

# Interim Report

31 January

# 2020

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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

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## Governing and supervisory bodies of Sesa SpA

Board of Directors		Holding office until
Paolo Castellacci	Chairman	approval of the FS at 30.04.2021
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2021
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2021
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2021
Angela Oggionni	Independent Director	approval of the FS at 30.04.2021
Claudio Berretti*	Non- Executive Director	approval of the FS at 30.04.2020
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 ordinary administration regarding the strategic management of Vendors and suppliers, power to represent the company legally and institutional relations.

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

\* Non-executive Director appointed by co-option during the Board of Directors held on 27 August 2019 in place of the resigned non-executive Director Eng. Luigi Gola, in charge until the next Shareholders' Meeting

Corporate Governance committees		Holding office until
<b>Strategic Committee</b>		
Paolo Castellacci (Chairman), members Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari, Claudio Berretti		approval of the FS at 30.04.2021
<b>Control and Risk Committee and Related parties Committee</b>		
Maria Chiara Mosca (Chairman), members Claudio Berretti, 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
<b>Remuneration Committee</b>		
Angela Oggionni (Chairman), members Claudio Berretti, 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	Alternative auditor	approval of the FS at 30.04.2021
Paola Carrara	Alternative 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

Head of the Internal Auditing activity, Michele Ferri

Independent Auditors		Holding office until
Independent Auditors in charge of statutory audit of accounts	PricewaterhouseCoopers SpA	approval of the FS at 30.04.2022

Head of administrative processes and management auditing, Francesco Billi

Listing Market	
Electronic stock market (MTA), Milan (Italy)	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

Head of the Investor Relations activity Conxi Palmero

## Highlights of Group results

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

(in thousands of euros)	2020	2019	2018	2017	2016
Revenues	1,336,278	1,139,359	984,419	937,701	896,668
EBITDA (Earnings before amortisation and depreciation, other provisions and non-monetary costs, financial charges and taxes)	69,466	53,297	45,882	42,374	39,239
EBIT	49,223	38,370	34,347	33,581	32,141
EBT	46,776	36,016	32,611	30,585	28,498
Profit (loss) for the period	32,527	25,030	22,596	20,327	18,542
Profit (loss) for the period attributable to the Group	28,682	22,147	20,105	19,030	17,916

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

(in thousands of euros)	2020	2019	2018	2017	2016
Total Net Invested Capital	263,405	237,189	229,091	221,500	208,900
Total equity	251,566	224,628	208,470	192,808	173,773
- attributable to the Group	235,967	213,132	198,244	184,604	166,276
- attributable to non-controlling interests	15,599	11,496	10,226	8,204	7,497
Net Financial Position (Net Liquidity)	11,839	12,561	20,621	28,692	35,127
Total Equity and Net Financial Position	263,405	237,189	229,091	221,500	208,900

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

	2020	2019	2018	2017	2016
EBITDA / Revenues (1)	5.20%	4.68%	4.67%	4.52%	4.38%
Profit attributable to the Group / Revenues	2.15%	1.94%	2.04%	2.03%	2.00%

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

### Human Resources, amount at period-end (2)

(unit or thousands of euros)	2020	2019	2018	2017	2016
Number of employees at period-end	2,221	1,793	1,657	1,385	1,201
Average number of employees	2,061	1,717	1,542	1,300	1,080

(2) Including fixed-term contracts, excluding internships

## Main Financial Indicators

### Financial indicators

<b>Sesa</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
(Euro)					
Trading stock Market	MTA - Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock price (31 January of each year)	50.6	26.25	26.80	18.68	14.42
Dividend per share (1) (*)	0.63	0.60	0.56	0.48	0.45
Dividend paid (in millions of euros) (2)	9.762	9.297	8.677	7.408	6.964
Pay Out Ratio (3)	31%	31%	32%	30%	31%
Outstanding shares (in millions of euros at 31 January of each year)	15.49	15.49	15.49	15.49	15.65
Market capitalisation (in millions of euros at 31 January of each year)	784.0	406.7	415.3	289.4	225.7
Market to Book Value (**)	3.1	1.8	2.0	1.5	1.3
Dividend Yield (on Stock price at 31 January) (***)	1.2%	2.3%	2.1%	2.6%	3.1%
<b>Sesa Group</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
(Euro)					
Earnings per share (base) (****)	1.90	1.74	1.62	1.55	1.40
Earnings per share (diluted) (*****)	1.89	1.73	1.62	1.54	1.39

(1) For the FY ended 30 April 2019 calculated according to the resolution on dividends approved by the Shareholders' Meeting of 27 August 2019

(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 January of every Fiscal Year/Consolidated Group equity at 31 January of each year

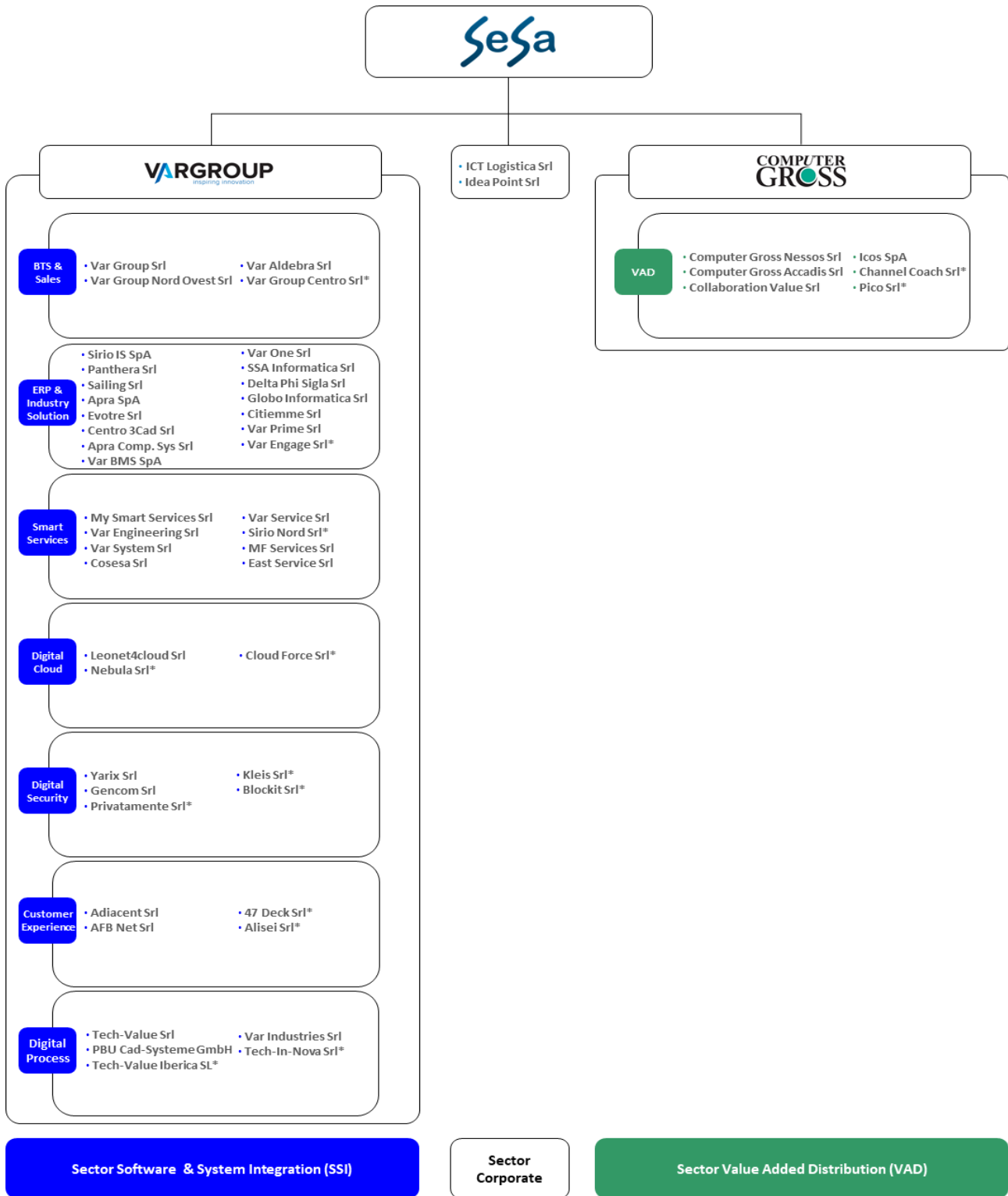
(\*\*\*) Dividend per share/market value per share as of 31 January of every Fiscal Year

(\*\*\*\*) 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

## Sesa Group Structure at 31 January 2020

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



With reference to the changes in the scope of consolidation recorded in the 9-month period ended on 31 January 2020 it should be noted the entry into the SSI sector of Gencom Srl from May 2019, of SSA Informatica Srl and Var System Srl from June 2019, of Apra Computer System Srl and Citiemme Srl from July 2019 and East Service Srl from January 2020. Compared to the structure of the Group at 31 January 2019, used in the Interim Report for comparative purposes, it should be considered as change in the scope of consolidation also PBU CAD-Systeme GmbH, included from February 2019, and Evotre Srl, entered in the scope in April 2019. The Group structure simplification plan continued during the period: in February 2020 the mergers of Synergy Srl to Var One Srl and Var ITT Srl to Leonet4Cloud Srl were completed, while the merger of Tech In-Nova Srl into Tech Value Srl, already approved, will be completed by April 2020.

## Foreword

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

The Interim Report at 31 January 2020 has referred to the first nine months and represents the third quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2020.

For a better evaluation of the economic-financial trend of the Group, in this Report are presented the Reclassified Balance Sheet and Income Statement for the period ended at 31 January 2020 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 January 2020 has not been audited.

## Accounting policies and standards

The Interim Report of Sesa Group (hereinafter the "Interim Report") has been prepared pursuant to art.154-bis, paragraph 5 of Legislative Decree no. 58/1998 and the provisions of Consob. The interim Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the time of approval of this Interim Report. Consolidated income statement and statements of financial position at 31 January 2020 are set out in the attached annexes.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 January 2020 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2020, taking into account those specifically applicable to interim reports. The Interim Report at 31 January 2020 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 January 2020. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

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

## Significant events in the period

**In the first 9 months of the fiscal year to 30 April 2020, Sesa Group** achieved a strong improvement in the main consolidated economic and financial indicators, with Total Revenues and Other Income growing by 17.3% and an Ebitda up by 30.3%, confirming the growth trend already recorded in the first six months of the fiscal year, much higher than the Group's long-term track record and the reference market. The Group's growth is supported by the positive results achieved by both main business sectors, thanks to the success of the development strategy in the higher value-added IT business areas and investments in human capital, also achieved through the recent corporate acquisitions.

**The Value Added Distribution (VAD) sector** continued the strategy of focusing on high value added business areas, expanding the portfolio of solutions offered to customers with greater innovative content in the security, analytics, enterprise software and collaboration segments. In the first nine months of the fiscal year, sector's Total Revenues and Other Income grew by 13.7% and the operating profitability (Ebitda) by 19.9%, with an incidence on revenues (Ebitda margin) equal to 3.64% compared to 3.45% at 31 January 2019, confirming the favorable trend already achieved in the previous fiscal year and in the first six months of the current fiscal year. The Net profit after taxes (EAT) at 31 January 2020 is equal to Euro 23.9 million, up by 34.9%, with an EAT margin equal to 2.18% at 31 January 2020 compared to 1.84 % at 31 January 2019. The positive results achieved in the period are the result of the initiatives undertaken in recent years which further strengthened the Italian market share in the distribution of high value-added IT solutions (46.5% of the total storage, system, server, networking, enterprise software categories, source Sirmi, year 2020).

The business initiatives undertaken in the nine months to 31 January 2020 include:

- the acquisition, in November 2019, by Computer Gross SpA of 100% of the capital of Pico Srl, a company active in the offering of Digital Media software solutions, long-standing partner of Adobe Enterprise Software Vendor, with an expected turnover in 2020 of approximately Euro 22,5 million, for a price of about Euro 1 million, part of which conditioned to business continuity;
- in February 2020 the signing of a binding agreement for the purchase of 55% of Clever Consulting Srl by Computer Gross SpA which will be carried out by 31 March 2020. Clever Consulting Srl is a company specialized in the offering of End Point Security and Mobility solutions with a Vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape and revenues in 2019 equal to Euro 4.2 million. The company has a human capital of 20 specialized resources and achieved continuous growth in revenues in recent years thanks to the increased demand for End Point Management and Mobility Security Solutions. The transaction involves the purchase of 55% of Clever Consulting for a price of approximately Euro 2.0 million, determined on the basis of an expected Ebitda of about Euro 700 thousand at 30 April 2020-21 and with liquidation mechanisms of the price in the next three years on the basis of the achievement and continuity of future results;
- in February 2020 the signing of a distribution agreement for the Italian market with the Global Security Vendor Fortinet, leader in integrated and automated cybersecurity solutions.

**The Software and System Integration (SSI) sector** active in the offer of Digital Transformation services and solutions for the SME and Enterprise segments, continued in the development trend recorded in the last three years (Revenues CAGR 2017-19: +11% and Ebitda CAGR 2017-19: +31%) with growth rates at 31 January 2020 equal to +21.6% in revenues and +42.2% in operating profitability (Ebitda) thanks to the development strategy in the most innovative business areas (including Digital Cloud, Digital Security and Digital Process).

The Ebitda at 31 January 2020 is equal to Euro 27.3 million (Ebitda margin 8.85%), up by 42.2% compared to Euro 19.2 million (Ebitda margin 7.57%) at 31 January 2019. The Net profit after tax (EAT) for the period amounted to Euro 9.0 million, up by 19.2% compared to a Net profit of Euro 7.5 million at 31 January 2019, with an EAT margin stable at 2.9%. The growth of the SSI sector was favoured by the recent acquisitions, which contributed to the growth for about 48% in revenues and for 44% in Ebitda at 31 January 2020, and by investments in human capital (250 entries excluding changes in the scope of consolidation). In the first nine months of the fiscal year, the following strategic actions aimed at strengthening skills, know-how and business lines to support customers were carried out:

- the acquisition, through the subsidiary Yarix Srl, of 60% of the share capital of Gencom Srl, a company with registered office in Forlì and a human capital of 25 resources, operating in the networking and collaboration sector to support Digital Security projects, with an annual turnover of approximately Euro 10 million, an annual Ebitda of approximately Euro 1.5 million (Ebitda margin 15%), a Net Profit of Euro 1 million and a Net Financial Position at the closing date of approximately Euro 1 million (net liquidity). The price for 60% of Gencom Srl of Euro 4.975 million was paid 50% at the time of the sales agreement and the remaining 50% will be paid in two annual instalments, with mechanisms for aligning the value of the company with the continuity of operation and future economic and financial results. The company has been included within the scope of consolidation since May 2019 in accordance with IFRS 10;



- the focus on specialization areas (BTS, ERP & Industry Solution, Smart Service, Digital Process, Digital Cloud, Digital Security, Customer Experience) consistent with the evolution of the demand for digital transformation of customers. Within the scope of this evolution, it should be noted the establishment of Var System Srl, operating in the system services sector, the development of skills in the Digital Cloud sector (establishment of Cloud Force Srl, acquisition of 20% of the share capital of Zero12 Srl) and in Digital Security, as well as the development of Digital Manufacturing services and skills in the Digital Process Business Unit.
- The binding agreement through Var Group SpA for the acquisition of the remaining 49% of the capital of Yarix Srl, of which Var Group SpA already held 51%, transaction already carried out in February 2020 for a price of Euro 4.5 million, with deferred payment mechanisms on a triennial basis and value alignment depending on the continuity of results and the commitment of the key management figures (ten-year collaboration agreement with the CEO and founder of Yarix, aimed at supporting the future development of the Digital Security Business Unit).

It should be noted that the Shareholders' Meeting held on 27 August 2019 approved the Financial Statements as at 30 April 2019 and the related proposal to distribute a dividend of Euro 0.63 per share, after carried out in September 2019, as well as the proposal to authorise the purchase and disposal of ordinary treasury shares for a total of Euro 2.5 million. Following the Shareholders' Meeting, the Board of Directors appointed Claudio Berretti as non-executive Director by co-optation, following the resignation of the non-executive Director Luigi Gola.

Among the significant transactions carried out by Sesa Group after the period-end, it should be noted the establishment in February 2020 of the operating holding Base Digitale Srl, owned 50% by Sesa SpA and 50% by Marco Bassilichi and Leonardo Bassilichi, which acquired 100% of ABS Technology Srl and 100% of B.Services Srl, operating in the Business Services and Business Process Outsourcing sector. The operation was carried out by setting up a newco called "Base Digitale", jointly owned by Sesa SpA (50%) and Marco and Leonardo Bassilichi (50%), who together with the Sesa Group will develop the business project, with the aim of long-term sustainable growth. Thanks to this operation, Sesa Group will operate in an additional market segment with primary customers including some of the main banking groups active on the Italian market, with an initial turnover of Euro 50 million and an operating profitability in line with the Group's average one.

## Operating conditions and business development

The Sesa Group is a reference operator in Italy in the offer of value-added IT services and solutions, partnering the main international software, hardware and digital innovation vendors for the business segment. The Sesa Group offers a wide range of IT solutions as well as integration and specialised consulting services to support its customers.

The Group's activities are now divided into three sectors:

- the Corporate sector includes activities relating to strategic governance and the management of the Group's operating machine and financial platform, which are centralised within the parent company SeSa SpA. In particular, for the main operating companies of the Group, the Administration, Finance and Control, Human Resources and Training, Organisation, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl. The offer of marketing services in support of the ICT channel is supplied by Idea Point Srl;
- the VAD sector includes activities relating to Value Added Distribution of the main software and hardware technologies with a focus on the data center, enterprise software and networking segments. The VAD division is managed by the wholly owned subsidiary Computer Gross SpA;
- the Software and System Integration sector (SSI) includes activities related to the provision of digital transformation services and solutions to support client companies, mainly belonging to the SME and Enterprise segment, as IT end-users. The Software and System Integration division is managed by the wholly-owned subsidiary Var Group SpA.

The table below provides an overview of the companies belonging to the Sesa Group (consolidated on a line-by-line basis), broken down by business segment.

### Corporate sector

#### Sesa SpA

The parent company Sesa SpA performs investment holding and administrative and financial management activities, organisation, planning and control, management of information systems, human resources, general, corporate and legal affairs and extraordinary finance activities of the main companies in the Group. The shares of Sesa SpA are listed on the STAR segment of the Milan Stock Exchange (*Mercato Telematico Azionario*). Sesa SpA holds 100% control of Computer Gross SpA and Var Group SpA, managing the functions of Administration, Finance and Audit, Human Resources and Training, Organisation, Information Technology, Investor Relations, Extraordinary Finance, Corporate Affairs and Corporate Governance, Legal and Audit for the main operating companies within the Group.

#### ICT Logistica Srl

The Company, a wholly-owned subsidiary of Sesa SpA (66.66% of which through Computer Gross SpA and 33.33% through Var Group SpA) provides ICT logistics services to the main companies in the Group and other leading ICT operators.

#### Idea Point Srl

The Company, a wholly-owned subsidiary of Sesa SpA, operates in marketing and promotion in support of operators in the ICT channel and operating companies of the Group.

## **Software e System Integration sector (SSI)**

### Business Unit Business Technology Solutions & Sales (“BTS & Sales”)

#### **Var Group SpA**

The Company, wholly owned by Sesa SpA, is one of the reference system integrators in the Italian IT market for the SME and Enterprise segments with a turnover of over Euro 343 million at 30 April 2019 (including that of the subsidiaries). Var Group SpA developed an integrated offer of IT solutions with an organisational model (also through its subsidiaries) divided into 7 business units: Business Technology Solutions & Sales (BTS & Sales), Smart Service, Digital Security, Digital Cloud, Digital Process, Customer Experience, ERP & Industry Solutions. The IoT, A.I. and Blockchain units also operate in support of the integration of the offer.

#### **Var Group Srl**

The Company, wholly owned by Var Group SpA, offers IT services and solutions on behalf of the parent company Var Group SpA in Central Italy.

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

The Company, wholly owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Northwest Italy (through the Milan, Turin and Genoa branches).

#### **Var Aldebra Srl**

The Company, 59% owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Northeast Italy (through the Bologna, Verona, Treviso, Trento and Bolzano branches).

### Business Unit Digital Cloud

#### **Leonet4Cloud Srl**

The Company, a wholly owned subsidiary of Var Group SpA, offers private, public and hybrid cloud services, with a portfolio of products and services to meet business and enterprise demand. The merger by incorporation of the wholly owned subsidiary Var ITT Srl has completed in February 2020.

### Business Unit Smart Services

#### **My Smart Services Srl**

The Company, a wholly owned subsidiary of Var Group SpA, offers managed services on the domestic market.

#### **Var Service Srl**

The Company, 57% owned by My Smart Services Srl, is active in the supply of maintenance and technical assistance services on the domestic market.

#### **MF Services Srl**

The Company, 70% owned by My Smart Services Srl, is active in the supply of maintenance and technical assistance services in Central and Northern Italy.

#### **Cosesa Srl**

The Company, a wholly owned subsidiary of Var Group SpA, operates in the Strategic Outsourcing services sector for leading Enterprise customers.

#### **Var Engineering Srl**

The Company, 93% owned by Tech-Value Srl, offers IT services and solutions for intensive engineering companies in the manufacturing sector.

#### **Var System Srl**

The Company, jointly controlled by Var Group Nord Ovest Srl and Leonet4Cloud Srl, offers system services to support IT corporate infrastructures towards SME & Enterprise customers. It was established in June 2019 by an asset deal by companies already belonging to the Group's scope of consolidation.

### **East Service Srl**

The Company, a wholly owned subsidiary of Var Group SpA, offers system services to support IT corporate infrastructures towards SME & Enterprise customers operating in north-eastern Italy (Trentino Alto Adige, Veneto, Lombardy). The company entered the scope of consolidation in January 2020.

### Business Unit Digital Security

#### **Yarix Srl**

The Company, 51% owned by Var Group SpA (the remaining 49% of the share capital was acquired by Var Group SpA in February 2020), offers digital security services to the SME, Enterprise and public administration markets. The company is one of the main Italian operators in the Cybersecurity sector, with a highly specialized Security Operation Center (SOC) at its headquarters in Montebelluna, as well as an R&D center located in Tel Aviv (Israel).

#### **Gecom Srl**

The Company, controlled by Yarix Srl, operates with headquarters in Forlì in the networking and collaboration sector to support complex Digital Security projects. It entered the scope of consolidation since May 2019 in application of IFRS 10.

### Business Unit ERP & Industry solutions

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

The Company, 51% owned by Var Group SpA, operates in the development and marketing of ERP software ("Sirio") and proprietary applications for the SME and Enterprise market.

#### **Panthera Srl**

The Company, 80% owned by Sirio Informatica e Sistemi SpA and 10% owned by Var Group SpA, is active in the development and marketing of ERP software ("Panthera") and proprietary applications for the SME and Enterprise market with customers operating in the main Italian production districts.

#### **Var BMS SpA**

The Company, 84% owned by Var Group SpA, is a leading operator in the SAP ERP consulting and services sector. Var BMS SpA operates mainly in Northern Italy with reference to Enterprise customers.

#### **Var One Srl**

The Company, 66% owned by Var Group SpA through Var BMS SpA, operates in the supply of integrated solutions and services on the SAP Business One platform. Thanks to its skills and a widespread presence throughout the country, it is a leading operator in Italy in the SAP Business One sector. The merger by incorporation of Synergy Srl was completed in February 2020.

#### **SSA Informatica Srl**

The Company, which is fully owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME customers. SSA Informatica offers consulting, business solutions and services to its customers based in North-East Italy. SSA Informatica entered the scope of consolidation in June 2019.

#### **Citiemme Informatica Srl**

The Company, 51% owned by Var Group SpA, is based in Bergamo and provides solutions and integrated services on TeamSystem platforms (Alyante and ACG) for SME customers. Citiemme Informatica Srl offers consultancy, business solutions and services to its customers concentrated in North Eastern Italy. Citiemme Informatica Srl entered the scope of consolidation in July 2019.

#### **Apra SpA**

The Company, 75% owned by Var Group SpA, offers digital services, business applications ("I-Wine" and "I-Furniture") and IT solutions to SME and Enterprise customers in Central-Eastern Italy and belonging to some Made in Italy districts (including Furniture and Wine).

#### **Centro 3Cad Srl**

The Company, 80% owned by Apra SpA, operates in the development of 3cad solutions mainly for the Furniture district.

**Apra Computer System Srl**

The Company, 55% owned by Apra SpA, offers IT and vertical services and solutions for customers belonging to the SME sector. Apra Computer System Srl entered the scope of consolidation in July 2019.

**Evotre Srl**

The Company, 56% owned by Apra SpA, is a skills centre for Zucchetti applications in support of SMEs in Central Italy. It entered the scope of consolidation in April 2019.

**Sailing Srl**

The Company, 75% owned by Var Group SpA, operates in the production and marketing of software (“Arethè”) and IT services for large-scale distribution/retail sectors.

**Var Prime Srl**

The Company, 52% owned by Var Group SpA, is the Italian leader in services on the Microsoft Dynamics platform dedicated to the SME segment.

**Delta Phi Sigla Srl**

The Company, 100% owned by Var Group SpA, operates in the development and marketing of proprietary software and applications (particularly the SIGLA ++ software platform) for the Small Business market. The company, which also operates through resellers, has a customer database of several thousand users, located throughout the country.

**Globo Informatica Srl**

The Company, 57.5% owned by Var Group SpA, offers Digital Transformation services on the Enterprise Content and Information Management platforms of the Vendor OpenText software, of which it is a certified partner and reference for the Italian market.

Business Unit Digital Process**Var Industries Srl**

The Company, 86% owned by the Group, operates in the technological innovation sector (IoT and Industria 4.0) with focus on Digital Processing solutions.

**Tech-Value Srl**

The Company, 51% owned by Var Group SpA, is specialised in the supply of IT services and Product Lifecycle Management (PLM) solutions for “engineering intensive” companies in the manufacturing sector, with over 1,000 customers and over 35 resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu). Tech-Value Srl after the incorporation of CCS Team Srl controls the companies Tech-In-Nova Srl, Tech-Value Iberica SA and PBU CAD-Systeme GmbH.

**PBU CAD-Systeme GmbH**

The Company, 60% owned by Tech-Value Srl, operates in the design of PLM (Product Lifecycle Management, Process Transformation) and Digital Manufacturing services and solutions for manufacturing companies. The company, based in Aichach (Bavaria) and with branches in Filderstadt (Stuttgart) and Moers (Düsseldorf), has a qualified staff of about 50 technical resources and a historic partnership with Siemens Industry Software, having developed a customer set of more than 600 German intensive engineering manufacturing companies, with a strong focus on digital transformation. The company entered the scope of consolidation in February 2019.

Business Unit Customer Experience**Adiacent Srl**

The Company, 53% owned by Var Group SpA and 35.5% by Sesa SpA, provides IT solutions to client companies with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the SME, Enterprise and Finance segment.

**AFB Net Srl**

The Company, 62% owned by Adiacent Srl, is active in the digital transformation sector with specific expertise in digital marketing projects and e-commerce.

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

### **Computer Gross SpA**

The Company, wholly owned by Sesa SpA, is the reference operator in Italy in the value added distribution of ICT to resellers (software houses, system integrators and dealers) with a portfolio of over 13,000 customers active throughout the country, who, in turn, cover both the small and medium business market and the Enterprise and Public Administration markets. Computer Gross SpA is a reference operator in Italy in the marketing of products and solutions provided by major international vendors including Citrix, Cisco, DellEMC, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec and VMware. Computer Gross SpA, with about 350 employees, is organised into Business Units with technical and commercial personnel dedicated to market segments (enterprise software, networking, POS, value solutions) and/or to strategic brands distributed.

The company, with revenues of Euro 1,249 million and a net profit of Euro 22.7 million achieved in the year ended 30 April 2019, is the main subsidiary of the Sesa Group.

### **Icos SpA**

Icos SpA, 51% owned by Computer Gross SpA, is a value added distributor of enterprise software and datacenter solutions on the Italian market, with offices in Ferrara, Milan and Rome, a long-standing partner of the Vendor Oracle and also a distributor of NetApp, CommVault and other Vendor software solutions.

### **Computer Gross Nessos Srl**

Computer Gross Nessos Srl, 60% owned by Computer Gross SpA, employs personnel dedicated to the management of Networking products and solutions, a sector where it is the national market leader thanks to the completeness and value-added of the product range offered. The portfolio of brands covered includes Cisco, a leading vendor in the global networking market.

### **Collaboration Value Srl**

A Company 58% owned by Computer Gross SpA, it provides design services for complex IT solutions to support its business partners.

### **Computer Gross Accadis Srl**

A Company 51% owned by Computer Gross SpA, it markets Hitachi Data Systems solutions on behalf of Computer Gross SpA.

## Performance of operations

### General economic trend

The development prospects of the world economy show an increase in GDP from 2.9% in 2019 to 3.3% in 2020, showing a gradual recovery, supported by the slackening of US-China trade tensions and those attributable to Brexit as well as the stimulus actions implemented by the central Banks. It should be noted the uncertainties and risks related to the growth of emerging countries and China recently worsened following the health emergency related to the Covid-19 virus. The new Coronavirus epidemic could have a negative effect on world growth which is now difficult to quantify and dependent on the ability of the various countries involved to contain its diffusion (source IMF - WEO, January 2020) and reorganize production activities.

In the Eurozone, after a three-year period 2017-2019 with a steadily decreasing GDP growth, in 2020 it's expected a growth rate stabilization (+1.3%) favoured by the recovery in foreign demand and a positive outcome of trade negotiations relating to the United Kingdom exit from the EU's.

The Italian economy showed a slowdown in growth in the last two years from +0.8% in 2018 to +0.2% in 2019 due to the contraction in consumption, a lower stimulus to growth by budgetary policies and the unfavorable international economic situation. In 2020, a recovery in the growth rate (+0.5%) is expected, despite the uncertainty about the impacts that the Coronavirus diffusion could have on the real economy which are currently difficult to determine (source IMF - WEO, January 2020).

The following table shows the final results for 2015, 2016, 2017 and 2018 and forecast GDP trend for 2019 and 2020 (source: IMF - WEO, January 2020).

Percentage Values	Change in GDP 2015	Change in GDP 2016	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019 (E)	Change in GDP 2020 (E)
World	+3.2%	+3.2%	+3.8%	+3.6%	+2.9%	+3.3%
Advanced Economies	+2.1%	+1.7%	+2.3%	+2.3%	+1.7%	+1.6%
Emerging Market	+4.0%	+4.3%	+4.8%	+4.5%	+3.7%	+4.4%
USA	+2.6%	+1.5%	+2.3%	+2.9%	+2.3%	+2.0%
Japan	+0.5%	+1.0%	+1.7%	+0.3%	+1.0%	+0.7%
China	+6.9%	+6.7%	+6.9%	+6.6%	+6.1%	+6.0%
Great Britain	+2.2%	+1.8%	+1.8%	+1.3%	+1.3%	+1.4%
Euro Zone	+2.0%	+1.8%	+2.3%	+1.9%	+1.2%	+1.3%
Italy	+0.8%	+0.9%	+1.5%	+0.8%	+0.2%	+0.5%

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

Since 2016, the IT market in Italy has shown growth rates higher than the national Gross Domestic Product. Also in 2019 the IT market recorded growth rates (+2.6%) well higher than the Italian GDP, while for the two-year period 2020-2021 it's expected a further growth strengthening (+2.8% in 2020 and +3.1% in 2021) due to the digitalization process of the country and the need for Italian companies to invest in digital transformation (source Sirmi, January 2020).

The growth of the IT market since 2016 was mainly driven by the development of the Management Services segment, which includes IT services and solutions in innovative IT areas and reflects the evolution of the way technology is used. This market segment will constitute over a third of IT demand in 2021, with growth of 8.1% in 2020 and 8.5% in 2021 (Source: Sirmi, January 2020). Cloud computing solutions also continue to maintain constant growth with rates above 20% with an incidence of penetration on sales of Hardware and Software over 50% already in 2020 (Source: Sirmi, January 2020).

The following table represents the IT market trend in Italy in the period 2015-2018 and the forecasts for the years 2019, 2020 and 2021 (Source Sirmi, January 2020) which do not consider the effects, today not determinable, of the Coronavirus diffusion that could adversely affect the sales of IT solutions and services.

<b>Italian IT market</b> (Euro millions)	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>Ch.</b> <b>17/16</b>	<b>Ch.</b> <b>18/17</b>	<b>Ch.</b> <b>19/18</b>	<b>Ch.</b> <b>20/19</b>	<b>Ch.</b> <b>21/20</b>
Hardware	6,006	6,044	6,025	5,996	5,971	5,950	0.6%	-0.3%	-0.5%	-0.4%	-0.4%
Software	3,848	3,833	3,845	3,861	3,869	3,870	-0.4%	0.3%	0.4%	0.2%	0.0%
Project Services	3,423	3,436	3,500	3,558	3,608	3,670	0.4%	1.9%	1.7%	1.4%	1.7%
Management Services	5,193	5,504	5,900	6,350	6,867	7,453	6.0%	7.2%	7.6%	8.1%	8.5%
<b>Total IT Market</b>	<b>18,470</b>	<b>18,817</b>	<b>19,270</b>	<b>19,766</b>	<b>20,315</b>	<b>20,943</b>	<b>1.9%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>3.1%</b>
<b>Cloud Computing</b>	<b>1,510</b>	<b>1,862</b>	<b>2,296</b>	<b>2,830</b>	<b>3,461</b>	<b>4,181</b>	<b>23.3%</b>	<b>23.3%</b>	<b>23.3%</b>	<b>22.3%</b>	<b>20.8%</b>
<i>Cloud (SaaS, PaaS, IaaS) Adoption %</i>	<i>27.4%</i>	<i>32.7%</i>	<i>38.8%</i>	<i>46.4%</i>	<i>53.7%</i>	<i>61.3%</i>					

In 2019, the IT distribution segment, where the Group operates through its main subsidiary Computer Gross SpA (VAD sector), recorded a growth strengthening (+8%), supported by the networking, collaboration and enterprise software (analytics, security, etc.) segments, after a two-year period 2017-2018 with average growth rates equal to 5%. For 2020 it's expected a realignment of growth rates to sector's historical average ones (Source Sirmi, January 2020).

The IT Services and System Integration segment recorded an average growth of about 6% in 2017-2019 period, thanks to the need for digital transformation and technological innovation of companies and organisations. The growth trend is expected to continue in 2020 in line with the previous three-year period, with a demand for technological innovation still driven by the evolution of the digital market and ICT services with greater innovative content. In fact, by extracting the most innovative components from the various sectors (Cybersecurity, IoT, Cloud Computing, Big Data, AI / Cognitive, Analytics, Blockchain), their growing relevance is confirmed with double-digit average annual development rates.



## Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 January 2020 is shown below (data in thousand of euros), compared with the reclassified consolidated income statement of the same period of the previous year.

Reclassified Income statement	31/01/2020 (9 months)	%	31/01/2019 (9 months)	%	Change 2020/19
<b>Revenues</b>	<b>1,336,278</b>		<b>1,139,359</b>		<b>17.3%</b>
Other income	8,494		6,914		22.9%
<b>Total Revenues and Other Income</b>	<b>1,344,772</b>	<b>100.0%</b>	<b>1,146,273</b>	<b>100.0%</b>	<b>17.3%</b>
Purchase of goods	1,089,537	81.0%	931,203	81.2%	17.0%
Costs for services and leased assets	99,046	7.4%	89,689	7.8%	10.4%
Personnel costs	83,809	6.2%	69,597	6.1%	20.4%
Other operating charges	2,914	0.2%	2,487	0.2%	17.2%
<b>Total Purchase of goods and Operating Costs</b>	<b>1,275,306</b>	<b>94.8%</b>	<b>1,092,976</b>	<b>95.4%</b>	<b>16.7%</b>
<b>Ebitda</b>	<b>69,466</b>	<b>5.17%</b>	<b>53,297</b>	<b>4.65%</b>	<b>30.3%</b>
Amortisation tangible and intangible assets (software)	11,884		6,285		89.1%
Amortisation client lists and technological know-how	3,091		2,086		48.2%
Accruals to provision for bad debts and risks and other non-monetary costs	5,268		6,556		-19.6%
<b>Ebit</b>	<b>49,223</b>	<b>3.66%</b>	<b>38,370</b>	<b>3.35%</b>	<b>28.3%</b>
Profit from companies valued at equity	1,226		610		101.0%
Net financial income and charges	(3,673)		(2,964)		23.9%
<b>Ebt</b>	<b>46,776</b>	<b>3.48%</b>	<b>36,016</b>	<b>3.14%</b>	<b>29.9%</b>
Income taxes	14,249		10,986		29.7%
<b>Net profit</b>	<b>32,527</b>	<b>2.42%</b>	<b>25,030</b>	<b>2.18%</b>	<b>30.0%</b>
<i>Net profit attributable to the Group</i>	<i>28,682</i>	<i>2.13%</i>	<i>22,147</i>	<i>1.93%</i>	<i>29.5%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>3,845</i>		<i>2,883</i>		<i>33.4%</i>
<b>Ebitda</b> excluded IFRS 16 effects	<b>65,661</b>	<b>4.88%</b>	<b>53,297</b>	<b>4.65%</b>	<b>23.2%</b>
<b>Net profit</b> excluded IFRS 16 effects	<b>32,586</b>	<b>2.42%</b>	<b>25,030</b>	<b>2.18%</b>	<b>30.2%</b>
<b>Adjusted* Ebit</b>	<b>52,314</b>	<b>3.89%</b>	<b>40,456</b>	<b>3.53%</b>	<b>29.3%</b>
<b>Adjusted* Ebt</b>	<b>49,867</b>	<b>3.71%</b>	<b>38,102</b>	<b>3.32%</b>	<b>30.9%</b>
<b>Adjusted* Net profit</b>	<b>34,727</b>	<b>2.58%</b>	<b>26,515</b>	<b>2.31%</b>	<b>31.0%</b>
<i>Adjusted* Net profit attributable to the Group</i>	<i>30,882</i>		<i>23,632</i>		<i>30.7%</i>

The period recorded a strong growth acceleration in revenues (+17.3%) and operating profitability (+30.3%) compared to the Group's long-term (Revenues CAGR 2011-2019 +9.6%, Ebitda CAGR 2011-2019 +10.1%) Total Revenues and Other Income increased by 17.3%, from Euro 1,146,273 thousand at 31 January 2019 to Euro 1,344,772 thousand at 31 January 2020, thanks to the contribution of Group's two main business sectors, both showing double-digit growths.

In the period, **the VAD sector** further strengthened its leadership in the Italian value-added IT distribution market, recording a growth in the main economic indicators compared to the same period of the previous year. In the first nine months of the fiscal year, sector's Total Revenues and Other Income grew by 13.7% and the operating profitability (Ebitda) by 19.9%, with an incidence on revenues (Ebitda margin) equal to 3.64% compared to 3.45% at 31 January 2019, confirming the favorable trend already achieved in the previous fiscal year and in the first six months of the current fiscal year. The positive results achieved in the period are the result of the initiatives of the recent years which strengthened the Italian market share on value-added IT distribution market (46.5% of the total storage, system, server, networking, enterprise software categories, source Sirmi, year 2020).

**The Software and System Integration (SSI) sector** active in the offer of Digital Transformation services and solutions for the SME and Enterprise segments, continued the development trend recorded in the last three years (Revenues CAGR 2017-19: +11% and Ebitda CAGR 2017-19: +31%) with growth rates at 31 January 2020 equal to +21.6% in revenues and +42.2% in Ebitda thanks to the development strategy in the most innovative IT business areas (including Digital Cloud, Digital Security and Digital Process). The Ebitda at 31 January 2020 is equal to Euro 27.3 million (Ebitda margin 8.85%),

up by 42.2% compared to Euro 19.2 million (Ebitda margin 7.57%) at 31 January 2019. The growth of SSI sector was favoured by recent acquisitions, which contributed for about 48% to revenue growth (13% of Group growth) and for 44% to Ebitda growth (22% of Group growth), and by investments in human capital (250 entries excluding changes in the scope of consolidation).

Among the companies recently included in the scope of consolidation following acquisitions, it should be mentioned PBU CAD-Systeme GmbH (active in the IT services sector and PLM solutions for “engineering intensive” customers, consolidated since February 2019), Gencom Srl (active in networking and collaboration sector for Digital Security projects, consolidated since May 2019), Evotre Srl (active in the services on Zucchetti platform sector, consolidated since May 2019), SSA Informatica Srl (active in the SAP Business One services sector, consolidated since June 2019), Apra Computer System Srl (system integrator of IT solutions and infrastructures, consolidated since July 2019), Citiemme Srl (active in the sector of services on TeamSystem platform, consolidated since July 2019) and East Service Srl (active in the systems services sector in the North East consolidated since January 2020).

(in thousands of euros)	Period ended at 31 January				
	2020	%	2019	%	Change
<b>Total Revenues and Other Income</b>	<b>1,344,772</b>	<b>100.00%</b>	<b>1,146,273</b>	<b>100.00%</b>	<b>17.3%</b>
<b>Consolidated Gross Margin</b>	<b>255,235</b>	<b>18.98%</b>	<b>215,070</b>	<b>18.76%</b>	<b>18.7%</b>
Costs for services and leased assets	99,046	7.37%	89,689	7.82%	10.4%
Personnel costs	83,809	6.23%	69,597	6.07%	20.4%
Other operating charges	2,914	0.22%	2,487	0.22%	17.2%
<b>Total Operating Costs</b>	<b>185,769</b>	<b>13.81%</b>	<b>161,773</b>	<b>14.11%</b>	<b>14.8%</b>
<b>Ebitda</b>	<b>69,466</b>	<b>5.17%</b>	<b>53,297</b>	<b>4.65%</b>	<b>30.3%</b>

In the period the consolidated Gross Margin<sup>1</sup> grew by 18.7% (18.98% of Total Revenues and Other Income), rising from Euro 215,070 thousand at 31 January 2019 to Euro 255,235 thousand at 31 January 2020, despite a 14.8% increase in operating costs, from Euro 161,773 thousand at 31 January 2019 (14.1% of Total Revenues and Other Income) to Euro 185,769 thousand at 31 January 2020 (13.81% of Total Revenues and Other Income) thanks to the growing operating leverage exploitation.

Personnel costs rose from Euro 69,597 thousand at 31 January 2019 (6.07% of Total Revenues and Other Income) to Euro 83,809 thousand (6.23% of Total Revenues and Other Income) at 31 January 2020 (+20.4%) following the increase in Group's average workforce due to the entry into the scope of consolidation of newly acquired companies, in particular in the SSI sector, and the recruiting activities supporting the turnover development. The Group's total human resources rose from 1,793 units at 31 January 2019 to 2,221 at 31 January 2020.

(in units)	Average number of employees in the period ended 31 January		Actual number of employees At 31 January		Actual number of employees At 30 April 2019
	2020	2019	2020	2019	
Executives	21	18	21	18	20
Middle Managers	179	145	189	168	170
Office workers	1,861	1,554	2,011	1,607	1,710
<b>Total</b>	<b>2,061</b>	<b>1,717</b>	<b>2,221</b>	<b>1,793</b>	<b>1,900</b>

Thanks to the improvement of the operating leverage (the Opex to revenues ratio decreased from 14.11% at 31 January 2019 to 13.81% at 31 January 2020), the consolidated Ebitda grew by 30.3%, from Euro 53,297 thousand at 31 January 2019 (4.65% of Total Revenues and Other Income) to Euro 69,466 thousand (5.17% of Total Revenues and Other Income) at 31 January 2020, with an increase in the Ebitda margin of 48 basis points (Ebitda margin in the VAD sector increased from 3.45% at 31 January 2019 to 3.64% at 31 January 2020, Ebitda margin in the SSI sector increased from 7.57% at 31 January 2019 to 8.85% at 31 January 2020). The application of the new standard IFRS 16 from 1 May 2019 determined at 31 January 2020 the write off of rentals and lease costs for Euro 3,805 thousand (the Ebitda growth excluding the effects of IFRS 16 in the period is equal to 23.2%).

The consolidated Ebit grew by 28.3%, from Euro 38,370 thousand (Ebit margin 3.35%) at 31 January 2019 to Euro 49,223 thousand (Ebit margin 3.66%) at 31 January 2020, thanks to the above-mentioned increase in Ebitda and despite the increase in the amortisation of tangible and intangible assets from Euro 6,285 thousand at 31 January 2019 to Euro

<sup>1</sup> Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

11,884 thousand at 31 January 2020 (of which Euro 3,688 thousand resulting from the amortisation of the rights of use pursuant to the application of IFRS 16 from May 2019) and the higher amortisation of client lists and technological know-how from Euro 2,086 thousand at 31 January 2019 to Euro 3,091 thousand at 31 January 2020 (deriving from corporate acquisitions). The Adjusted Ebit (gross of the amortisation of client lists and technological know-how) grew by 29.3% from Euro 40,456 thousand at 31 January 2019 (Adjusted Ebit margin 3.53%) to Euro 52,314 thousand (Adjusted Ebit margin 3.89 %) at 31 January 2020.

The net balance of the financial management, including the profit from companies valued at equity, is negative for Euro 2,447 thousand at 31 January 2020, slightly up compared to a negative balance of Euro 2,354 thousand at 31 January 2019.

<i>(in thousands of euros)</i>	Period ended 31 January	
	2020	2019
Interest expense for assignments of receivables	(1,182)	(845)
Charges and commissions for assignments of receivables with recourse	(104)	(213)
Interest expense on bank accounts and loans	(311)	(196)
Other interest expense	(1,107)	(1,118)
Commissions and other financial charges	(1,396)	(1,019)
Financial charges relating to staff severance pay (TFR)	(191)	(224)
<b>Total financial charges</b>	<b>(4,291)</b>	<b>(3,615)</b>
Interest income on other short-term receivables	583	525
Other financial income	102	119
Interest income on bank deposits	18	19
Dividends from equity investments	20	20
<b>Total financial income</b>	<b>723</b>	<b>683</b>
<b>Total financial income and charges (a)</b>	<b>(3,568)</b>	<b>(2,932)</b>
Foreign exchange losses	(1,971)	(1,844)
Foreign exchange gains	1,866	1,812
<b>Total exchange gains and losses (b)</b>	<b>(105)</b>	<b>(32)</b>
<b>Net financial management (a+b)</b>	<b>(3,673)</b>	<b>(2,964)</b>
<b>Profit from companies valued at equity (c)</b>	<b>1,226</b>	<b>610</b>
<b>Net balance of financial management and andequity investments (a+b+c)</b>	<b>(2,447)</b>	<b>(2,354)</b>

The consolidated Ebt at 31 January 2020 is equal to Euro 46,776 thousand (Ebt margin 3.48%), up by 29.9% compared to Euro 36,016 thousand (Ebt margin 3.14%) in the previous period.

The consolidated Net Profit after taxes is equal to Euro 32,527 thousand (EAT margin 2.42%) at 31 January 2020, recording a 30.0% growth compared to Euro 25,030 thousand (EAT margin 2.18%) at 31 January 2019. The Adjusted Net Profit (gross of the amortisation of client lists and technological know-how) grew by 31%, from Euro 26,515 thousand at 31 January 2019 to Euro 34,727 thousand at 31 January 2020.

The consolidated Net Profit after non-controlling interests (Net Profit attributable to the Group) at 31 January 2020 is equal to Euro 28,682 thousand, up by 29.5% compared to the Net Profit of Euro 22,147 thousand at 31 January 2019, while the consolidated Adjusted Net Profit after non-controlling interests (gross of the amortisation of client lists and technological know-how recorded as a result of PPA process and the related tax effect) at 31 January 2020 amounted to Euro 30,882 thousand, up by 30.7% compared to Euro 23,632 thousand at 31 January 2019.

## Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 January 2020 is shown below (in thousands of euros). The comparative figures relating to the period ended 30 April 2019 are shown together with the figures of the period ended 31 January 2019, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

<b>Reclassified Balance Sheet</b>	<b>31/01/2020</b>	<b>31/01/2019</b>	<b>30/04/2019</b>
Intangible assets	66,579	44,630	54,001
Property, plant and equipment and rights of use	73,697	56,223	57,771
Investments valued at equity	11,673	9,325	10,030
Other non-current receivables and deferred tax assets	25,595	21,703	27,354
<b>Total non-current assets (a)</b>	<b>177,544</b>	<b>131,881</b>	<b>149,156</b>
Inventories	100,115	99,324	82,044
Current trade receivables	542,534	480,348	364,314
Other current assets	55,120	42,564	43,451
<b>Current operating assets</b>	<b>697,769</b>	<b>622,236</b>	<b>489,809</b>
Payables to suppliers	451,636	394,274	326,009
Other current payables	113,556	85,668	79,964
<b>Short-term operating liabilities</b>	<b>565,192</b>	<b>479,942</b>	<b>405,973</b>
<b>Net working capital (b)</b>	<b>132,577</b>	<b>142,294</b>	<b>83,836</b>
Non-current provisions and other tax liabilities	17,937	15,721	17,792
Employee benefits	28,779	21,265	24,332
<b>Non-current net liabilities (c)</b>	<b>46,716</b>	<b>36,986</b>	<b>42,124</b>
<b>Net Invested Capital (a+b-c)</b>	<b>263,405</b>	<b>237,189</b>	<b>190,868</b>
<b>Equity attributable to the Group</b>	<b>235,967</b>	<b>213,132</b>	<b>219,285</b>
<b>Equity attributable to non-controlling interests</b>	<b>15,599</b>	<b>11,496</b>	<b>13,337</b>
Medium-Term Net Financial Position	129,126	132,507	123,040
Short-Term Net Financial Position	(117,287)	(119,946)	(164,794)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>11,839</b>	<b>12,561</b>	<b>(41,754)</b>
<b>Equity and Net Financial Position</b>	<b>263,405</b>	<b>237,189</b>	<b>190,868</b>

The Balance Sheet at 31 January 2020 shows a growth in Net Invested Capital, which rose from Euro 237,189 thousand at 31 January 2019 to Euro 263,405 thousand at 31 January 2020, essentially as a result of:

- increase in Total non-current assets, equal to Euro 177,544 thousand at 31 January 2020 compared to Euro 131,881 thousand at 31 January 2019, essentially generated by investments in corporate acquisitions and the recognition of rights of use of tangible assets for Euro 13.2 million in application of the standard IFRS 16 starting from 1 May 2019;
- improvement in Net working capital which decreased to Euro 132,577 thousand (NWC/Revenues<sup>2</sup> 7.6%) at 31 January 2020 from Euro 142,294 thousand (NWC/Revenue 9.4%) at 31 January 2019, thanks to the growing efficiency in working capital management.

Regarding financing sources it should be noted:

- an improvement in Net Financial Position equal to a net debt of Euro 11,839 thousand at 31 January 2020, compared to a net debt of Euro 12,561 thousand at 31 January 2019 thanks to the cash flow from the operating management net of the above-mentioned investments in non-current assets, the distribution of dividends (Euro 10.5 million at Group level) and the recognition of financial liabilities in application of the new standard IFRS 16 for Euro 13.1 million;
- the increase in consolidated Equity reaching a total of Euro 251,566 thousand at 31 January 2020 compared to Euro 224,628 thousand at 31 January 2019 mainly thanks to the profit generated net of dividends distributed, of which Euro 9.7 million paid in September 2019 by the parent company Sesa SpA.

Total non-current assets at 31 January 2020 amounted to Euro 177,544 thousand, with an increase of Euro 45,663 thousand compared to Euro 131,881 thousand at 31 January 2019, essentially generated by investments carried out in the period supporting the growth and in particular by:

<sup>2</sup> Net Working Capital/Revenues determined as simple arithmetic average of the ratio at the end of the quarters at 30 April 2019, 31 July 2019, 31 October 2019 and 31 January 2020

- increase in intangible assets from Euro 44,630 thousand at 31 January 2019 to Euro 66,579 thousand at 31 January 2020, following the recognition of the intangible assets (client list and technological know-how), following the Purchase Price Allocation (PPA) process relating to the corporate acquisitions, mainly PBU CAD-Systeme GmbH, Evotre Srl, Apra Computer System Srl and Gencom Srl, and investments in software supporting the business;
- increase in tangible assets from Euro 56,223 thousand at 31 January 2019 to Euro 73,697 thousand at 31 January 2020, following the Group's investments in as a service solutions offered to customers, including cloud computing, and the recognition of the rights to use for Euro 13,179 thousand starting from 1 May 2019 in application of the new standard IFRS 16;
- Increase in the item Other non-current receivables and deferred tax assets from Euro 21,703 thousand at 31 January 2019 to Euro 25,595 thousand at 31 January 2020.

It should be noted a further improvement in the efficiency of working capital management: the Net working capital amounted to Euro 132,577 thousand at 31 January 2020 with a 6.8% reduction compared to 31 January 2019, and an improvement in the ratio Net Working Capital/Revenues and Other Income on an annual basis which at 31 January 2020 decreased to 7.6% compared to 9.4% at 31 January 2019.

The item Non-current liabilities, equal to Euro 46,716 thousand at 31 January 2020, recorded an increase of Euro 9,730 thousand compared to Euro 36,986 thousand at 31 January 2019 mainly due to the increase in the item deferred tax liabilities, following the recognition of the tax impact on client lists and technological know-how acquired over the last 12 months, and the increase in the Severance Pay provision (TFR) related to the workforce introduced following the change in the scope of consolidation.

The consolidated Equity at 31 January 2020 amounted to Euro 251,566 thousand, compared to Euro 224,628 thousand at 31 January 2019 and Euro 232,622 thousand at 30 April 2019. The change compared to 30 April 2019 mainly reflected the profit accruing in the period at 31 January 2020 net of the dividends of Euro 9.7 million paid by the parent company.

The consolidated Net Financial Position at 31 January 2020 is equal to a net debt of Euro 11,839 thousand, with an improvement compared to a net debt of Euro 12,561 thousand at 31 January 2019. Excluding the effect of the IFRS 16 adoption since 1 May 2019, the Net Financial Position at 31 January 2020 would be equal to a net cash of Euro 1,293 thousand with an improvement of Euro 13,854 thousand compared to the previous period at 31 January 2019. The positive change in the Net Financial Position compared to 31 January 2019 was obtained thanks to the operating cash flow on an annual basis for approximately Euro 60 million, after investments in corporate acquisitions and technological infrastructure for over Euro 40 million (including the recognition of Euro 13.2 million of rights of use pursuant to IFRS 16), as well as after the distribution of dividends and the treasury shares buyback for a total of approximately Euro 12 million.

Details of the Group's Net Financial Position (data in thousands of euros) at 31 January 2020 are shown below. Together with the comparative data for the year ended 30 April 2019, are also included those relative to the period ended 31 January 2019 in order to provide a better analysis of the Net Financial Position trend in light of the seasonality of the business which typically characterizes sales revenues and consequently financial management during the year. The Net Financial Position at 31 January 2020 reflected the adoption of the accounting standard IFRS 16 applied starting from 1 May 2019, without restatement of the comparative data.

<b>Net Financial Position</b>	<b>31/01/2020</b>	<b>31/01/2019</b>	<b>30/04/2019</b>
Liquidity	(227,715)	(211,871)	(249,074)
Current financial receivables	(910)	(681)	(1,352)
Current financial debt	111,338	92,606	85,632
<b>Short-term net financial position</b>	<b>(117,287)</b>	<b>(119,946)</b>	<b>(164,794)</b>
Non-current financial debt	129,126	132,507	123,040
<b>Non-current Net financial position</b>	<b>129,126</b>	<b>132,507</b>	<b>123,040</b>
<b>Net financial position</b>	<b>11,839</b>	<b>12,561</b>	<b>(41,754)</b>
<b>Net financial position</b> excluded IFRS 16 effects from 01.05.19	<b>(1,293)</b>	<b>12,561</b>	<b>(41,754)</b>

## Main income statement data of the VAD sector

Below is shown the reclassified income statement of the VAD sector (Euro thousand) as of 31 January 2020, compared with the previous year ended 31 January 2019.

VAD sector <i>(in thousands of euros)</i>	31 January				
	2020	%	2019	%	Change
<b>Revenues from third parties</b>	<b>1,034,078</b>		<b>891,028</b>		<b>16.1%</b>
Inter-segment revenues	58,626		70,327		-16.6%
<b>Total Revenues</b>	<b>1,092,704</b>		<b>961,355</b>		<b>13.7%</b>
Other income	4,658		4,080		14.2%
<b>Total Revenues and Other Income</b>	<b>1,097,362</b>	<b>100.0%</b>	<b>965,435</b>	<b>100.0%</b>	<b>13.7%</b>
Consumables and goods for resale	(1,019,871)	-92.9%	(896,960)	-92.9%	13.7%
<b>Gross Margin</b>	<b>77,491</b>	<b>7.1%</b>	<b>68,475</b>	<b>7.1%</b>	<b>13.2%</b>
Costs for services and rent, leasing and similar costs	(23,434)	-2.1%	(22,341)	-2.3%	4.9%
Personnel costs	(12,148)	-1.1%	(11,075)	-1.1%	9.7%
Other operating costs	(1,961)	-0.2%	(1,730)	-0.2%	13.4%
<b>Ebitda</b>	<b>39,948</b>	<b>3.64%</b>	<b>33,329</b>	<b>3.45%</b>	<b>19.9%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(5,399)	-0.5%	(7,272)		-25.8%
<b>Ebit</b>	<b>34,549</b>	<b>3.1%</b>	<b>26,057</b>	<b>2.7%</b>	<b>32.6%</b>
Profit from companies valued at equity	899		550		63.5%
Financial income and charges	(2,192)		(1,914)		14.5%
<b>Profit before taxes</b>	<b>33,256</b>		<b>24,693</b>		<b>34.7%</b>
Income taxes	(9,326)		(6,948)		34.2%
<b>Net profit for the period</b>	<b>23,930</b>	<b>2.18%</b>	<b>17,745</b>	<b>1.84%</b>	<b>34.9%</b>
Net profit attributable to non-controlling interests	190		106		79.2%
<b>Net profit attributable to the Group</b>	<b>23,739</b>	<b>2.2%</b>	<b>17,639</b>	<b>1.8%</b>	<b>34.6%</b>
<b>Ebitda</b> excluded IFRS 16 effects	<b>39,025</b>	<b>3.56%</b>	<b>33,329</b>	<b>3.45%</b>	<b>17.1%</b>
<b>Net profit</b> excluded IFRS 16 effects	<b>23,942</b>	<b>2.18%</b>	<b>17,745</b>	<b>1.8%</b>	<b>34.9%</b>

The VAD sector continued the growth trend already showed starting from the second half of the previous fiscal year, further strengthening its leadership in the Italian value-added IT distribution market. In the nine-month period at 31 January 2020, growth and improvements were recorded in all main economic indicators.

Total Revenues and Other Income amounted to Euro 1,097,362 thousand at 31 January 2020, up by 13.7% compared to Euro 965,435 thousand at 31 January 2019, thanks to the organic growth in sales of Computer Gross SpA. It should be noted a positive revenues trend in all the main business units, with particular reference to the offer of value-added IT solutions. These results benefited from the expansion of the distributed brands (in particular in the enterprise software, security and collaboration sectors) and the development of the customer portfolio, enriched by the search for new Business Partners belonging to emerging market segments.

In the period, the VAD sector's Gross Margin<sup>3</sup> grew by 13.2%, from Euro 68,475 thousand (Gross Margin equal to 7.1%) at 31 January 2019 to Euro 77,491 thousand (Gross Margin equal to 7.1%) at 31 January 2020 thanks to the increase in turnover.

The Ebitda in the period is equal to Euro 39,948 thousand (Ebitda margin 3.64%), up by 19.9% compared to Euro 33,329 thousand (Ebitda margin 3.45%) at 31 January 2019, achieved thanks to the Gross Margin development and the lower incidence of operating costs favoured by the improvement of the operating leverage.

The Net profit for the period equal to Euro 23,930 thousand recorded an increase of 34.9% compared to 31 January 2019 due to the above-mentioned growth in Ebitda, the reduction in amortisation and provisions which went from Euro 7,272 thousand at 31 January 2019 to Euro 5,399 thousand at 31 January 2020, thanks in particular to the improvement in asset quality, as well as the improvement in financial management and equity investments, which went from a negative net balance equal to Euro 1,414 thousand to a negative net balance of Euro 1,293 thousand at 31 January 2020.

<sup>3</sup> Gross Margin determined as difference between the items Total Revenues and Other income and Consumables and goods for resale

## Main income statement data of the SSI sector

The reclassified income statement of the SSI sector at 31 January 2020 is shown below (data in thousand of euros), compared with the previous period ended at 31 January 2019.

SSI sector (in thousands of euros)	31 January		31 January		Change
	2020	%	2019	%	
<b>Revenues from third parties</b>	<b>300,828</b>		<b>247,394</b>		<b>21.6%</b>
Inter-segment revenues	2,239		1,932		15.9%
<b>Total Revenues</b>	<b>303,067</b>		<b>249,326</b>		<b>21.6%</b>
Other income	5,418		4,381		23.7%
<b>Total Revenues and Other Income</b>	<b>308,485</b>	<b>100.0%</b>	<b>253,707</b>	<b>100.0%</b>	<b>21.6%</b>
Consumables and goods for resale	(123,424)	-40.0%	(96,734)	-38.1%	27.6%
Costs for services and rent, leasing and similar costs	(90,482)	-29.3%	(83,266)	-32.8%	8.7%
Personnel costs	(66,433)	-21.5%	(53,830)	-21.2%	23.4%
Other operating costs	(837)	-0.3%	(675)	-0.3%	24.0%
<b>Ebitda</b>	<b>27,309</b>	<b>8.85%</b>	<b>19,202</b>	<b>7.57%</b>	<b>42.2%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(12,548)		(6,954)		80.4%
<b>Ebit</b>	<b>14,761</b>	<b>4.8%</b>	<b>12,248</b>	<b>4.8%</b>	<b>20.5%</b>
Profit from companies valued at equity	337		90		274.4%
Financial income and charges	(1,479)		(1,053)		40.5%
<b>Profit before taxes</b>	<b>13,619</b>		<b>11,285</b>		<b>20.7%</b>
Income taxes	(4,638)		(3,748)		23.7%
<b>Net profit for the period</b>	<b>8,981</b>	<b>2.91%</b>	<b>7,537</b>	<b>2.97%</b>	<b>19.2%</b>
Net profit attributable to non-controlling interests	3,655		2,789		31.1%
<b>Net profit attributable to the Group</b>	<b>5,327</b>	<b>1.7%</b>	<b>4,748</b>	<b>1.9%</b>	<b>12.2%</b>
<b>Ebitda</b> excluded IFRS 16 effects	<b>24,540</b>	<b>7.96%</b>	<b>19,202</b>	<b>7.57%</b>	<b>27.8%</b>
<b>Net profit</b> excluded IFRS 16 effects	<b>9,011</b>	<b>2.92%</b>	<b>7,537</b>	<b>3.0%</b>	<b>19.6%</b>

The Software and System Integration (SSI) sector continued the growth trend in revenues (CAGR Revenues 2017-19: +11%) and profitability (CAGR Ebitda 2017-19: +31%) achieved in the last 3 years, thanks to the development strategy in the most innovative IT business areas (ERP & Industry Solutions, Digital Cloud, Digital Security and Digital Process), supported by acquisitions and investments in human capital development.

Total Revenues and Other Income and Ebitda in the nine-month period as of 31 January 2020 grew by 21.6% and 42.2% respectively, with an increase in the Ebitda margin which rose from 7.57% at 31 January 2019 to 8.85% at 31 January 2020 (128 basis points growth), supported in particular by the growing incidence of revenues in the ERP & Industry Solutions, Digital Security, Digital Cloud and Digital Process areas.

The growth in the period benefited for about 22% of revenues and 44% of Ebitda of the recent corporate acquisitions including PBU CAD-Systeme GmbH, Evotre Srl, Gencom Srl, SSA Informatica Srl, Apra Computer System Srl, Citiemme Srl and East Service Srl.

The sector's Net profit for the period amounted to Euro 8,981 thousand, with an improvement of 19.2% compared to Euro 7,537 thousand at 31 January 2019, thanks to the above-mentioned growth in the Ebitda result, net of higher amortisation and provisions which rose from Euro 6,954 thousand at 31 January 2019 to Euro 12,548 thousand at 31 January 2020. The increase in amortisation reflected higher investments in technology and the recent corporate acquisitions as well as the effects of the IFRS 16 adopted since 1 May 2019 for Euro 2,680 thousand. After non-controlling interests, the Net profit attributable to the Group is equal to Euro 5,327 thousand compared to Euro 4,748 thousand at 31 January 2019.

## Main income statement data of the Corporate sector

The reclassified income statement of the Corporate sector at 31 January 2020 is shown below (data in thousand of euros), compared with the previous period ended at 31 January 2019.

Corporate sector <i>(in thousands of euros)</i>	2020	31 January		2019	%	Change
		%				
<b>Revenues from third parties</b>	<b>1,372</b>		<b>937</b>			<b>46.4%</b>
Inter-segment revenues	11,518		9,867			16.7%
<b>Total Revenues</b>	<b>12,890</b>		<b>10,804</b>			<b>19.3%</b>
Other income	1,877		1,639			14.5%
<b>Total Revenues and Other Income</b>	<b>14,767</b>	<b>100.0%</b>	<b>12,443</b>	<b>100.0%</b>		<b>18.7%</b>
Consumables and goods for resale	(181)	-1.2%	(158)	-1.3%		14.6%
Costs for services and rent, leasing and similar costs	(6,963)	-47.2%	(6,404)	-51.5%		8.7%
Personnel costs	(5,228)	-35.4%	(4,692)	-37.7%		11.4%
Other operating costs	(186)	-1.3%	(141)	-1.1%		31.9%
<b>Ebitda</b>	<b>2,209</b>	<b>14.96%</b>	<b>1,048</b>	<b>8.42%</b>		<b>110.8%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(2,296)		(701)			227.5%
<b>Ebit</b>	<b>(87)</b>	<b>-0.6%</b>	<b>347</b>	<b>2.8%</b>		<b>-125.1%</b>
Profit from companies valued at equity	(10)		(30)			-66.7%
Financial income and charges	(2)		3			-166.7%
<b>Profit before taxes</b>	<b>(99)</b>		<b>320</b>			<b>-130.9%</b>
Income taxes	(285)		(317)			-10.1%
<b>Net profit for the period</b>	<b>(384)</b>	<b>-2.60%</b>	<b>3</b>	<b>0.02%</b>		<b>ns</b>
Net profit attributable to non-controlling interests	-					
<b>Net profit attributable to the Group</b>	<b>(384)</b>	<b>-2.6%</b>	<b>3</b>	<b>0.0%</b>		<b>ns</b>
<b>Ebitda</b> excluded IFRS 16 effects	<b>2,095</b>	<b>14.19%</b>	<b>1,048</b>	<b>8.42%</b>		<b>99.9%</b>
<b>Net profit</b> excluded IFRS 16 effects	<b>(383)</b>	<b>-2.59%</b>	<b>3</b>	<b>0.02%</b>		<b>ns</b>

The economic results of the Corporate sector showed an increase in revenues and profitability (Ebitda) compared to the previous period ended 31 January 2019, following the increase in the turnover of the parent company Sesa SpA due to the increase of the Group's companies for which Sesa SpA provides its services.

The Corporate sector recorded a net loss of Euro 384 thousand in the first nine months at 31 January 2020 following higher non-monetary costs (Euro 1,998 thousand at 31 January 2020 compared to Euro 549 thousand at 31 January 2019) relative to the annual and triennial stock grant plan vesting on 30 April 2020.



## 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 segment reporting for the period ended at 31 January 2020 and 31 January 2019 is broken down as follows:

<i>(in thousands of euros)</i>	Period ended at 31 January 2020					Period ended at 31 January 2019				
	Value Added Distribution	Software and System Integration	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations	
<b>Revenues from third parties</b>	<b>1,034,078</b>	<b>300,828</b>	<b>1,372</b>		<b>1,336,278</b>	<b>891,028</b>	<b>247,394</b>	<b>937</b>		<b>1,139,359</b>
Inter segment revenues	58,626	2,239	11,518		72,383	70,327	1,932	9,867		82,126
<b>Revenues</b>	<b>1,092,704</b>	<b>303,067</b>	<b>12,890</b>	<b>(72,383)</b>	<b>1,336,278</b>	<b>961,355</b>	<b>249,326</b>	<b>10,804</b>	<b>(82,126)</b>	<b>1,139,359</b>
Other income	4,658	5,418	1,877	(3,459)	8,494	4,080	4,381	1,639	(3,186)	6,914
<b>Total Revenues and Other Income</b>	<b>1,097,362</b>	<b>308,485</b>	<b>14,767</b>	<b>(75,842)</b>	<b>1,344,772</b>	<b>965,435</b>	<b>253,707</b>	<b>12,443</b>	<b>(85,312)</b>	<b>1,146,273</b>
Purchase of goods	(1,019,871)	(123,424)	(181)	53,939	(1,089,537)	(896,960)	(96,734)	(158)	62,649	(931,203)
Costs for services and rent, leasing and similar costs	(23,434)	(90,482)	(6,963)	21,833	(99,046)	(22,341)	(83,266)	(6,404)	22,322	(89,689)
Personnel costs	(12,148)	(66,433)	(5,228)		(83,809)	(11,075)	(53,830)	(4,692)		(69,597)
Other operating costs	(1,961)	(837)	(186)	70	(2,914)	(1,730)	(675)	(141)	59	(2,487)
<b>Ebitda</b>	<b>39,948</b>	<b>27,309</b>	<b>2,209</b>	<b>-</b>	<b>69,466</b>	<b>33,329</b>	<b>19,202</b>	<b>1,048</b>	<b>(282)</b>	<b>53,297</b>
Amortisation, depreciation and write-downs	(5,399)	(12,548)	(2,296)	-	(20,243)	(7,272)	(6,954)	(701)	-	(14,927)
<b>Ebit</b>	<b>34,549</b>	<b>14,761</b>	<b>(87)</b>	<b>-</b>	<b>49,223</b>	<b>26,057</b>	<b>12,248</b>	<b>347</b>	<b>(282)</b>	<b>38,370</b>
Profit from companies valued at equity	899	337	(10)	-	1,226	550	90	(30)	-	610
Net financial income and charges	(2,192)	(1,479)	(2)	-	(3,673)	(1,914)	(1,053)	3	-	(2,964)
<b>Profit before taxes</b>	<b>33,256</b>	<b>13,619</b>	<b>(99)</b>	<b>-</b>	<b>46,776</b>	<b>24,693</b>	<b>11,285</b>	<b>320</b>	<b>(282)</b>	<b>36,016</b>
Income taxes	(9,326)	(4,638)	(285)		(14,249)	(6,948)	(3,748)	(317)	27	(10,986)
<b>Profit for the period</b>	<b>23,930</b>	<b>8,981</b>	<b>(384)</b>	<b>-</b>	<b>32,527</b>	<b>17,745</b>	<b>7,537</b>	<b>3</b>	<b>(255)</b>	<b>25,030</b>
Profit attributable to non-controlling interests	190	3,655	-		3,845	106	2,789		(12)	2,883
<b>Profit attributable to the Group</b>	<b>23,739</b>	<b>5,327</b>	<b>(384)</b>		<b>28,682</b>	<b>17,639</b>	<b>4,748</b>	<b>3</b>	<b>(243)</b>	<b>22,147</b>

## Relations with related parties and Group's companies

Economic relations between Group's companies are carried out at market prices and are eliminated in the consolidation process. The operations carried out by Group's companies with related parties were entered into at arm's length and on conditions that were to the parties' reciprocal financial benefit, pursuant IAS 24. No significant related party transactions are reported in the period.

## Significant events after the period-end

As already mentioned in the initial section of the Interim Report, it should be noted the establishment in February 2020 of the operating holding Base Digitale Srl, owned 50% by Sesa SpA and 50% by Marco Bassilichi and Leonardo Bassilichi, which acquired 100% of ABS Technology Srl and 100% of B.Services Srl, operating in the Business Services and Business Process Outsourcing sector. The operation was carried out by setting up a newco called "Base Digitale", jointly owned by Sesa SpA (50%) and Marco and Leonardo Bassilichi (50%), who together with the Sesa Group will develop the business project, with the aim of long-term sustainable growth. Thanks to this operation, Sesa Group will operate in an additional market segment with primary customers including some of the main banking groups active on the Italian market, with an initial turnover of Euro 50 million and an operating profitability in line with the Group's average one.

## Outlook on operations

In the first nine months of the fiscal year, the Group achieved results above the reference market and the long-term track record, thanks to the success of its strategy of focusing and investing in higher value-added and development potential market areas. The corporate acquisitions carried out in the last three years in strategic development areas also contributed to the enrichment of skills and the specialization of human capital also outside the Italian territory.

Following the Coronavirus diffusion worldwide and in Italy, Sesa Group is handling the effects on its operations, ensuring continuity of its services and the protection of its workers' health. Despite a possible impact of the diffusion of the virus on the global economy and on the IT market, the results obtained in the first nine months to 31 January 2020 and the positive trend in turnover and orders for February 2020 lead us to pursue the sustainable growth strategy.

The Group will maintain a primary support role in the digital transformation of the country and its customers, which is recording a further acceleration following the above-mentioned diffusion of the COVID virus in the last weeks, with policies aimed at long-term sustainable growth, to benefit of all stakeholders.

*The Chairman*  
Paolo Castellacci

## Annexes

## Consolidated Income Statement

<i>(in thousand of Euros)</i>	Period ended 31 January	
	2020	2019
Revenues	1,336,278	1,139,359
Other income	8,494	6,914
Consumables and goods for resale	(1,089,537)	(931,203)
Costs for services and rent, leasing and similar costs	(101,044)	(90,238)
Personnel costs	(83,809)	(69,597)
Other operating costs	(6,184)	(8,494)
Amortisation and depreciation	(14,975)	(8,371)
<b>EBIT</b>	<b>49,223</b>	<b>38,370</b>
Profit from companies valued at equity	1,226	610
Financial income	2,589	2,495
Financial charges	(6,262)	(5,459)
<b>Profit before taxes</b>	<b>46,776</b>	<b>36,016</b>
Income taxes	(14,249)	(10,986)
<b>Profit for the period</b>	<b>32,527</b>	<b>25,030</b>
<i>Of which:</i>		
Net profit attributable to non-controlling interests	3,845	2,883
Net profit attributable to the Group	28,682	22,147

## Consolidated Statement of Financial Position

<i>(in thousand of Euros)</i>	At 31 January	At 30 April
	2020	2019
Intangible assets	66,579	54,001
Right of use	42,555	
Property, plant and equipment	31,142	57,771
Investment property		290
Investments valued at equity	11,673	10,030
Deferred tax assets	7,967	7,834
Other non-current receivables and assets	17,628	19,230
<b>Total non-current assets</b>	<b>177,544</b>	<b>149,156</b>
Inventories	100,115	82,044
Current trade receivables	542,534	364,314
Current tax receivables	8,410	4,051
Other current receivables and assets	47,620	40,752
Cash and cash equivalents	227,715	249,074
<b>Total current assets</b>	<b>926,394</b>	<b>740,235</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>1,103,938</b>	<b>889,391</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(7,240)	(5,639)
Profits carried forward	172,936	154,653
<b>Total Group Equity</b>	<b>235,967</b>	<b>219,285</b>
Equity attributable to non-controlling interests	15,599	13,337
<b>Total Equity</b>	<b>251,566</b>	<b>232,622</b>
Non-current loans	104,153	123,040
Non-current lease liabilities	24,973	
Employee benefits	28,779	24,332
Non-current provisions	1,177	4,595
Deferred tax liabilities	16,760	13,197
<b>Total non-current liabilities</b>	<b>175,842</b>	<b>165,164</b>
Current loans	105,117	85,632
Current financial liabilities for right of use	6,221	
Payables to suppliers	451,636	326,009
Current tax payables	13,486	4,067
Other current liabilities	100,070	75,897
<b>Total current liabilities</b>	<b>676,530</b>	<b>491,605</b>
<b>Total liabilities</b>	<b>852,372</b>	<b>656,769</b>
<b>Total Equity and liabilities</b>	<b>1,103,938</b>	<b>889,391</b>

## Consolidated Statement of Changes in Equity

<i>(in thousand of Euros)</i>	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
<b>At 30 April 2019</b>	<b>37,127</b>	<b>33,144</b>	<b>(5,639)</b>	<b>154,653</b>	<b>219,285</b>	<b>13,337</b>	<b>232,622</b>
Profit for the year				28,682	28,682	3,845	32,527
Actuarial gain/(loss) for employee benefits - gross			(467)		(467)	(268)	(735)
<b>Comprehensive income for the year</b>			<b>(467)</b>	<b>28,682</b>	<b>28,215</b>	<b>3,577</b>	<b>31,792</b>
Purchase of treasury shares			(1,508)		(1,508)		<b>(1,508)</b>
Reduction of treasury shares in execution of Stock Grant Plan					-		-
Dividends distribution				(9,740)	(9,740)	(734)	<b>(10,474)</b>
Stock Grant Plan - shares vesting in the period			1,916		1,916		<b>1,916</b>
Assignment of shares in execution of Stock Grant plan			82		82		<b>82</b>
Allocation of profit for the year			656	(656)	-		-
Changes in the scope of consolidation and other changes			(2,280)	(3)	(2,283)	(581)	<b>(2,864)</b>
<b>At 31 January 2020</b>	<b>37,127</b>	<b>33,144</b>	<b>(7,240)</b>	<b>172,936</b>	<b>235,967</b>	<b>15,599</b>	<b>251,566</b>

## Consolidated Statement of Cash Flows

<i>(in thousand of Euros)</i>	Period ended 31 January	
	2020	2019
<b>Profit before taxes</b>	<b>46,776</b>	<b>36,016</b>
<b>Adjustments to:</b>		
Amortisation and depreciation	14,974	8,371
Provisions for personnel and other provisions	5,658	6,086
Net financial (income)/charges	2,170	1,819
Profit from companies valued at equity	(1,226)	(610)
Other non-monetary items	1,542	651
<b>Cash flows generated from operating activities before changes in net working capital</b>	<b>69,894</b>	<b>52,333</b>
Change in inventories	(17,581)	(31,412)
Change in trade receivables	(174,518)	(153,609)
Change in payables to suppliers	119,953	98,066
Change in other assets	(1,349)	(2,864)
Change in other liabilities	8,970	2,195
Use of provisions for risks	(3,623)	982
Payment of employee benefits	(96)	(1,338)
Change in deferred tax assets and liabilities	(478)	(172)
Change in current tax payables and tax receivables	5,060	9,250
Interest paid	(2,600)	(2,160)
Taxes paid	(5,610)	(3,982)
<b>Net cash flow generated from operating activities</b>	<b>(1,978)</b>	<b>(32,711)</b>
Investments in companies net of cash	(9,099)	(7,291)
Investments in property, plant and equipment	(8,413)	(6,303)
Investments in intangible assets	(4,123)	(3,227)
Disposals of property, plant and equipment and intangible assets	131	462
Disposal of assets held for sale		
Investments in associated companies	(967)	(755)
Investments in non-current financial assets	(3,291)	(4,000)
Collection of non-current financial assets	31	1,242
Dividends collected	293	222
Interest collected	601	544
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(24,837)</b>	<b>(19,106)</b>
New disbursements of long-term loans and finance leases	75,000	75,000
Repayments of long-term loans	(75,645)	(56,129)
(Decrease)/increase in short-term loans	22,895	7,881
Reimbursement of financial liabilities for right of use	(5,371)	
Financial investments/disinvestments	559	1,586
Change in Group equity	-	-
Change in equity attributable to non-controlling interests	-	-
Treasury shares	(1,508)	(1,726)
Dividends distributed	(10,474)	(10,118)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>5,456</b>	<b>16,494</b>
Translation difference on cash and cash equivalents		
<b>Change in cash and cash equivalents</b>	<b>(21,359)</b>	<b>(35,323)</b>
Cash and cash equivalents at the beginning of the period	249,074	247,194
<b>Cash and cash equivalents at the end of the period</b>	<b>227,715</b>	<b>211,871</b>



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

The Director responsible for drawing up Sesa SpA’s financial statements and accounting documents, pursuant to the provisions of article 154-bis, paragraph 2 of Consolidated Law on Finance hereby attests that the accounting information contained in the Interim Report at 31 January 2020 corresponds to the document results, books and accounting records.

Empoli, 12 March 2020

Alessandro Fabbroni

(Financial Reporting Manager)