, Digital Solutions where recent investments in innovation and company acquisitions (Tech-Value Srl, ERP Panthera branch, Synergy Srl) have been carried out. In particular, the change in the scope of consolidation contributed for approximately 75% to the half-year growth.

The Ebitda in the period is equal to Euro 11,297 thousand, up by 20.7% compared to 31 October 2017, with a growth in the Ebitda margin (+30 basis point), which rose from 7.1% at 31 October 2017 to 7.4% at 31 October 2018, supported in particular by the increasing incidence on revenues of Managed and Security Services, ERP & Industry Solutions, Digital Solutions areas.

The Net profit for the period amounted to Euro 4,113 thousand and recorded an increase of 6.2% following the positive profitability performance, net of higher amortisation and provisions. After non-controlling interests, the Net profit attributable to the Group is equal to Euro 2,482 thousand compared to Euro 2,334 thousand at 31 October 2017.

Below is shown the reclassified balance sheet of the SSI sector (Euro thousand) for the period ended 31 October 2018. Together with the figures relative to the fiscal year ending 30 April 2018, are also included those referred to the previous period ended 31 October 2017, in order to provide a better analysis of the financial performance, considering the seasonality that usually characterises revenues from sales during the year.

Reclassified Balance Sheet	**31/10/2018**	**31/10/2017**	**30/04/2018**
Intangible assets	42,401	21,983	35,627
Property, plant and equipment	14,585	9,836	13,661
Investments valued at equity	1,605	3,061	2,602
Other non-current receivables and deferred tax assets	11,436	8,201	8,777
Total non-current assets	**70,027**	**43,081**	**60,667**
Inventories	13,748	11,375	10,497
Current trade receivables	86,829	80,432	93,228
Other current assets	20,398	18,836	22,695
Current operating assets	**120,975**	**110,643**	**126,420**
Payables to suppliers	68,108	63,023	82,610
Other current payables	39,196	29,201	45,949
Short-term operating liabilities	**107,304**	**92,224**	**128,559**
Net working capital	**13,671**	**18,419**	**(2,139)**
Non-current provisions and other tax liabilities	10,473	5,927	10,113
Employee benefits	17,953	15,776	17,109
Non-current liabilities	**28,426**	**21,703**	**27,222**
Net Invested Capital	**55,272**	**39,797**	**31,306**
Equity	**23,715**	**24,256**	**26,366**
Medium-Term Net Financial Position	60,914	33,635	45,771
Short-Term Net Financial Position	(29,357)	(18,094)	(40,831)
Total Net Financial Position (Net Liquidity)	**31,557**	**15,541**	**4,940**
Equity and Net Financial Position	**55,272**	**39,797**	**31,306**

The sector's Net Financial Position at 31 October 2018 is negative for Euro 31,557 thousand compared to Euro 15,541 thousand at 31 October 2017, following investments in fixed assets for over Euro 20 million in the last 12 months, of which about Euro 15 million for the acquisition of control of the companies Tech-Value Srl and Panthera ERP branch, as well as the increase in equity investments in Apra, Sailing and Synergy, and approximately Euro 5 million in tangible fixed assets for the development of IT services and solutions as a service.

The SSI sector's Equity at 31 October 2018 amounted to Euro 23,715 thousand compared to Euro 24,256 thousand at 31 October 2017.

Main income statement data of the Corporate sector

The reclassified income statement of the Corporate sector at 31 October 2018 is shown below (data in thousands of euros), compared with the previous period ended 31 October 2017.

Corporate segment		**31 October**			
(in thousands of euros)	**2018**	**%**	**2017**	**%**	**Change**
Revenues from third parties	**647**		**801**		**-19.2%**
Inter-segment revenues	6,288		5,722		9.9%
Total Revenues	**6,935**		**6,523**		**6.3%**
Other income	1,070		1,096		-2.4%
Total Revenues and other income	**8,005**	**100.0%**	**7,619**	**100.0%**	**5.1%**
Consumables and goods for resale	(99)	-1.2%	(243)	-3.2%	-59.3%
Costs for services and rent, leasing and similar costs	(3,988)	-49.8%	(3,677)	-48.3%	8.5%
Personnel costs	(2,939)	-36.7%	(2,699)	-35.4%	8.9%
Other operating costs	(97)	-1.2%	(82)	-1.1%	18.3%
Ebitda	**882**	**11.0%**	**918**	**12.0%**	**-3.9%**
Amortisation/depreciation, provisions and other non-monetary costs	(109)		(462)		-76.4%
Ebit	**773**	**9.7%**	**456**	**6.0%**	**69.5%**
Profit from companies valued at equity	(30)		23		-230.4%
Financial income and charges	7		11		-36.4%
Profit before taxes	**750**	**9.4%**	**490**	**6.4%**	**53.1%**
Income taxes	(357)		(291)		22.7%
Profit for the period	**393**	**4.9%**	**199**	**2.6%**	**97.5%**
Net profit attributable to non-controlling interests					
Net profit attributable to the Group	**393**		**199**		**97.5%**

The Corporate sector showed an increase in revenues and profitability (Ebit) compared to the previous period ended on 31 October 2017, mainly due to the growth in turnover of the parent company Sesa SpA, thanks to the increase in professional services following the enlargement of the Group's perimeter.
The Equity at 31 October 2018 amounted to Euro 86,412 thousand compared to Euro 85,455 thousand at 31 October 2017 and the Net Financial Position was positive (net liquidity) by Euro 14,770 thousand, compared to Euro 14,984 thousand at 31 October 2017.

Reclassified Balance Sheet	**31/10/2018**	**31/10/2017**	**30/04/2018**
Intangible assets	127	73	68
Property, plant and equipment	828	792	816
Investments valued at equity	845	946	901
Other non-current receivables and deferred tax assets	70,390	68,393	68,661
Total non-current assets	**72,190**	**70,204**	**70,446**
Inventories			
Current trade receivables	6,824	6,336	5,538
Other current assets	793	1,052	1,117
Current operating assets	**7,617**	**7,388**	**6,655**
Payables to suppliers	1,021	2,839	3,104
Other current payables	5,438	2,657	2,521
Short-term operating liabilities	**6,459**	**5,496**	**5,625**
Net working capital	**1,158**	**1,892**	**1,030**
Non-current provisions and other tax liabilities	57	15	17
Employee benefits	1,626	1,610	1,558
Non-current liabilities	**1,683**	**1,625**	**1,575**
Net Invested Capital	**71,665**	**70,471**	**69,901**
Equity	**86,435**	**85,455**	**85,889**
Medium-Term Net Financial Position			
Short-Term Net Financial Position	(14,770)	(14,984)	(15,988)
Total Net Financial Position (Net Liquidity)	**(14,770)**	**(14,984)**	**(15,988)**
Equity and Net Financial Position	**71,665**	**70,471**	**69,901**

Treasury shares

At the date of approval of the Half-Year Financial Report, the parent company Sesa SpA held 43,540 shares, equal to 0.28% of the share capital, purchased in accordance with the purchase plan of treasury shares resolved by the shareholders' meetings on 24 August 2018. In the period May – November 2018 46,828 shares were acquired. In application of the international accounting standards (IFRS), these instruments are deducted from the company shareholders' equity.

Research and development activity

Some Group companies developed proprietary and third-party IT platforms and carry out research and development activities. In particular, Sirio Informatica Sistemi SpA, Var Sirio Industria Srl, Var Group Digital Srl, Delta Phi Sigla Srl, BMS SpA, Sailing Srl, carried out research and development activities in the half-year under analysis.

Transactions with related parties and Group companies

As regards disclosures on transactions with related parties, it should be noted that any transactions carried out with related parties in any ordinary operations were entered into at market conditions and under conditions that were to the parties' mutual financial benefit.

The Group's related parties have been identified in accordance with IAS 24. For more details about relations with related parties and the information required pursuant to Consob Communication of 28 July 2006, please refer to the Annexes to the Half-Year Financial Report.

Information on risks and uncertainties

The Sesa Group adopts specific procedures for managing risk factors that may affect the Group's economic and financial position. These procedures are the result of a type of management based on the values contained in the Group's ethical code (integrity, honesty, fairness, professionalism, business continuity and attention to people) focused on pursuing sustainable growth for stakeholders.

External Risks

Risks linked to the macroeconomic context and the ICT market

With reference to management of risks, they can be traced back to the possible unfavourable situation in the external environment, characterised by general conditions of the economy and the ICT sector which highlight a correlated performance and a weak growth trend in demand. The ICT market is linked to the performance of the economy of industrialised countries, where the demand for high-tech products is greater. An unfavourable economic trend at national and/or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's business and its economic, equity and financial situation.

Despite the weak demand (macroeconomic context and IT market) recorded in the last five years and the consequent potential effect on the performance of business, in the last five years the Group has succeeded in growing, out-performing the reference market with a sustainable trend in revenues and profits.

The ICT market is characterised also by a high level of competition, where in addition to national operators, the Group has to face up to multinational competitors. If the Group were unable to generate added value through its sales, taking on the reference competitors, this could have a negative impact on the economic, equity and financial situation. To cope with this risk, the Group pursues an expansion of value added products for its customers, providing competitive, efficient and innovative services.

Lastly, the IT market is subject to extensive technological evolution and, consequently, to a constant transformation of the professional skills and expertise required. To operate with a competitive advantage on the ICT market, it is necessary to constantly develop skills, the offer of products and the strategic management of relations with international vendors. The Group carries out a constant and important analysis of the market trends and opportunities, in order to pre-empt future evolutions of its customers' needs, developing internal expertise, the aggregation of external specialisations and investments in research and development.

Internal Risks

Risks relating to dependency on key resources

The Group's success, its business and its development depend largely on certain key managers, including the executive directors of Sesa SpA. Doing without the services of one of the key figures without an adequate replacement, as well as the inability to attract and keep new and qualified resources, could have negative effects on the Group's prospects and its economic and financial results. To cope with this risk, the Group has developed a retention strategy and incentive plans based also on medium-term equity-based remuneration plans. The management believes that Sesa SpA and the Group have an operational structure capable of ensuring continuity in the management of corporate affairs.

Risks linked to the concentration of and dependence on distribution agreements and the ability to negotiate and maintain distribution contracts with Vendors

This risk factor is important for the Group's main subsidiary, Computer Gross Italia SpA, reference operator in the value added distribution (VAD) area, and partner of the main producers of IT solutions for the Italian market. The main distribution agreements signed with Vendors are entered into on a non-exclusive basis, have a short-term duration (usually one or two years), are tacitly renewed and represent strategic assets. The Group tackles this risk offering vendors pre-and aftersales assistance with qualified staff, progressively expanding the portfolio of the vendors distributed, gradually diversifying the concentration of the brands distributed. The rates of termination of distribution agreements have usually been close to zero, confirming the Group's ability to create long-term strategic partnerships with its suppliers.

Risks linked to failure to fulfil contractual and compliance obligations

The Group offers IT services and solutions with a high technological content, and enters into agreements that can envisage the application of penalties in the event of failure to meet deadlines, performances (SLA) and quality standards agreed upon, with the consequent possibility of negative effects on the economic and financial situation. To mitigate this risk, the Group has implemented procedures to manage and monitor the services supplied and taken out adequate insurance policies.

In relation to compliance risks, the Group has implemented policies and procedures, including the adoption of a Compliance Model pursuant to Law 231/2001 for the parent company and the main subsidiaries, aimed at minimising compliance risks (particularly tax and legal risks).

Market risks

Credit risk

Credit risk is represented by the Group companies' exposure to potential losses arising from their customers' failure to meet their obligations. Credit risk arising from the Group companies' ordinary operations with their customers is constantly monitored using customer information and assessment procedures. An appropriate provision for bad debts is allocated and monitored.

Liquidity risk

During the financial year the Sesa Group Companies' core business generates a requirement for working capital with an ensuing financial exposure. Specifically, the Group closed the financial statements at 31 October 2018 with a net liquidity of Euro 1,802 thousand, compared to a net liquidity of Euro 54.662 thousand at 30 April 2018. The evolution of the Net Financial Position reflects a physiological financial requirement generated by the seasonality of the business and the increase in net working capital.
The liquidity risk is covered by periodic planning of cash requirements and by financing these requirements with short-term self-liquidating loans and credit lines mainly concentrated with the Group's two main operating companies, Computer Gross Italia SpA and Var Group SpA. In the half ended 31 October 2018, the Group continued to seek the medium/long-term financing, taking advantage of the macroeconomic environment characterized by very low interest rates.

Interest rate risk

Exposure to interest rate risk arises from the fact that the Group Companies conduct a business activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets) at certain times of the year and thus have a temporary financial exposure to the banking system caused by the need to finance their working capital requirements. These requirements are met from self-liquidating loans and credit lines at variable rates, exposed to interest rate fluctuations.
At 31 October 2018, the Group had no derivative instruments in place relating to interest rates. In the light of present interest rate trends, the Company's risk management policy does not envisage recourse to derivatives to hedge interest rate risks.

Exchange rate risk

The Group companies do not operate on foreign markets and primarily only use the Euro as the currency for their commercial and financial transactions. There were some purchases of IT goods and products, mainly involving Computer Gross Italia SpA, all using the US dollar.
Furthermore, it should be noted that there are no foreign currency derivatives, but there are forward currency contracts to hedge the exchange rate risk attached to foreign currency payables to a part of suppliers. There were 36 transactions in place at 31 October 2018 with a positive fair value of Euro 113 thousand.

Price risk

The Group did not hold any financial instruments or shares listed on stock markets as of 31 October 2018, except for Sesa SpA treasury shares as a deduction of the shareholders' equity, and mutual funds and capitalization policies for a total amount of Euro 896 thousand. As regards inventory risk, the Group companies that distribute and market IT products monitor this aspect of their operations by conducting periodic inspections and analyses for the possible existence of a risk of obsolescence of the goods in order to decide on the steps to take to curb the risk. Moreover, it should be noted that the value of inventories at 31 October 2018 was primarily concentrated in the accounts of Computer Gross Italia SpA and Var Group SpA.

Information on Human Resources

Human capital is the main asset of the Sesa Group: skills, professionalism, specialisation and integrity are the distinctive values to face the competitive challenges of the market.

The Sesa Group invests in its human resources through programmes of selection, management and enhancement, training and corporate welfare.

Personnel selection aims to identify the best available resources through agreements with leading Italian universities, participation in career days, recruiting day organization and the use of primary job sites, in compliance with transparency and impartiality principles. For such purpose, specific internal recruiting, integration and professional development policies have been carried out.

During the year 2018, investments in human resources continued, with over 170 hires, mainly of young graduates from Italian universities, brought into the company with training plans in the areas of the greatest growth and development potential in Information Technology (cloud computing, security, digital services, IT consulting), professional traineeships and apprenticeships (about 50 trainees and 132 apprentices at 31 October 2018), confirmed for an indefinite period at the end of the training period with percentages close to 100%. The average age of the Group's resources is about 40.
Continuous training and refresher courses are in place, involving over 50% of employees in the current year, covering technical areas (also through dedicated seminars and events), as well as legislative and motivational aspects. Over 11,000 hours of training were provided from 1 January 2018, including professional, technical and regulatory training.

In order to achieve management objectives, individual incentive plans are assigned, involving the majority of commercial resources and all key Group figures, linked to the achievement of qualitative/quantitative performance defined at the beginning of each year in line with the Group's strategy. It’s also been approved a multi-year plan towards Executive Directors starting from the fiscal year ended 30 April 2018, with the assignment of Sesa SpA shares (Stock Grant Plan) on achieving of annual/triennial value creation targets for shareholders. Targeted career paths and professional development plans are also defined for the growth and enhancement of key figures, particularly those that are younger, and human capital in general.

As part of the corporate welfare initiatives aimed at optimizing the work-life balance, it should be noted that during the year 2018 the Group's welfare system was further strengthened by introducing flexible plans, customisable through a dedicated corporate portal with the option of selecting benefits and services from a digital menu. This initiative complements and reinforces the corporate welfare system that has been in operation for over five years within the Group, which includes benefits and work-life balance services for workers to support income, education and the wellbeing of human resources (scholarships, grants to stay in health-related spa centres and travel abroad to study in summer, contributions to crèches, flexible benefits, work-life balance services including the crèches and the canteen by the headquarter based in Empoli, via Piovola). Welfare initiatives are also implemented thanks to the contribution of Fondazione Sesa.

As of 31 October 2018, the Group's personnel numbered 1,756, showing a growth trend compared to the previous period ending 31 October 2017. The figures are summarised in the table below:

	Actual number of employees at 31 October	
(in units)	**2018**	**2017**
Executives	18	17
Middle Managers	166	105
Office workers	1,572	1,357
Total	**1,756**	**1,479**

The net increase in personnel compared to the period ended 31 October 2017 is over 270 resources, of which about 100 units following the enlargement of the scope of consolidation with the entry of Panthera Srl, Tech-Value Srl, Synergy Srl and Icos SpA.

At 31 October 2018, staff on permanent contracts accounted for 97% of the total Group resources, with a female incidence equal to 31%.

(in units)	Men	Women	Fixed-term contract	Open-ended contract
Group's employees	**1,208**	**548**	**47**	**1,709**
Incidence on Group's employees	69%	31%	3%	97%

Lastly, we would like to point out the utmost attention to work safety for our employees. On this matter, during the last financial period at 31 October 2018, the Group companies have taken steps to implement Law 81/2008, with training programmes aimed at human resources. In this sense, it is important to underline that no serious accidents have occurred at work and that no charges have been made for occupational illnesses or for incorrect company conduct towards employees that could constitute company liability in any way.

Significant events after the period-end

There are no significant events occurring after the end of the half-year at 31 October 2018.

Outlook on operations

In light of the positive performance of the first half of the year and the success of the business initiatives, the Group confirms a favorable outlook for the full year to 30 April 2019 with growth levels in line with its long-term track record (growth of revenues and profitability of 10%).
The Group will continue to operate in the second half of the year pursuing investment policies and sustainable growth in the long term, for the benefit of all its stakeholders.

Half-Year Condensed Consolidated Financial Statements

Consolidated Income Statement

(in thousands of euros)	Note	Period ended 31 October 2018	Period ended 31 October 2017
Revenues	4	643,770	560,557
Other income	5	4,438	4,355
Consumables and goods for resale	6	(515,023)	(453,543)
Costs for services and rent, leasing and similar costs	7	(57,095)	(48,611)
Personnel costs	8	(44,406)	(36,101)
Other operating costs	9	(4,801)	(3,203)
Amortisation, depreciation and write-downs	10	(5,421)	(4,074)
EBIT		**21,462**	**19,380**
Profit from companies valued at equity		255	493
Financial income	11	2,072	2,683
Financial charges	11	(4,151)	(4,585)
Profit before taxes		**19,638**	**17,971**
Income taxes	12	(5,954)	(5,542)
Profit for the period		**13,684**	**12,429**
of which			
Net profit attributable to non - controlling interests		1,688	1,576
Net profit attributable to the Group		11,996	10,853
Earnings per share (basic) (in euros)	20	0.78	0.70
Earnings per share (diluted) (in euros)	20	0.77	0.70

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	Period ended 31 October 2018	Period ended 31 October 2017
Profit for the period		**13,684**	**12,429**
Actuarial gain/loss for employee benefits	22	473	(333)
Comprehensive income for the period		**14,157**	**12,096**
of which			
Comprehensive income – non-controlling interests		1,607	1,471
Comprehensive income - Group		12,550	10,625

Consolidated Statement of Financial Position

(in thousands of euros)	Note	At 31 October 2018	At 30 April 2018
Intangible assets	13	45,801	39,083
Property, plant and equipment	14	55,517	55,221
Investment property	15	290	290
Equity investments valued at equity		8,339	9,179
Deferred tax assets		6,390	6,532
Other non-current receivables and assets	16	14,813	10,442
Total non-current assets		**131,150**	**120,747**
Inventories	17	86,491	67,752
Current trade receivables	18	278,056	328,760
Current tax receivables		6,937	7,452
Other current receivables and assets	16	25,085	33,315
Cash and cash equivalents		226,579	247,194
Total current assets		**623,148**	**684,473**
Non-current assets held for sale			
Total assets		**754,298**	**805,220**
Share capital	19	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(4,071)	1,723
Profits carried forward		137,049	132,961
Total Group equity		**203,249**	**204,955**
Equity attributable to non-controlling interests		10,363	11,046
Total equity		**213,612**	**216,001**
Non-current loans	21	143,777	123,172
Employee benefits	22	21,233	20,495
Non-current provisions	23	3,001	2,836
Deferred tax liabilities		11,713	11,339
Total non-current liabilities		**179,724**	**157,842**
Current loans	21	82,797	72,704
Payables to suppliers		221,819	295,706
Current tax payables		6,061	2,187
Other current liabilities	24	50,285	60,780
Total current liabilities		**360,962**	**431,377**
Total liabilities		**540,686**	**589,219**
Total equity and liabilities		**754,298**	**805,220**

Consolidated Statement of Cash Flows

(in thousands of euros)	Note	Period ended 31 October 2018	2017
Profit before taxes		**19,638**	**17,971**
Adjustments to:			
Amortisation and depreciation	10	5,421	4,074
Provisions for personnel and other provisions	9	4,185	3,496
Net financial (income)/charges	11	1,146	1,095
Profit from companies valued at equity		(255)	(493)
Other non-monetary items		91	393
Cash flows generated from operating activities before changes in net working capital		**30,226**	**26,536**
Change in inventories	17	(18,579)	(9,984)
Change in trade receivables	18	50,042	46,588
Change in payables to suppliers		(74,389)	(80,253)
Change in other assets		9,016	(2,326)
Change in other liabilities		(20,172)	(13,505)
Use of provisions for risks	23	(61)	(32)
Payment of employee benefits	22	(679)	(15)
Change in deferred tax assets and liabilities		366	(86)
Change in current tax payables and tax receivables		4,389	(1,291)
Interest paid		(1,392)	(1,256)
Taxes paid		-	(1,956)
Net cash flow generated from operating activities		**(21,233)**	**(37,580)**
Investments in companies net of cash		(6,391)	-
Investments in property, plant and equipment	14	(3,842)	(4,677)
Investments in intangible assets	13	(3,203)	(2,559)
Disposals of property, plant and equipment and intangible assets	13, 14	462	158
Disposal of assets held for sale			
Investments in associated companies		(316)	(27)
Investments in non-current financial assets		(4,000)	
Collection of non-current financial assets		1,219	217
Dividends collected		132	159
Interest collected		371	274
Net cash flow generated from/(used in) investing activities		**(15,568)**	**(6,455)**
New disbursements of long-term loans and finance leases		75,000	59,000
Repayments of long-term loans		(47,648)	(32,329)
(Decrease)/increase in short-term loans		(39)	(406)
Financial investments/disinvestments		(48)	(15)
Change in Group equity	19		(217)
Change in equity attributable to minority interests	19		210
Treasury shares	19	(961)	(700)
Dividends distributed		(10,118)	(9,139)
Net cash flow generated from/(used in) financing activities		**16,186**	**16,404**
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**(20,615)**	**(27,631)**
Cash and cash equivalents at the beginning of the period		247,194	191,951
Cash and cash equivalents at the end of the period		**226,579**	**164,320**

Consolidated Statement of Changes in Equity

(in thousands of euros)	**Share capital**	**Share premium reserve**	**Other reserves**	**Profit for the period and Profits carried forward**	**Equity attributable to the Group**	**Equity attributable to non-controlling interests**	**Total Equity**
At 30 April 2017	**37,127**	**33,144**	**6,587**	**114,427**	**191,285**	**7,743**	**199,028**
Profit for the year				26,861	26,861	3,322	**30,183**
Actuarial gain/(loss) for employees benefits - gross			-173		-173	-112	**-285**
Actuarial gain/(loss) for employees benefits - tax effect			41		41	27	**68**
Comprehensive income for the year			**6,455**	**141,288**	**218,014**	**10,980**	**228,994**
Purchase of treasury shares			-1,189		-1,189		**-1,189**
Dividends distribution			-299	-8,367	-8,666	-463	**-9,129**
Assignment of shares in execution of Stock Grant plan			371		371		**371**
Stock Grant Plan - shares vesting in the period			1,022		1,022		**1,022**
Allocation of profit for the year			440	-440			
Changes in the scope of consolidation and other changes			-5,077	480	-4,597	529	**-4,068**
At 30 April 2018	**37,127**	**33,144**	**1,723**	**132,961**	**204,955**	**11,046**	**216,001**
Profit for the period				11,996	11,996	1,688	**13,684**
Actuarial gain/(loss) for employees benefits - gross			729		729	(106)	**623**
Actuarial gain/(loss) for employees benefits - tax effect			(175)		(175)	25	**(150)**
Comprehensive income for the period			**2,277**	**144,957**	**217,505**	**12,653**	**230,158**
Purchase of treasury shares			(961)		(961)		**(961)**
Dividends distribution			(544)	(8,746)	(9,290)	(828)	**(10,118)**
Assignment of shares in execution of Stock Grant plan			38		38		**38**
Allocation of profit for the period			461	(461)			
Changes in the scope of consolidation and other changes			(5,342)	1,299	(4,043)	(1,462)	**(5,505)**
At 31 October 2018	**37,127**	**33,144**	**(4,071)**	**137,049**	**203,249**	**10,363**	**213,612**

Explanatory Notes to Half-Year Condensed Consolidated Financial Statements

1 General Information

Sesa SpA (hereinafter "SESA", the "Company" or the "Parent Company") is a company that has been incorporated and is domiciled in Italy, with registered office in Empoli, at Via Piovola no. 138, and is organised according to the legal system of the Italian Republic.
It should be noted that Sesa SpA has been listed on the Electronic Stock Market (MTA, Mercato Telematico Azionario) of the Italian Stock Exchange Borsa Italiana SpA since 22 October 2013.
The Company and its subsidiaries (hereinafter collectively referred to as the "Group") operate in Italy in the field of *Information Technology*, and in particular in the value-added distribution of software and hardware *(value-added distribution* or VAD) and in the offering of software, technology, services and consultancy aimed at training and supporting businesses as end-users of IT. Furthermore, the Group is active in the field of logistics services, mainly for companies of its Group. The Company is owned by ITH SpA, which holds 52.8% of the voting shares. These Half-Year Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on 19 December 2018 and reviewed by PricewaterhouseCoopers SpA.

2 Summary of Accounting Policies

Below are reported the main accounting policies and standards applied in the preparation of these Half-Year Condensed Consolidated Financial Statements as of 31 October 2018.

2.1 Basis of Preparation

The Half-Year Condensed Consolidated Financial Statements at 31 October 2018 were drawn up in compliance with IAS 34, concerning interim financial reporting. IAS 34 allows the preparation of the financial statements in "condensed" form, on the basis of a minimum level of reporting which is significantly less detailed than that envisaged by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (hereinafter "IFRS"), where a complete version of the financial statements, prepared in compliance with IFRS, has been published previously. The Half-Year Condensed Consolidated Financial Statements at 31 October 2018 were drawn up in "short" form and must therefore be read jointly with the Group consolidated financial statements for the year ended 30 April 2018, prepared in compliance with IFRS.

The Half-Year Condensed Consolidated Financial Statements at 31 October 2018 comprise the consolidated income statement, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the explanatory notes to the financial statements.
In relation to the form and content of the accounting statements, the Group has made the following choices:

- The Statement of financial position was prepared by classifying assets and liabilities according to the criterion of "current/non-current" items;
- The Income Statement was prepared by classifying operating costs by nature;
- The Statement of comprehensive income includes the profit for the period arising from the income statement, as well as any other changes in equity attributable to transactions that were not carried out with the Company's shareholders;
- The Statement of Cash Flows was prepared by reporting cash flows from operating activities according to the "indirect method".

The Half-Year Condensed Consolidated Financial Statements were prepared on the basis of the conventional historical cost criterion, with the exception of financial assets and liabilities, for which the fair value criterion was applied.
The Half-Year Condensed Consolidated Financial Statements were prepared under the going concern assumption.
The statements used, as specified above, are those that best represent the Group's income, equity and financial situation. The values indicated in the financial statements and in the detailed tables included in the notes to the financial statements are shown in thousands of euros, unless otherwise indicated.

2.2 Scope of Consolidation and Consolidation Criteria

The Half-Year Condensed Consolidated Financial Statements at 31 October 2018 include the Company's Interim Financial Report, as well as the Interim Financial Reports of subsidiaries at 31 October 2018. These interim financial reports were properly adjusted, if required, in order to have them comply with IFRSs.
The companies included in the scope of consolidation at 31 October 2018 are detailed in the Annexes, which form an integral part of the Half-Year Condensed Consolidated Financial Statements.

2.3 Accounting policies

The accounting policies and consolidation criteria adopted when preparing the Half-Year Condensed Consolidated Financial Statements at 31 October 2018 comply with those adopted for the consolidated financial statements for the year ended 30 April 2018, taking into account those specifically applicable to the interim situations.
The preparation of the Half-Year condensed consolidated financial statements requires the directors to make estimates and assumptions that affect the values of the assets and liabilities booked and the related reporting, as well the potential assets and liabilities at the date of reference. The estimates and related assumptions are based on previous experiences and other factors that are considered reasonable in the case in hand and are implemented when the book value of the assets and liabilities cannot be easily deduced from other sources. The final totals might, therefore, differ from these estimates. The estimates and assumptions are reviewed on a regular basis and the effects of every change are reflected in the income statement when this is related to the specific financial period only. If the review concerns both the current and future financial periods, the change is carried in the period in which the review is carried out and in the related future periods. The totals could differ significantly from these estimates following possible changes in the factors considered in the calculation of said estimates. Certain evaluation processes, particularly those that are more complex, such as the calculation of any impairment losses of non-current assets, are usually carried out completely only when drawing up the annual consolidated financial statements, with the exception of cases in which there are indicators that require an immediate estimate of updates, if any. As regards the liability relating to staff severance pay, an independent actuarial calculation at 31 October 2018 has been prepared especially, in accordance with IAS 19.

FAIR VALUE ESTIMATE

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of instruments that are not listed on an active market is calculated using evaluation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.
The fair value classification of financial instruments is given below, based on the following hierarchical levels:
Level 1: fair value calculated with reference to listed prices (not adjusted) on active markets for identical financial instruments;
Level 2: fair value calculated using evaluation techniques with reference to variables that can be observed on active markets;
Level 3: fair value calculated using evaluation techniques with reference to market variables that cannot be observed.
The fair value of derivative instruments at 31 October 2018 is of level 2, while the fair value of the shares of mutual funds and capitalization policies held in portfolio is of level 1.

2.4 Seasonality

The performance of the Sesa Group, despite being only slightly affected by seasonal or cyclic changes in overall annual sales, is influenced by the lack of standardised distribution of costs and revenues in the different months of the year. This is why the analysis of the half-year results and income, equity and financial indicators cannot be considered fully representative and it would, therefore, be incorrect to consider them as a proportional share of the whole year.

2.5 Recently-issued accounting standards

As at the date of these Half-Year Condensed Consolidated Financial Statements, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applied by the Group at 1 May 2018.

- In June 2016 the IASB issued some further amendments to IFRS 2 – "Share based payments" clarifying the evaluation of the "cash-settled share-based payments" and how to account for certain types of share-based payment transactions. It also introduces an exception to IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments will be applicable from years beginning on or after 1 January 2018.
- On 12 November 2009 the IASB published IFRS 9 – Financial instruments, which was then amended on 28 October 2010 and 24 July 2014. The standard, which will be applicable for financial years commencing on or after 1 January 2018 on a retrospective basis, falls within the scope of a multi-phase process aimed at fully replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the accounts. Specifically, for financial assets the new standard adopts a single approach based on the method of the management of the financial instruments and the characteristics of their contractual cash flows in order to determine their measurement policy, replacing the different rules laid down in IAS 39. On the contrary, as regards financial liabilities, the main amendment involved the accounting treatment of changes in the fair value of a financial liability designated as financial liability valued at fair value through profit or loss, in the event that said changes are due to a change in the credit risk of the liability itself. Based on the new standard, such adjustments have to be charged in the statement of comprehensive income rather than profit and loss statement.
- On 28 May 2014 the FASB issued IFRS 15 "Revenue from contracts with customers". The new standard will be applicable as of years beginning on or after 1 January 2018. The standard replaces IAS 18 – "Revenue" IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programmes", "IFRIC 15 - Agreements for the Construction of Real Estate", IFRIC 18 – "Transfers of Assets from Customers", SIC 31 – "Revenue—Barter Transactions Involving Advertising Services". The new standard applies to all contracts with customers, apart from contracts falling within the scope of application of IAS 17 – Leases, for insurance contracts and financial instruments. It establishes a process consisting of five phases to define the timing and the amount of the revenues to be disclosed (identification of contracts with customers, identification of the performance obligations envisaged by the contract, determination of the price of the transaction, allocation of the price of the transaction, disclosure of revenues upon fulfilment of the performance obligation).
- On 12 April 2016 the IASB issued some further amendments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some points and allowing more simplifications, with the aim to reduce costs and complexity, for early adopters. These amendments will be applicable from years beginning on or after 1 January 2018.
- In December 2016, the IASB issued some further amendments to IAS 40 "Investment Property" providing guidance on transfers of property to, or from, "Investment properties" line item, underlying that transfers to investment property can be made when there is an evident change in use. These amendments will be applicable from years beginning on or after 1 January 2018.

- In December 2016, the IASB issued a collection of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). Improvements amended the following standards: (i) IFRS 1 "First-time Adoption of International Financial Reporting Standards" in relation to the deletion of some exemptions related to IFRS 7, IAS 19 and IFRS 10 in case of first-time adoption, (ii) IFRS 12 "Disclosure of Interests in Other Entities" clarifying the scope of the standard (iii) IAS 28 "Investments in Associates and Joint Ventures" relating to measurement at fair value of associates or joint ventures. These amendments will be applicable from years beginning on or after 1 January 2018.
- In December 2016, the IASB issued IFRIC 22 "Foreign currency transactions and advance consideration". The document clarifies the accounting for transactions or part of transactions where there is consideration that is priced in a foreign currency. This amendment will be applicable from years beginning on or after 1 January 2018.

The adoption of the new standards mentioned above had no significant effect on the consolidated financial statements.

As at the date of the present Half-Year Financial Report, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments, not yet applied by the Group.

- On 13 January 2016 the IASB issued new IFRS 16 – Leases. This standard replaces the current guidance in IAS 17 no more suitable to represent leases in the current business. New standard now requires to recognise a lease contracts in the balance sheet as assets or liability whether financial or operating lease. Lease contracts with 12 months or less duration and leases of low-value assets are out of new standard scope. The standard will be applicable from years beginning on or after 1 January 2019. New standards can generally be adopted early by IFRS 15 (Revenue from contracts with customers) adopters.
- In October 2017, the IASB issued an amendment to IFRS 9 "Prepayment features with negative compensation". The amendment confirms that when a financial liability recorded at amortized cost is changed without a de-recognition, the related gain or loss must be immediately recognized in the income statement. The gain or loss are measured as difference between the previous financial flow and the redetermined flow following the change. This amendment will be applicable from years beginning on or after 1 January 2019.

As at the date of the present Half-Year Financial Report, the competent bodies of the European Union have have not yet completed the necessary process of endorsement for the adoption of the following accounting standards and amendments .

- In June 2017, the IASB published the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". The document provides guidance on how to reflect the uncertainties over the tax treatment of a specific event in the accounting of current and/or deferred income taxes. This interpretation will be applicable from years beginning on or after 1 January 2019.
- In May 2017 the IASB issued IFRS 17 – Insurance contracts. The new standard replaces IFRS 4 and will be applicable from years beginning on or after 1 January 2021.
- In October 2017, the IASB issued an amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". The amendment provides some clarifications relative to the accounting of investments in associated companies and joint ventures not valued at equity in accordance with IFRS 9. This amendment will be applicable from years beginning on or after 1 January 2019.
- In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved have amended: (i) IFRS 3 "Business Combinations"; (ii) IFRS 11 "Joint arrangements"; (iii) IAS 12 "Income Taxes"; (iv) IAS 23 "Borrowing costs" in relation to the accounting treatment of loans originally linked to the development of a business. The amendments are effective for annual periods beginning on or after 1 January 2019.
- In February 2018, the IASB published an amendment to IAS 19 "Employee benefits" that introduces changes essentially aimed at requiring the use of updated actuarial assumptions in the calculation of

current service cost and net interest for the period following a change in an existing defined benefit plan. Application of the amendments is effective for financial years beginning on or after 1 January 2019.

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess potential impacts, when these are approved by the European Union.

3 Financial risk management

The Group's business is exposed to the following risks: market risk (defined as exchange and interest rate risk), credit risk, liquidity risk and capital risk.
The Group's risk management strategy is aimed at minimizing potential adverse effects on the Group's financial performance. Some types of risk are mitigated through recourse to derivative instruments. Risk management is centralised within the treasury function that identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The treasury function provides instructions to monitor risk management, as well as provides instructions for specific areas, concerning interest rate risks, exchange rate risks and the use of derivative and non-derivative instruments.

MARKET RISK

The Group is exposed to market risks as regards interest rate risks and exchange rate risks.

Interest Rate Risk

The exposure to interest rate risks mainly arises from the fact that the Group companies carry out business activities characterized by negative financing requirements during certain periods of the year. These requirements are covered through assignments of receivables, loans and variable-rate credit lines. The Group has not deemed it appropriate to enter into specific financial instruments to hedge interest rate risks, as the same would result, as a whole, particularly onerous compared to benefits (if any), considering the current level of financial debt and interest rates.
The amount of variable-rate indebtedness that is not covered by the interest rate risk represents the main element of risk for the impact that could be produced on the income statement following an increase in market interest rates.

Exchange Rate Risk

The Group is active exclusively in the Italian market and its exposure limited to exchange rate risks relates to some minor purchases and sales of goods in US dollars. In order to reduce exchange rate risks arising from assets, liabilities and expected cash flows in foreign currency, the Group makes recourse to forward contracts in order to hedge cash flows in currencies other than the Euro. The Group mainly sets the exchange rates of the functional currencies of the Group companies (Euro) against US dollar, as some purchases and sales of consumables and goods are denominated in US dollars. In fact, it is the Group's policy to hedge, where possible, forecast trade flows in US dollars arising from certain or highly probable contractual commitments. The term of the existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the necessary requirements to be accounted for according to the rules of hedge accounting.
At 31 October 2018 no. 36 currency forward contracts were in place (U.S. Dollar) signed by Computer Gross Italia SpA, with positive fair value for Euro 113 thousand.

CREDIT RISK

The credit risk essentially arises from receivables from customers for the sale of products and services. As regards the credit risk relating to the management of financial or cash resources, temporarily deposited with banks, the Group has in place procedures aimed at ensuring that the Group companies maintain relations with independent counterparties that are of high standing and reliable.
In order to mitigate the credit risk correlated to its business counterparties, and therefore to its customers, the Group has implemented procedures aimed at ensuring that its products are sold to customers that are considered to be reliable on the basis of past experience and any available information. The Group also adopted procedures to hedge credit risk by purchasing credit insurance and/or through factoring without recourse.

With reference to trade receivables, the more risky situation concerns relations with retailers. Therefore, receipts and payment times relating to these receivables are monitored on an ongoing basis. However, the amount of financial assets that are considered to be of insignificant amount and the recoverability of which may be doubtful is covered by appropriate provisions for bad debts.

The table below provides a breakdown of current receivables from customers at 31 October 2018 and 30 April 2018, by overdue amounts, net of the portion of provision for bad debts covering performing loans.

(in thousands of euros)	**At 31 October 2018**	**At 30 April 2018**
Falling due	241,091	296,266
Overdue from 0-90 days	23,953	25,334
Overdue from 90-180 days	7,107	2,433
Overdue from 180-360 days	2,200	1,612
Overdue from more than 360 days	3,706	3,115
Total	**278,057**	**328,760**

For the management of credit risk, it should be noted that the Group uses the credit insurance instrument on a significant portion of trade receivables.

LIQUIDITY RISK

The liquidity risk is associated to the Company's ability to meet any commitments mainly arising from financial liabilities. A prudent management of the liquidity risk arising from the Company's ordinary operations requires the maintenance of an adequate level of cash and cash equivalents and the availability of funds that can be obtained through an adequate amount of credit lines.

CAPITAL RISK

The Company's objective within the scope of the capital risk management is mainly that of safeguarding its continuation as a going-concern so as to guarantee returns to shareholders and benefits to any other stakeholders. The Company also intends to maintain an optimal capital structure so as to reduce the cost of debt.

4 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 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 for the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *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.
- *Corporate*, which includes services such as administrative and finance management, organisation, planning and control, management of IT systems, human resources, general, corporate and legal affairs of the main Group companies carried out by the parent company Sesa SpA and also logistics services, (storage, assembly, customisation and handling of products) through 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. 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 third parties by operating segment;
- EBITDA defined as the profit for the period before depreciation, provisions for bad debts, accruals to provision for risks, non monetary costs related to Stock Grant Plans assigned to executive directors, financial income and charges, the profit (loss) of companies valued at equity and taxes;
- profit for the period.

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 table below shows the segment reporting applied for the periods ended 31 October 2018 and 31 October 2017:

	Period ended 31 October 2018					**Period ended 31 October 2017**				
(in thousands of euros)	**Value Added Distribution (VAD)**	**Software and System Integration (SSI)**	**Corporate**	**Eliminations**		**Value Added Distribution (VAD)**	**Software and System Integration (SSI)**	**Corporate**	**Eliminations**	
Revenues from third parties	**495,219**	**147,904**	**647**		**643,770**	**432,092**	**127,664**	**801**		**560,557**
Inter segment revenues	34,745	1,388	6,288		42,421	34,712	1,238	5,722		41,672
Revenues	529,964	149,292	6,935	(42,421)	**643,770**	**466,804**	**128,902**	**6,523**	**(41,672)**	**560,557**
Other income	2,793	2,622	1,070	(2,047)	4,438	3,137	2,036	1,096	(1,914)	4,355
Total Revenues and other income	**532,757**	**151,914**	**8,005**	**(44,468)**	**648,208**	**469,941**	**130,938**	**7,619**	**(43,586)**	**564,912**
Purchase of goods	(492,398)	(53,843)	(99)	31,317	(515,023)	(432,110)	(52,847)	(243)	31,657	(453,543)
Costs for services and rent, leasing and similar costs	(14,172)	(52,013)	(3,988)	13,116	(57,057)	(15,043)	(41,429)	(3,677)	11,909	(48,240)
Personnel costs	(7,098)	(34,369)	(2,939)		(44,406)	(6,544)	(26,858)	(2,699)		(36,101)
Other operating costs	(1,124)	(392)	(97)	35	(1,578)	(677)	(443)	(82)	20	(1,182)
Ebitda	**17,965**	**11,297**	**882**		**30,144**	**15,567**	**9,361**	**918**		**25,846**
Amortisation, depreciation and write-downs	(4,110)	(4,463)	(109)		(8,682)	(2,843)	(3,161)	(462)		(6,466)
Ebit	**13,855**	**6,834**	**773**		**21,462**	**12,724**	**6,200**	**456**		**19,380**
Profit from companies valued at equity	213	72	(30)		255	359	111	23		493
Net financial income and charges	(1,428)	(658)	7		(2,079)	(1,542)	(371)	11		(1,902)
Profit before taxes	**12,640**	**6,248**	**750**		**19,638**	**11,541**	**5,940**	**490**		**17,971**
Income taxes	(3,462)	(2,135)	(357)		(5,954)	(3,183)	(2,068)	(291)		(5,542)
Profit for the period	**9,178**	**4,113**	**393**		**13,684**	**8,358**	**3,872**	**199**		**12,429**
Profit attributable to non-controlling interests	57	1,631			1,688	38	1,538			1,576
Profit attributable to the Group	**9,121**	**2,482**	**393**		**11,996**	**8,320**	**2,334**	**199**		**10,853**

The table below shows information on the balance sheet by operating segment for the periods ended 31 October 2018 and 31 October 2017:

	Period ended 31 October 2018					Period ended 31 October 2017				
(in thousands of euros)	**Value Added Distribution (VAD)**	**Software and System Integration (SSI)**	**Corporate**	**Eliminations**		**Value Added Distribution (VAD)**	**Software and System Integration (SSI)**	**Corporate**	**Eliminations**	
Intangible assets	3,273	42,401	127		45,801	1,085	21,983	73	22	23,163
Property, plant and equipment	40,394	14,585	538		55,517	41,491	9,836	502	(10)	51,819
Investment property			290		290			290		290
Equity investments valued at equity	6,136	1,605	845	(247)	8,339	5,108	3,061	946	(247)	8,868
Deferred tax assets	3,529	2,765	165	(69)	6,390	3,463	2,087	168	(87)	5,631
Other non-current receivables and assets	4,251	8,671	70,225	(68,334)	14,813	3,664	6,114	68,225	(67,683)	10,320
TOTAL NON-CURRENT ASSETS	**57,583**	**70,027**	**72,190**	**(68,650)**	**131,150**	**54,811**	**43,081**	**70,204**	**(68,005)**	**100,091**
Inventories	72,869	13,748		(126)	86,491	60,323	11,375		(144)	71,554
Current trade receivables	213,600	86,829	13,324	(35,697)	278,056	212,083	80,432	12,836	(38,203)	267,148
Current tax receivables	3,595	3,319	23		6,937	1,775	2,266	167		4,208
Other current receivables and assets	4,234	18,876	770	1,205	25,085	4,554	18,421	885	(752)	23,108
Cash and cash equivalents	158,635	59,674	8,270		226,579	116,815	39,021	8,484		164,320
TOTAL CURRENT ASSETS	**452,933**	**182,446**	**22,387**	**(34,618)**	**623,148**	**395,550**	**151,515**	**22,372**	**(39,099)**	**530,338**
Non-current assets held for sale										
TOTAL ASSETS	**510,516**	**252,473**	**94,577**	**(103,268)**	**754,298**	**450,361**	**194,596**	**92,576**	**(107,104)**	**630,429**
Share capital	40,000	3,800	37,126	(43,799)	37,127	40,000	3,800	37,127	(43,800)	37,127
Share premium reserve		4,051	33,144	(4,051)	33,144		4,051	33,144	(4,051)	33,144
Other reserves and Profits carried forward	131,125	6,371	16,165	(20,683)	132,978	118,810	9,108	14,638	(20,128)	122,428
TOTAL GROUP EQUITY	**171,125**	**14,222**	**86,435**	**(68,533)**	**203,249**	**158,810**	**16,959**	**84,909**	**(67,979)**	**192,699**
Equity attributable to non-controlling interests	717	9,493		153	10,363	871	7,297	546	237	8,951
TOTAL EQUITY	**171,842**	**23,715**	**86,435**	**(68,380)**	**213,612**	**159,681**	**24,256**	**85,455**	**(67,742)**	**201,650**
Non-current loans	82,863	60,914			143,777	81,718	33,635			115,353
Employee benefits	1,654	17,953	1,626		21,233	1,456	15,776	1,610		18,842
Non-current provisions	1,863	1,138			3,001	1,768	709			2,477
Deferred tax liabilities	2,560	9,335	57	(239)	11,713	1,517	5,218	15	(263)	6,487
TOTAL NON-CURRENT LIABILITIES	**88,940**	**89,340**	**1,683**	**(239)**	**179,724**	**86,459**	**55,338**	**1,625**	**(263)**	**143,159**
Current loans	50,683	32,114			82,797	30,166	22,778			52,944
Payables to suppliers	187,231	68,108	1,021	(34,541)	221,819	164,088	63,023	2,839	(39,020)	190,930
Current tax payables	960	2,800	2,292	9	6,061	1,682	2,398	1,131	10	5,221
Other current liabilities	10,860	36,396	3,146	(117)	50,285	8,285	26,803	1,526	(89)	36,525
TOTAL CURRENT LIABILITIES	**249,734**	**139,418**	**6,459**	**(34,649)**	**360,962**	**204,221**	**115,002**	**5,496**	**(39,099)**	**285,620**
TOTAL LIABILITIES	**338,674**	**228,758**	**8,142**	**(34,888)**	**540,686**	**290,680**	**170,340**	**7,121**	**(39,362)**	**428,779**
TOTAL EQUITY AND LIABILITIES	**510,516**	**252,473**	**94,577**	**(103,268)**	**754,298**	**450,361**	**194,596**	**92,576**	**(107,104)**	**630,429**

All the Group's revenues are generated in Italy. Revenues can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Sale of hardware, software and accessories	553,294	499,582
Software development and other services	49,167	28,923
Hardware and software assistance	32,966	25,910
Marketing activity	4,344	3,550
Other sales	3,999	2,592
Total	**643,770**	**560,557**

5 Other Income

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Transport activity	476	529
Capital gains on disposals	18	9
Commissions	558	765
Leases and hires	134	111
Training courses	36	99
Other income	3,216	2,842
Total	**4,438**	**4,355**

6 Consumables and Goods for resale

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Purchase of hardware	366,674	305,393
Purchase of software	147,174	147,268
Consumables and other purchases	1,175	882
Total	**515,023**	**453,543**

7 Costs for services and rent, leasing and similar costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Hardware and software technical assistance	19,832	19,683
Consultancy	11,282	10,512
Commissions and contributions due to agents	4,124	3,918
Leases and hires	6,493	4,021
Marketing	2,650	1,903
Transport	1,700	1,841
Insurance	850	700
Utilities	967	969
Logistics and warehousing	817	589
Support and training expenses	541	398
Maintenance	1,755	1,230
Other expenses for services	6,084	2,847
Total	**57,095**	**48,611**

8 Personnel costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Wages and salaries	30,362	24,608
Social security contributions	8,381	6,627
Contributions to pension funds	2,084	1,713
Reimbursements and other personnel costs	3,579	3,153
Total	**44,406**	**36,101**

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

	Average number of employees at		Actual number of employees at	
(in units)	**31-Oct-18**	**31-Oct-17**	**31-Oct-18**	**31-Oct-17**
Executives	18	17	18	17
Middle managers	136	102	166	105
Office workers	1,464	1,334	1,572	1,357
Total	**1,618**	**1,453**	**1,756**	**1,479**

9 Other Operating costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Accruals to provision for bad debts	3,005	1,490
Charges and commissions for assignments of receivables without recourse	684	310
Taxes and duties	395	300
Capital losses on disposals	9	2
Losses not covered by provisions for bad debts	8	30
Provisions for risks and charges	219	531
Other operating costs	481	540
Total	**4,801**	**3,203**

10 Amortisation and depreciation

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Intangible assets	2,059	1,542
Property, plant and equipment	3,362	2,531
Investment property		1
Total	**5,421**	**4,074**

Amortisation of intangible assets in the period included Euro 1,219 thousand relating to the 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.

11 Financial income and charges

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Interest expense for assignments of receivables	(529)	(406)
Charges and commissions for assignments of receivables with recourse	(186)	(424)
Interest expense on bank accounts and loans	(149)	(159)
Other interest expense	(714)	(691)
Commissions and other financial charges	(600)	(888)
Financial charges relating to staff severance pay (TFR)	(145)	(113)
Total financial charges	**(2,323)**	**(2,681)**
Interest income on other short-term receivables	341	261
Other financial income	47	396
Interest income on bank deposits	30	13
Dividends from equity investments	20	1
Total financial income	**438**	**671**
Total financial items (a)	**(1,885)**	**(2,010)**
Foreign exchange losses	(1,828)	(1,904)
Foreign exchange gains	1,634	2,012
Total foreign exchange items (b)	**(194)**	**108**
Net financial charges (a+b)	**(2,079)**	**(1,902)**

Financial items showed a negative balance equal to Euro 2,079 thousand at 31 October 2018, with an increase compared to a negative balance of Euro 1,902 thousand at 31 October 2017, mainly due to the foreign exchange management (net balance of foreign exchange losses and gains) passed from a positive balance of Euro 108 thousand at 31 October 2017 to a negative balance of Euro 194 thousand at 31 October 2018.

12 Income taxes

Income taxes at 31 October 2018 are equal to Euro 5,954 thousand and are based on the best estimate of taxes in accordance with the legislation in force.

	Period ended 31 October	
(in thousands of euros)	**2018**	**2017**
Current taxes	5,872	5,706
Deferred taxes	82	(164)
Total	**5,954**	**5,542**

13 Intangible assets

This item and the related change can be broken down as follows:

(in thousands of euros)	**Client list**	**Technological know-how**	**Software and other intangible assets**	**Total**
Balance at 30 April 2018	**10,823**	**25,190**	**3,070**	**39,083**
Of which				
- historical cost	*16,163*	*26,898*	*9,920*	*52,981*
- accumulated amortisation	*(5,340)*	*(1,708)*	*(6,850)*	*(13,898)*
Changes in the scope of consolidation	1,391	2,782	1,655	5,828
Investments	488	1,713	1,002	3,203
Amortisation	(452)	(785)	(822)	(2,059)
Decreases	(254)			(254)
Other changes				
Balance at 31 October 2018	**11,996**	**28,900**	**4,905**	**45,801**
Of which				
- historical cost	*16,651*	*28,611*	*12,577*	*57,839*
- accumulated amortisation	*(5,792)*	*(2,493)*	*(7,672)*	*(15,957)*

The balance of intangible assets at 31 October 2018 consists largely of client lists and technological know-how items, arising from the acquisition of business branches and companies. The increase in client lists and technological know-how items, equal to Euro 5.8 million in the period, mainly refers to the purchase of the Panthera ERP branch. The client lists and technological know-how items as well as software and other intangible assets are assets with finite useful life and are subject to regular amortisation.

14 Property, plant and equipment

This item and the related change can be broken down as follows:

(in thousands of euros)	**Land**	**Buildings**	**Office machines**	**Leasehold improvements**	**Other property, plant and equipment**	**Total**
Balance at 30 April 2018	**7,950**	**25,911**	**5,776**	**3,320**	**6,779**	**49,736**
Of which						
- historical cost	*7,950*	*28,353*	*24,937*	*7,082*	*14,061*	***82,383***
- accumulated depreciation		*(3,297)*	*(14,166)*	*(3,115)*	*(6,584)*	***(27,162)***
Changes in the scope of consolidation			17		7	**24**
Investments	499		2,903	207	233	**3,842**
Disposals		(174)		(20)	(14)	**(208)**
Depreciation		(440)	(1,851)	(451)	(620)	**(3,362)**
Other changes						
Balance at 31 October 2018	**8,449**	**24,442**	**11,840**	**3,703**	**7,083**	**55,517**
Of which:						
- historical cost	*8,449*	*28,179*	*27,857*	*7,269*	*14,287*	***86,041***
- cumulated depreciation		*(3,737)*	*(16,017)*	*(3,566)*	*(7,204)*	***(30,524)***

The investments in property, plant and equipment made at 31 October 2018 mainly refer to office and electronic machines (servers and storage) necessary to the development of the offering of Cloud Computing and IT services.

15 Investment Property

This item and the related change can be broken down as follows:

(in thousands of euros)	**Land**	**Buildings**	**Total**
Balance at 30 April 2018	**281**	**9**	**290**
Of which			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Investments			
Disposals			
Depreciation			
Balance at 31 October 2018	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***

The item "Investment Property" includes the value of land and buildings held by the Group for investment purposes. In particular, two agricultural lands based in Villanova (Empoli) and an apartment for office use based in Rome, are fully owned.

16 Other current and non-current receivables and assets

This item can be broken down as follows:

(in thousands of euros)	**At 31 October 2018**	**At 30 April 2018**
Non-current receivables from others	3,854	3,745
Non-current equity investments in other companies	10,390	5,759
Non-current securities	16	16
Non-current receivables from associated companies		912
Other non-current tax receivables	553	10
Total other non-current receivables and assets	**14,813**	**10,442**
Current receivables from others	11,237	14,462
Other current tax receivables	2,130	3,734
Accrued income and prepaid expenses	9,784	11,687
Derivative assets	113	165
Other current securities	1,771	3,267
Current receivables from Group's companies out of the scope of consolidation		
Current receivables from associated companies	50	
Total other current receivables and assets	**25,085**	**33,315**

17 Inventories

This item can be broken down as follows:

(in thousands of euros)	At 31 October 2018	At 30 April 2018
Finished products and goods for resale	83,308	65,243
Work in progress and semi-finished products	3,183	2,509
Total	**86,491**	**67,752**

The increase in inventories compared to the year ended 30 April 2018 was due to the seasonality of the purchases and sales during the year. Finished products and goods for resale were recognised net of the provision for write-down for obsolescence, which showed in the period the following changes:

(in thousands of euros)	Provision for obsolescence of finished products and goods for resale
Balance at 30 April 2018	**1,246**
Net change	(9)
Balance at 31 October 2018	**1,237**

18 Current trade receivables

This item can be broken down as follows:

(in thousands of euros)	At 31 October 2018	At 30 April 2018
Receivables from customers	290,514	339,767
Provision for write-down of receivables from customers	(13,633)	(13,402)
Receivables from customers, net of provision for bad debts	**276,881**	**326,365**
Receivables from associated companies	1,175	2,395
Total current trade receivables	**278,056**	**328,760**

For the purposes of a better presentation of receivables from customers, they are presented net of the balance relating to customers subject to insolvency proceedings which at 31 October 2018 were Euro 33,907 thousand, compared to Euro 31,553 thousand at 30 April 2018. These positions have been fully written down via the booking of a specific provision.

The table below shows the change in the provision for bad debts:

(in thousands of euros)	**Provision for current bad debts**
Balance at 30 April 2018	**13,402**
Allocation	3,005
Use	(2,787)
Changes in the scope of consolidation	13
Balance at 31 October 2018	**13,633**

19 Equity

Share capital

At 31 October 2018 the Parent Company's share capital, fully subscribed and paid-up, amounted to Euro 37,127 thousand and was divided into 15,494,590 ordinary shares, all of which were no-par-value shares. There are no outstanding warrants or other shares than ordinary ones.

On 24 September 2018 a dividend equal to Euro 0.60 per share was distributed as approved by the Shareholders' Meeting on 24 August 2018. The total profit distributed by the Parent Company Sesa SpA amounted to Euro 9,290 thousand, gross of treasury shares in portfolio.

20 Earnings per Share

The following table shows the calculation of the basic and diluted earnings per share.

	Period ended 31 October	
(in euros, except otherwise specified)	**2018**	**2017**
Profit for the period – attributable to the Group in thousands of euros	**11,996**	**10,853**
Average number of ordinary shares (*)	15,456,905	15,453,643
Earnings per share – basic	**0.78**	**0.70**
Average number of ordinary shares (**)	15,494,590	15,494,590
Earnings per share – diluted	**0.77**	**0.70**

(*) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio

(**) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio, included the impact related to Stock Options/Grants Plans

21 Current and non-current loans

The table below shows the breakdown of this item at 31 October 2018 and 30 April 2018:

At 31 October 2018 *(in thousands of euros)*	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Long-term loans	56,358	125,430		181,788
Short-term loans	24,451			24,451
Advances received from factors	891			891
Finance lease liability	1,097	4,628	13,719	19,444
Total	**82,797**	**130,058**	**13,719**	**226,574**

At 30 April 2018 *(in thousands of euros)*	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Long-term loans	44,164	109,050		153,214
Short-term loans	26,121			26,121
Advances received from factors	1,121			1,121
Finance lease liability	1,298	5,504	8,618	15,420
Total	**72,704**	**114,554**	**8,618**	**195,876**

The item "advances received from factors" refers to advances granted by factoring companies against receivables from customers assigned in the period that did not meet the requirements for the derecognition of financial assets.

The table below summarises the main outstanding loans:

(in thousands of euros)						**Outstanding debt at**	
Lending bank	**Original amount**	**Financed Company**	**Registration**	**Expiry**	**Applied Rate**	**31 October 2018**	*of which current*
BNL BNP Paribas S.p.A.	20,000	**Computer Gross Italia S.p.A.**	May-17	May-20	Taeg 0.52%	20,000	0
B.Pop. Commercio e Industria	20,000	**Computer Gross Italia S.p.A.**	Jun-18	Jun-21	Euribor 3m + 0.57%	18,347	6,638
BNL BNP Paribas S.p.A.	15,000	**Var Group S.p.A.**	Aug-18	Aug-22	Euribor 6m 0.85%	15,000	3,750
Unicredit S.p.A.	10,000	**Computer Gross Italia S.p.A.**	Apr-17	May-19	Taeg 0.75%	10,000	10,000
Banca MPS S.p.A.	10,000	**Computer Gross Italia S.p.A.**	Apr-17	Jun-22	Taeg 0.51%	7,500	2,000
BpM S.p.A.	10,000	**Computer Gross Italia S.p.A.**	May-18	Jun-20	Euribor 3m + 0.80%	9,506	1,983
Banca MPS S.p.A.	10,000	**Computer Gross Italia S.p.A.**	Nov-15	Dec-20	Euribor 6m + 1.10%	5,000	2,000
Banca CRF	10,000	**Computer Gross Italia S.p.A.**	Nov-15	Dec-20	Euribor 3m + 1.00%	4,500	2,000
CARIPARMA S.p.A. - Credit Agricole	10,000	**Var Group S.p.A.**	May-16	May-20	Euribor 3m + 0.9%	4,404	2,511
Unicredit S.p.A.	10,000	**Var Group S.p.A.**	Jul-18	Jul-23	Euribor 3m + 1.20%	9,500	2,000
Unicredit S.p.A.	10,000	**Var Group S.p.A.**	Dec-17	Dec-22	Euribor 3m + 1.10%	8,525	1,980
B.Pop. Commercio e Industria	10,000	**Var Group S.p.A.**	Jun-18	Jun-21	Euribor 3m + 0.57%	9,173	3,319

The table below summarises the main finance lease agreements in place:

(in thousands of euros) **Lending bank**	**Company**	**Registration**	**Expiry**	**At 31 October 2018**	*of which current*	**At 30 April 2018**	*of which current*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Jan-17	May-30	7,643	397	7,880	*689*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Sep-13	May-30	529	22	541	*40*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Oct-10	May-30	6,359	284	6,516	*484*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Dec-08	Oct-23	436	76	472	*74*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	May-18	May-30	4,477	318		
Dell Bank International Limited	Leonet Srl	May-15	Jun-18			11	*11*
Total				**19,444**	**1,097**	**15,420**	**1,298**

The financial lease agreements in place signed by Computer Gross Italia SpA with Leasint SpA are related to the real estate complex in Empoli used as headquarters and warehouse, whose expiry has been postponed in May 2018 up to 30 May 2030.

At 31 October 2018 and 30 April 2018 the Group's financial debt was made up almost entirely, of loans raised in euros. Below is a summary of the Group's Net Financial Position:

	(in thousands of euros)	**At 31 October 2018**	**At 30 April 2018**
A.	Cash	52	40
B.	Cheques and bank and postal deposits	226,527	247,154
C.	Securities held for trading		
D.	**Liquidity (A) + (B) + (C)**	**226,579**	**247,194**
E.	**Current financial receivables**	**1,797**	**3,344**
F.	Current bank debts	25,342	27,242
G.	Current portion of non-current debt	56,358	44,164
H.	Other current financial payables	1,097	1,298
I	**Current financial debt (F) + (G) + (H)**	**82,797**	**72,704**
J.	**Net current financial debt (I) - (E) - (D)**	**(145,579)**	**(177,834)**
K.	Non-current bank debts	125,430	109,050
L.	Bonds issued		
M.	Other non-current payables	18,347	14,122
N.	**Non-current financial debt (K) + (L) + (M)**	**143,777**	**123,172**
O.	**Net financial debt (J) + (N)**	**(1,802)**	**(54,662)**

The trend of Net Financial Position reflected mainly the seasonality of the business where working capital absorption is higher at 31 October than at 30 April of each financial year.

22 Employee benefits

This item includes the provision relating to the staff severance pay (TFR) for the employees of the Group companies in Italy.

The change in the item can be broken down as follows:

(in thousands of euros)	**At 31 October 2018**	**At 30 April 2018**
Balance at the beginning of the period	**20,495**	**17,427**
Service cost	954	1,603
Interest on the obligation	145	228
Uses, advances and transfer	(679)	(796)
Actuarial loss/(gain)	(623)	284
Changes in the scope of consolidation	941	1,749
Balance at the end of the period	**21,233**	**20,495**

The table below shows the actuarial calculation assumptions for the purposes of the determination of defined-benefit pension plans:

(in thousands of euros)	At 31 October 2018	At 30 April 2018
Economic assumptions		
Rate of inflation	1.50%	1.50%
Discount rate	1.53%	1.44%
Rate of increase in staff severance pay (TFR)	2.63%	2.63%

23 Provisions for risks and charges

The change in the items can be broken down as follows:

(in thousands of euros)	Provision for agents' pension fund	Other provisions for risks	Total
At 30 April 2018	**628**	**2,208**	**2,836**
Allocations	82	144	226
Uses		(61)	(61)
Other changes			
At 31 October 2018	**710**	**2,291**	**3,001**

Other provisions for risks, equal to Euro 2,291 thousand at 31 October 2018, are aimed to cover the risks relating to fiscal and legal disputes and, in particular, include an estimate of the future charges connected with the notices of assessment notified by the Florence Revenue Agency to Computer Gross Italia SpA on 18 December 2015, 12 December 2016 and 19 October 2017, concerning value added tax for the year 2010, 2011 and 2012 respectively.

The higher tax established amounts to a total of Euro 8.6 million, in addition to sanctions and interest, for all three notices and involves the sale of non-taxable assets under art. 8 para. 2 of Presidential Decree 633/72. From an examination of similar claims as those in the abovementioned notices, after hearing the opinion of its legal and tax consultants, Computer Gross Italia SpA deems that the claims of the revenue authorities are groundless. The company also believes that it has had a proper tax behavior, having progressively strengthened the validation and monitoring procedures of customers who resort to this type of transaction in order to anticipate such potential fiscal risk. Such transactions represent a very little and decreasing percentage of the turnover of Computer Gross Italia SpA.

In relation to the notice issued in December 2015 referred to taxes for 2010, Computer Gross Italia SpA filed an appeal in February 2016. In January 2017, the decision of the Provincial Tax Commission was served which accepted the appeal filed and allowed the repayment of the expenses. Following said decision, which fully confirms the company's correct conduct, the revenue authorities filed an appeal in June 2017.

In relation to the notices issued on 5 September 2018 referred to the tax 2011 and 2012, the decision of acceptance by the Provincial Tax Commission of Florence of the appeals presented by Computer Gross Italia S.p.A. was served in the field of indirect taxes (VAT) and relating to the years 2011 and 2012.

It should also be noted that at the date of the preparation of this interim report the foregoing is the only tax claim of a not insignificant amount for all the companies of the Sesa Group.

24 Other current liabilities

This item can be broken down as follows:

(in thousands of euros)	**At 31 October 2018**	**At 30 April 2018**
Accrued expenses and deferred income	17,743	27,348
Tax payables	5,871	4,865
Payables to personnel	12,897	13,085
Other payables	3,520	3,193
Payables to social security institutions	2,944	2,796
Advances from customers	7,310	9,493
Derivative liabilities		
Total other current liabilities	**50,285**	**60,780**

25 Other Information

Contingent liabilities

No significant changes emerged regarding the main existing disputes with respect to the information contained in the explanatory notes to the Consolidated Financial Statements of the Group as of 30 April 2018 except as set forth above in relation to the tax litigation in Note 23 - Provisions for Risks and Charges. We are not aware of the existence of further disputes or proceedings that are likely to have significant effects on the economic and financial position of the Group.

Commitments

At 31 October 2018 the Group did not undertake commitments that are not reflected in the Financial Statements.

26 Events after the period-end

As regards information related to the events subsequent to 31 October 2018, please refer to the interim report on operations.

Annexes

Balance Sheet drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

(in thousands of euros)	At 31 October 2018	Of which with related parties	% impact
Intangible assets	45,801		
Property, plant and equipment	55,517		
Investment property	290		
Equity investments valued at equity	8,339		
Deferred tax assets	6,390		
Other non-current receivables and assets	14,813		
Total non-current assets	**131,150**		
Inventories	86,491		
Current trade receivables	278,056	1,021	0.4%
Current tax receivables	6,937		
Other current receivables and assets	25,085	68	0.3%
Cash and cash equivalents	226,579		
Total current assets	**623,148**	**1,089**	**0.2%**
Non-current assets held for sale			
Total assets	**754,298**	**1,089**	**0.1%**
Share capital	37,127		
Share premium reserve	33,144		
Other reserves	(4,234)		
Profits carried forward	137,049		
Equity attributable to the Group	**203,086**	**-**	
Equity attributable to non-controlling interests	10,526		
Total equity	**213,612**	**-**	
Non-current loans	143,777		
Employee benefits	21,233	128	0.6%
Non-current provisions	3,001		
Deferred tax liabilities	11,713		
Total non-current liabilities	**179,724**	**128**	**0.1%**
Current loans	82,797		
Payables to suppliers	221,819	1,660	0.7%
Current tax payables	6,061		
Other current liabilities	50,285	183	0.4%
Total current liabilities	**360,962**	**1,843**	**0.5%**
Total liabilities	**540,686**	**1,971**	**0.4%**
Total equity and liabilities	**754,298**	**1,971**	**0.3%**

Income statement drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

(in thousands of euros)	At 31 October 2018	Of which with related parties	% impact
Revenues	643,770	907	0.1%
Other income	4,438	16	0.4%
Consumables and goods for resale	(515,023)	(558)	0.1%
Costs for services and rent, leasing, and similar costs	(57,095)	(3,162)	5.5%
Personnel costs	(44,406)	(382)	0.9%
Other operating costs	(4,801)		
Amortisation, depreciation and write-downs	(5,421)		
EBIT	**21,462**		
Profit from companies valued at equity	255		
Financial income	2,072		
Financial charges	(4,151)	(1)	0.0%
Profit before taxes	**19,638**		
Income taxes	(5,954)		
Profit for the period	**13,684**		
of which:			
Profit attributable to non-controlling interests	1,688		
Profit attributable to the Group	11,996		
Earnings per share (basic) (in euros)	0.78		
Earnings per share (diluted) (in euros)	0.77		

List of Subsidiary and operating Associated Companies

Subsidiary Companies

Owned by	Company	Registered Office	Share Capital (Euro)	Ownership percentage at 31-Oct-18	Ownership percentage at 30-Apr-18
VAR GROUP SRL	365ONLINE SRL	Empoli (Florence)	100,650	100.0%	100.0%
VAR GROUP DIGITAL SRL	AFB NET SRL	Ponte San Giovanni (Perugia	15,790	62.0%	62.0%
APRA SPA	AGENZIA SENZA NOME SRL	Jesi (Ancona)	25,000	71.3%	71.3%
VAR GROUP SPA	APRA SPA	Jesi (Ancona)	150,000	75.0%	75.0%
SESA SPA	ARCIPELAGO CLOUD SRL	Empoli (Florence)	50,000	100.0%	100.0%
VAR GROUP SPA	BMS SPA	Milan	1,000,000	51.0%	51.0%
TECH VALUE SRL	CCSTEAM SRL	Roncade (Treviso)	50,000	100.0%	100.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (Ancona)	10,000	80.0%	80.0%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS ACCADIS SRL	Rome	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS ITALIA SPA	Empoli (Florence)	40,000,000	100.0%	100.0%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS NESSOS SRL	Empoli (Florence)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa	10,000	100.0%	100.0%
VAR GROUP SPA	COSESA SRL	Empoli (Florence)	15,000	100.0%	100.0%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (Florence)	99,000	100.0%	100.0%
VAR GROUP SPA	GLOBO INFORMATICA SRL	Druento (Turin)	10,200	57.5%	57.5%
COMPUTER GROSS ITALIA SPA	ICOS SPA	Ferrara	500,000	51.0%	51.0%
COMPUTER GROSS ITALIA SPA	ICT LOGISTICA SRL	Empoli (Florence)	775,500	66.7%	66.7%
VAR GROUP SPA				33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (Florence)	10,000	100.0%	100.0%
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (Florence)	66,263	57.4%	52.6%
M.F. SERVICES SRL				2.8%	2.8%
COMPUTER GROSS ITALIA SPA	COLLABORATION VALUE SRL	Empoli (Florence)	104,000	58.0%	58.0%
COMPUTER GROSS ITALIA SPA	ITF SRL	Empoli (Florence)	100,000	100.0%	100.0%
VAR GROUP SPA	LEONET SRL	Empoli (Florence)	60,000	100.0%	100.0%
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (Reggio Emilia)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (Florence)	20,000	100.0%	100.0%
SIRIO INFORMATICA E SISTEMI SPA	PANTHERA SRL	Milan	300,000	80.4%	89.4%
VAR GROUP SPA				9.6%	10.6%
VAR GROUP SPA	VAR EVOLUTION SRL	Empoli (Florence)	10,000	70.0%	70.0%
APRA SPA	VAR GROUP DIGITAL SRL	Empoli (Florence)	10,640	0.3%	n.a.
VAR GROUP SPA				97.7%	100.0%
VAR GROUP SPA	SAILING SRL	Reggio Emilia	10,000	75.0%	51.0%
VAR ONE SRL	SYNERGY SRL	Carpi (Modena)	10,400	85.0%	51.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan	1,020,000	51.0%	51.0%
TECH VALUE SRL	TECH IN NOVA SRL	Roncade (Treviso)	12,000	100.0%	100.0%
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milan	308,504	51.0%	51.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milan	50,000	100.0%	100.0%

<table>
<tr><td>VAR GROUP SPA</td><td>VAR COM SRL</td><td>Empoli (Florence)</td><td>26,786</td><td>56.0%</td><td>56.0%</td></tr>
<tr><td>VAR GROUP SPA</td><td>VAR CONSULTING SRL</td><td>Empoli (Florence)</td><td>10,000</td><td>97.5%</td><td>n.a.</td></tr>
<tr><td>VAR GROUP SRL</td><td>VAR ALDEBRA SRL</td><td>Empoli (Florence)</td><td>234,325</td><td>55.4%</td><td>50.5%</td></tr>
<tr><td>VAR ALDEBRA</td><td rowspan="3">VAR ENGINEERING SRL</td><td rowspan="3">Empoli (Florence)</td><td rowspan="3">160,000</td><td>n.a.</td><td>63.0%</td></tr>
<tr><td>VAR GROUP SRL</td><td>n.a.</td><td>15.0%</td></tr>
<tr><td>TECH VALUE SRL</td><td>93.1%</td><td>n.a.</td></tr>
<tr><td>AFB NET SRL</td><td>VAR GROUP CENTRO SRL</td><td>Rome</td><td>12,000</td><td>91.7%</td><td>91.7%</td></tr>
<tr><td>SESA SPA</td><td>VAR GROUP SPA</td><td>Empoli (Florence)</td><td>3,800,000</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td>VAR GROUP SPA</td><td>VAR GROUP SRL</td><td>Empoli (Florence)</td><td>100,000</td><td>100.0%</td><td>100.0%</td></tr>
<tr><td>LEONET SRL</td><td rowspan="2">VAR ITT SRL</td><td rowspan="2">Empoli (Florence)</td><td rowspan="2">392,272</td><td>50.0%</td><td>50.0%</td></tr>
<tr><td>VAR GROUP SPA</td><td>15.0%</td><td>15.0%</td></tr>
<tr><td>VAR ONE SERVICES SRL</td><td>VAR ONE SRL</td><td>Empoli (Florence)</td><td>248,535</td><td>64.9%</td><td>64.9%</td></tr>
<tr><td>VAR GROUP SPA</td><td>VAR ONE SERVICES SPA</td><td>Empoli (Florence)</td><td>110,000</td><td>100.0%</td><td>n.a.</td></tr>
<tr><td>VAR GROUP SPA</td><td>VAR PRIME SRL</td><td>Empoli (Florence)</td><td>136,402</td><td>51.8%</td><td>51.8%</td></tr>
<tr><td>SIRIO INFORMATICA E SISTEMI SPA</td><td>VAR SIRIO INDUSTRIA SRL</td><td>Milan</td><td>165,000</td><td>54.6%</td><td>54.6%</td></tr>
<tr><td>VAR GROUP SPA</td><td>YARIX SRL</td><td>Montebelluna (Treviso)</td><td>30,000</td><td>50.0%</td><td>50.0%</td></tr>
</table>

Associated Companies

Owned by	Company	Registered Office	Share Capital	Ownership percentage at	
				31-Oct-18	30-Apr-18
COMPUTER GROSS ITALIA SPA	ATTIVA SPA	Brendola (Vicenza)	4,680,000	20.0%	20.0%
BMS SPA	B.I.T. SRL	Milan	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan	100,000	47.5%	47.5%
VAR PRIME SRL	COCAI SRL	Venezia	22,000	50.0%	50.0%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (Florence)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (Florence)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno	30,000	20.0%	20.0%
VAR GROUP DIGITAL SRL	G.G. SERVICES SRL	Pontedera (Pisa)	10,200	33.3%	33.3%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo	16,519	n.a.	39.5%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (Milan)	150,000	30.0%	30.0%
BMS SPA	INNORG SRL	Turin	12,000	50.0%	n.a.
VAR GROUP SPA	KLEIS SRL	Druento (Turin)	10,400	40.0%	n.a.
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (Florence)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (Florence)	10,000	20.0%	20.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari	118,000	24.0%	24.0%
LEONET SRL	S.A. CONSULTING SRL	Milan	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (Pisa)	10,400	25.0%	25.0%
PANTHERA SRL	SOFTHER SARL	Tunis	250,000 dinar	49.0%	n.a.
APRA SPA	SO WINE SRL	Verona	10,000	n.a.	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome	18,504	50.0%	50.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (Florence)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (Alessandria)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	50.0%	50.0%
VAR GROUP SPA	ZUCCHETTI INORMATICA SPA	Lodi	100,000	n.a.	25.0%

Attestation of the Half-Year Condensed Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

Attestation of the Half-Year Condensed Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Director responsible for drawing up the Sesa SpA's accounting documents, certify, also taking into account that envisaged by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

   - the adequacy in relation to the enterprise characteristics and

   - the effective application of the administrative and accounting procedures for the preparation of the Half-Year Condensed Consolidated Financial Statements at 31 October 2018.

   The assessment of the adequacy of the administrative and accounting procedures for the formation of the Half-Year Condensed Consolidated Financial Statements at 31 October 2018 was carried out in compliance with the Internal Control model - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission that represents a framework of reference generally accepted at international level.

2. It is also certified that:

   3.1 The Half-Year Condensed Consolidated Financial Statements:

   a) are drawn up in compliance with the applicable international accounting standards recognised by the European Community, pursuant to EC regulation no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

   b) correspond to the company accounts, books and records;

   c) offer a true and fair representation of the financial position, results of operations and cash flows of the issuer and of the groups of companies included within the scope of consolidation.

   3.2 The Interim Report on Operations includes a reliable analysis of the significant events in the first six months of the current fiscal year and the impact of such events on the Company's Half-Year Condensed Consolidated Financial Statements, together with a description of the main risks and uncertainties for the second half of the year. The Interim Report on Operations also includes a reliable analysis of information on significant transactions with related parties.

Empoli, 19 December 2018

Paolo Castellacci
The Chairman of the Board of Directors

Alessandro Fabbroni
CEO
Director responsible for drawing up accounting documents

Independent Auditors' Report

pwc

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Sesa SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Sesa SpA and its subsidiaries (the Sesa Group) as of 31 October 2018, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes.

The Directors of Sesa SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

www.pwc.com/it

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Sesa Group as of 31 October 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 19 December 2018

PricewaterhouseCoopers SpA

Signed by

Luigi Necci