

Half-Year Financial Report

31 October

2020

SESA SpA, Registered Office in Via Piovola, 138 – 50053
Empoli (Fi) - Share Capital Euro 37,126,927; Tax Code,
Registration Number in the Florence Business Register
and VAT number 07116910964

sesa s.p.a

Contents

Interim Report on operations	1
Management and auditing boards of Sesa SpA	2
Highlights of the Group's Income Statement and Balance Sheet	3
Sesa Group Structure at 31 October 2020	5
Foreword	6
Significant events during the period	7
Operating conditions and business development	9
Performance of operations	16
Treasury shares	29
Research and development activities	29
Transactions with related parties and Group companies	29
Information on risks and uncertainties	30
Information on Human Resources	32
Significant events occurring after the end of the half-year	34
Outlook	34
Condensed Consolidated Half-Year Financial Statements	35
Consolidated Income Statement	36
Consolidated Statement of Comprehensive Income	36
Consolidated Statement of Financial Position	37
Consolidated Statement of Cash Flows	38
Consolidated Statement of Changes in Shareholders' Equity	39
Notes to the Condensed Consolidated Half-Year Financial Statements	40
Annexes	58
Certification of the Condensed Consolidated Half-year Financial Statements pursuant to art. 154 bis of Legislative Decree 58/98	65
Independent Auditor's Report	67

Interim Report on operations

Management and auditing boards of Sesa SpA

Board of Directors Expiry

Paolo Castellacci	Chairman	approval of financial statements 30 April 2021
Giovanni Moriani	Executive Deputy Chairman	approval of financial statements 30 April 2021
Moreno Gaini	Executive Deputy Chairman	approval of financial statements 30 April 2021
Alessandro Fabbroni	CEO	approval of financial statements 30 April 2021
Angela Oggionni	Independent Director	approval of financial statements 30 April 2021
Claudio Berretti	Non-Executive Director	approval of financial statements 30 April 2021
Maria Chiara Mosca	Independent Director	approval of financial statements 30 April 2021
Angelica Pelizzari	Non-Executive Director	approval of financial statements 30 April 2021

The Chairman, Paolo Castellacci, is assigned the powers of ordinary administration regarding the strategic management of Vendors and suppliers, procedural representation and institutional relations.
The CEO, Alessandro Fabbroni, is assigned the powers of ordinary administration relating to the Group functions of administration, finance, auditing and investor relations, legal, corporate, extraordinary finance, organisation, IT, human resources and the performance of banking operations.

Corporate Governance Bodies Expiry

Strategic Committee

Paolo Castellacci (Chairman), members Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari, Claudio Berretti approval of financial statements 30 April 2021

Audit and Risks Committee and Related Parties

Maria Chiara Mosca (Chairman), members Claudio Berretti, Angela Oggionni approval of financial statements 30 April 2021
Appointed Director for Internal Audit Alessandro Fabbroni approval of financial statements 30 April 2021

Remuneration Committee

Angela Oggionni (Chairman), members , Claudio Berretti, Maria Chiara approval of financial statements 30 April 2021

Board of Statutory Auditors Expiry

Giuseppe Cerati	Chairman	approval of financial statements 30 April 2021
Andrea Mariani	Standing Auditor	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Auditor	approval of financial statements 30 April 2021
Marco Sironi	Alternate Auditor	approval of financial statements 30 April 2021
Paola Carrara	Alternate Auditor	approval of financial statements 30 April 2021

Supervisory Body in compliance with Legislative Decree 231/2011 Expiry

Giuseppe Cerati	Chairman	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Member	approval of financial statements 30 April 2021
Andrea Mariani	Standing Member	approval of financial statements 30 April 2021

Head of the Internal Auditing activity, Michele Ferri

Independent Auditor Expiry

Company appointed to independently audit the accounts; PricewaterhouseCoopers SpA approval of financial statements 30 April 2022

Head of administrative processes and management auditing, Francesco Billi

Listing Market

Electronic Stock Market (Mercato Telematico Azionario - MTA), Milan	STAR segment
Share Capital (in EUR)	37,126,927.50
Number of ordinary shares issued	15,494,590
Portion of share capital held by the controlling shareholder ITH S.p.A.	52.81%
Specialist Operator	Intermonte Sim SpA

Head of the Investor Relations activity Conxi Palermo

Highlights of the Group's Income Statement and Balance Sheet

Consolidated economic and financial data for the period ended 31 October of each year (6 months)

(Euro thousands)	2020	2019	2018	2017	2016
Revenues	883,159	764,960	643,770	560,557	551,386
EBITDA (earnings before amortisation and depreciation, other provisions and non-monetary costs, financial charges and taxes)	53,566	40,034	30,144	25,846	24,362
EBIT (Earnings before interest and taxes)	35,725	27,766	21,462	19,380	18,794
Profit (loss) before taxes	34,286	25,967	19,638	17,971	17,183
Net Profit (loss) for the period	24,392	18,076	13,684	12,429	11,186
Net Profit (loss) for the period attributable to the Group	21,817	16,000	11,996	10,853	10,591

Consolidated balance sheet figures as at 31 October of every year

(Euro thousands)	2020	2019	2018	2017	2016
Total Net Invested Capital	249,246	234,516	211,810	203,776	190,178
Total Shareholders' Equity	272,326	236,465	213,612	201,650	183,497
- attributable to owners of the Parent	253,089	222,580	203,249	192,699	175,900
- attributable to non-controlling interests	19,237	13,885	10,363	8,951	7,597
Net Financial Position	(23,080)	(1,949)	(1,802)	2,126	6,681
Total Shareholders' Equity and NFP	249,246	234,516	211,810	203,776	190,178

Consolidated profitability ratios for the period ended 31 October of each year (6 months)

	2020	2019	2018	2017	2016
EBITDA / Revenues (1)	6.07%	5.23%	4.68%	4.61%	4.42%
EBIT / Revenues (ROS) (1)	4.05%	3.63%	3.33%	3.46%	3.41%
Net Profit attributable to owners of the Parent / Revenues	2.47%	2.09%	1.86%	1.94%	1.92%

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

Group Human Resources, at period-end (2)

(Euro units or thousands)	2020	2019	2018	2017	2016
Human Resources, at period-end	3,073	2,054	1,756	1,479	1,278
Average workforce	2,810	1,977	1,618	1,453	1,247

(2) Including fixed-term contracts, excluding internships

Main Group Financial Ratios

Financial ratios

	2020	2019	2018	2017	2016
Sesa					
(Euro)					
Listing Market ⁽¹⁾	MTA – STAR	MTA – STAR	MTA - STAR	MTA - STAR	MTA - STAR
Stock Prices (31 October of every year)	80.5	39.9	24.0	27.2	16.2
Annual dividend per share ^{(2) (*)}	Note 2	0.63	0.60	0.56	0.48
Comprehensive Dividend (Euro millions) ⁽³⁾	Note 2	9.762	9.297	8.677	7.408
Pay Out Ratio ⁽⁴⁾	0.0%	33%	31%	32%	30%
Shares Issued (in millions at 31 October of every year)	15.49	15.49	15.49	15.49	15.49
Stock market capitalisation (Euro millions at 31 October of every year)	1,247.3	618.2	371.9	421.3	250.9
Market to Book Value ^(**)	4.6	2.6	1.7	2.1	1.4
Dividend Yield (on prices at 31 October) ^(****)	Note 2	1.6%	2.5%	2.10%	3.00%
Sesa Group	2020	2019	2018	2017	2016
(Euro)					
Earnings per share at 30 April (base) EPS ^(****)	2.46	1.90	1.74	1.62	1.55
Earnings per share at 30 April (diluted) ^(*****)	2.45	1.89	1.73	1.62	1.54

(1) Sesa entered the AIM market following the merger with the Italian SPAC, Made in Italy 1 SpA, listed on the AIM market. The merger between Sesa SpA and Made in Italy 1 SpA (Sesa SpA) was completed on 1 February 2013. The listing on the MTA Market took place in October 2013. The transition to the Star segment of the MTA Market was completed in February 2015.

(2) For the financial year ended 30 April 2020, the Ordinary Shareholders' Meeting of Sesa SpA held on 28 August 2020 resolved not to distribute dividends in view of the state of global crisis due to the Covid-19 pandemic, investments to support the demand for digitalisation and the acceleration of the external growth path.

(3) Dividends gross of the treasury shares

(4) Dividends gross of the portion relating to treasury shares / Consolidated net profit attributable to shareholders

(*) Dividends paid in the following year against profit for the year at 30 April every year

(**) Capitalisation on the basis of the price at 31 October every year / Consolidated Shareholders' Equity at 31 October every year

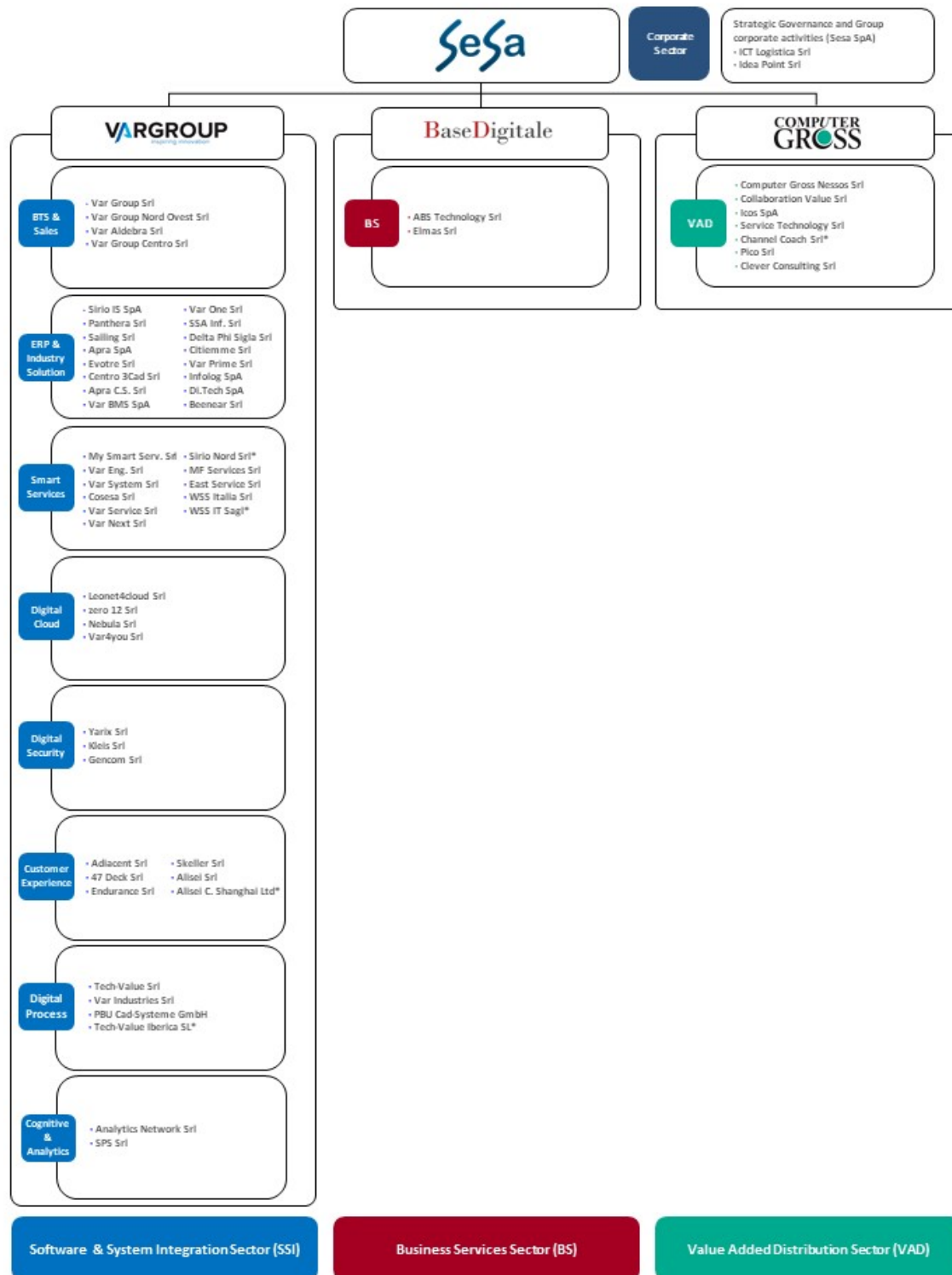
(***) Dividend per share / Market value per share at 31 October every year

(****) Consolidated net profit at 30 April relating to the last approved financial statements / number of ordinary shares net of treasury shares in portfolio at 30 April every year

(*****) Consolidated net profit at 30 April relating to the last approved financial statements/ number of ordinary shares net of treasury shares in portfolio and including the impact of Stock Options/Grants, Warrants and/or convertible bonds, should they exist.

Sesa Group Structure at 31 October 2020

The Sesa Group is organised into four business sectors. The VAD Sector (Distribution of Value-Added Information Technology solutions), managed through the subsidiary Computer Gross SpA, the SSI Sector (Software and System Integration), managed through the subsidiary Var Group SpA, which offers digital transformation solutions and services to end users belonging to the SME and Enterprise segments, the BS Sector (Business Services) led by the subsidiary Base Digitale SpA, which offers outsourcing, security and digital transformation services for the finance segment, and the Corporate Sector which, through the parent company Sesa SpA, manages the Group's corporate functions and financial and operational platform.



*Subsidiaries valued at cost

Changes in the scope of consolidation during the six-month period ended 31 October 2020 include the entry into the SSI Sector of zero 12 Srl, Infolog SpA, SPS Srl, Analytics Networks, Endurance Srl, Nebula Srl, 47Deck Srl and Alisei Srl from May 2020, Di.Tech SpA and Beenear Srl from June 2020, Skeeller Srl, WSS Srl and Elmas Srl from July 2020 and Var Next Srl from August 2020. In the VAD sector, Clever Consulting Srl and Service Technology Srl joined the Group's scope of consolidation in May 2020. Compared to the structure of the Group at 31 October 2019 used in the Interim Report for comparative purposes, further changes in the scope of consolidation, in addition to the aforementioned companies, concern the companies belonging to the Business Services Sector (Base Digitale SpA and ABS Technology Srl), Kleis Srl and East service Srl, which entered the Sesa Group's consolidation area after 31 October 2019. For further details on the scope of consolidation and on the equity investments held directly and indirectly by Sesa SpA, as well as investments in associated companies, reference should be made to the annexes to the Annual Report on Operations at 30 April 2020.

Foreword

The Half-Year Financial Report at 31 October 2020 of the Sesa Group represents the interim financial position and results of operations for the first six months of the financial year ending 30 April 2021.

The Half-Year Financial Report at 31 October 2020 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 Certification 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 2020, 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.

Within the scope of the Report on Operations, in addition to the financial figures required by IFRS, certain figures originating from the latter are also illustrated, despite not being required by IFRS (Non-GAAP Measures). These amounts are presented in order to allow a better assessment of the performance of the Group's operations and should not be considered as alternatives to those envisaged by the IFRSs.

Significant events during the period

In the first half of the year ending 30 April 2021, the Sesa Group recorded a marked improvement in the main economic and financial ratios, well above the long-term track record. The growth in revenues and consolidated profitability was generated by the Group's increasing focus on the segments of the market with higher added value and technological innovation (Cloud, Security, Analytics and Cognitive), characterised by a rise in the demand for digitisation by customers and business partners.

In the first half of the year ended 31 October 2020, the Group's Revenues and Other Income rose by 15.5%, with an improvement in turnover and profitability (Ebitda) of 33.8% and an Ebitda margin of more than 6.0%, compared to 5.2% at 31 October 2019. The Group's adjusted net result¹ is Euro 24.2 million (+38.9% on 31 October 2019). The Group's adjusted net financial position² continued to improve during the period, rising from Euro 12.5 million at 31 October 2019 to Euro 60.3 million at 31 October 2020, supported by improvement in operating cash flow and growing efficiency in the management of net working capital. This was following investments in corporate acquisitions and technological infrastructure amounting to approximately Euro 50 million over the last 12 months, and after the purchase of treasury shares for approximately Euro 3 million.

The half-year results confirm the organisational resilience of the Sesa Group and the outstanding commitment of its human capital; following the pandemic emergency, the Sesa Group took prompt action to safeguard the health and safety of its human resources. It adopted a hybrid organisational model, using digital technologies for internal and stakeholder collaboration, which allowed the full continuity of operations in technological innovation and digital services, a sector essential for the national economy and its digitisation.

In the half-year in question, the Sesa Group also benefited from recent corporate acquisitions (13 since January 2020) adding skills and human capital to strategic areas of digital evolution. Notably, the threshold of 3,000 employees was exceeded at 31 October 2020, with a total of 3,073 resources compared to 2,054 at 31 October 2019.

The VAD (Value Added Distribution) sector, which provides value added IT solutions, recorded a 10.2% increase in revenues and other income, an 18.3% increase in Ebitda and a 25.4% increase in net profit after taxes in the first half of the tax year. The development of turnover and profitability benefited from the growth in business achieved in the second quarter, thanks to the demand for digital transformation and the expansion of solutions offered in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments. The results for the period strengthen the market share on the Italian market (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, November 2020). The strategic development operations carried out in the half-year included the purchase of 55% of **Clever Consulting Srl**, a company specialised in End Point Security solutions, with a portfolio of Vendors including Blackberry, Accellion, Wandera, TITUS and Globalscape, the acquisition in June 2020 of 55% of the capital of **Service Technology Srl**, a company operating in the refurbished sector, offering management and refurbishment services for technology hubs supporting environmental sustainability, and the acquisition of 19% of the capital of **PM Service Srl**, a company offering technology solutions to improve energy efficiency and the circular economy, in order to strengthen its position in a market segment characterised by growing demand, also in consideration of stakeholder attention to environmental sustainability. The corporate acquisitions complement the organic investments and commercial initiatives, with the aim of strengthening the Group's position in the enterprise software and cloud solutions sector. These include the partnership agreement signed with **Red Hat** (the main supplier of open-source hybrid cloud solutions for the enterprise segment), as well as the integration of **Adobe's** digital media solutions and **Fortinet's** security solutions.



¹Adjusted Ebit and Adjusted result before taxes gross of amortisation of intangible assets (client lists and know-how) recognised following the Purchase Price Allocation (PPA) process related to corporate acquisitions. The Adjusted Net Result and the Adjusted Net Result for the Group gross of amortisation of intangible assets (client lists and know-how) recognised following the PPA process relating to corporate acquisitions, net of taxes.

²Adjusted NFP, not including commitments for non-interest-bearing deferred payments (amounting to Euro 37,241 thousand at 31 October 2020) for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

The Software and System Integration Sector (SSI), offering Technological Innovation solutions and Digital Transformation services for the SME and Enterprise segments, strengthens the development trend recorded over the last four years, with the following growth percentages in the half-year ended at 31 October 2020: 19.1% in revenues and other income, 49.9% in Ebitda and 66.1% in profit after taxes. The development strategy in the fastest growing business areas of the market (Cloud, Security, Analytics, Cognitive), implemented through corporate acquisitions and investments in human capital, consolidates the company's role as a key player in Italy in the sector of technological innovation and digital transformation services for the SME and Enterprise segments. The SSI Sector has further accelerated its growth path along external lines since the beginning of the new financial year:



- The majority shareholding in **zero12 Srl**, based in Padua, was acquired in May 2020. The company has approximately 20 employees and is specialised IT solutions in Cloud Computing and Big Data Analysis solutions, with particular reference to application development and SaaS architectures on the AWS platform;
- 51% of **Infolog SpA**, a company specialising in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, "WMS"), with over 200 customers operating in some of the main Made in Italy sectors and a workforce of over 40 resources, was acquired in May 2020.
- The consolidation of **Analytics Network Srl** and **SPS Srl** began in May 2020. Both companies are specialised in the development of cognitive analytics solutions and services for the enterprise segment, with a human capital of around 20 resources and consolidated expertise in data analytics in support of business processes, Predictive Analysis, Machine Learning and Artificial Intelligence;
- 100% of the capital of **Di.Tech SpA**, a Bologna-based company with over 250 human resources (including the Romanian subsidiary Beenear Srl), specialising in the supply of software solutions and IT services for the food distribution sector, focusing particularly on IT systems for the management of logistics, supply chains and store management, was acquired in July 2020. Di.Tech is the digital partner of reference for IT services and solutions of the Conad Group, one of Italy's leading food retail operators, with over 3,300 points of sale;
- 55% of **WSS Italia (Worldwide Software Solution Italia) Srl**, a company based in Milan with a human capital of approximately 50 specialised resources, which offers system management software solutions and remote and application management services on both the Italian and Swiss markets, was acquired through its wholly owned subsidiary WSS IT Sagl, in August 2020;
- **Pragma Progetti Srl** and **Pragma Solution Srl** were acquired in November 2020; Progetti Srl offers ERP management solutions and digital services with a client portfolio of approximately 200 companies belonging to the SME and Enterprise sectors. Pragma Solution srl offers consulting and enabling services for Panthera ERP software solutions, an application solution owned by Sesa Group through its subsidiary Sirio Informatica e Sistemi. The companies will enter the consolidation area in the third quarter of the financial year.

The Business Services Sector, which offers process outsourcing, security and digital transformation services for the finance and large enterprise segment, contributed to the Group's results at 31 October 2020, achieving revenues and other income of Euro 22.0 million and an operating profitability (Ebitda Euro 1.3 million, Ebitda margin 5.8%) in line with expectations. The Business Services Sector includes Base Digitale SpA, ABS Technology Srl and **Elmas Srl**, operating in the physical security, video surveillance and home automation services sector, included in the consolidation area in the second quarter following the acquisition of 60% of the capital by ABS Technology Srl.



On 14 July 2020, the Board of Directors of Sesa SpA held a meeting to approve the Group's consolidated financial statements and the Company's financial statements at 30 April 2020, proposing not to distribute any dividend, considering the state of global crisis and the acceleration of investments and external growth. The Shareholders' Meeting held on 28 August 2020 approved the Financial Statements at 30 April 2020 and the relative proposal not to proceed with the distribution of profits. On the same date, the 2021-2023 Stock Grant Plan reserved for executive directors was approved for up to a maximum of 265,000 ordinary shares, along with the proposal to authorise the purchase of ordinary treasury shares for up to a total of Euro 3.5 million. The Shareholders' Meeting also confirmed the co-option of Claudio Berretti as non-executive director and appointed Andrea Mariani as standing auditor. Lastly, the Extraordinary Shareholders' Meeting resolved the introduction of increased voting rights following the amendment of Article 6 and the introduction of Article 7 to the Articles of Association, aimed at further steering the management of the Sesa Group towards long-term goals and at attracting stakeholders focused on sustainable growth.

Operating conditions and business development

The Sesa Group is a major Italian operator in the offer of value-added IT services and digital 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 four sectors:

- The Corporate Sector comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within the parent company Sesa SpA. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, 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. Marketing services in support of the ICT Channel are supplied by Idea Point Srl;
- The VAD Sector includes activities related to the Value-Added Distribution (VAD) of technological innovation solutions, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing segments. The VAD Sector is managed by the wholly owned subsidiary Computer Gross SpA;
- the Software and System Integration Sector (SSI) offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly owned subsidiary Var Group SpA;
- the Business Services Sector (BS) offers process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale 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 Control, Human Resources, 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 Cloud computing sector in support of the ICT channel.

Software and System Integration Sector (SSI)

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

Var Group SpA

The company, which is wholly owned by Sesa SpA, is a Digital Services & Innovation provider and major operator in the Italian IT market for the SME and Enterprise segments with a turnover of Euro 396 million as at 30 April 2020 (including that of the subsidiaries). Var Group SpA has developed an integrated offer of digital solutions with an organisational model, also through its subsidiaries, divided into seven business units: Business Technology Solutions, Smart Services, Digital Security, Digital Cloud, Digital Process, Customer Experience, ERP & Industry Solutions. Innovative A.I., block chain and IoT solutions are offered to supplement the range.

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 Var Group SpA in Northeast Italy (through the Bologna, Verona, Treviso, Trento and Bolzano branches).

Var Group Centro Srl

The company, 95% owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Central-Southern Italy.

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.

Zero12 Srl

The company, 55% owned by Var Group SpA, is based in Padua, with about 20 human resources, specialised in IT solutions in the Cloud Computing and Big Data Analysis sector, with particular reference to application development and SaaS architectures, Business Data Recommendation, Instant Marketing and about 50 customers operating in the main web marketplaces. Zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, major operators in the Cloud, Big Data and Analytics sectors. The company entered the scope of consolidation in May 2020.

Nebula Srl

The company, 51% owned by Leonet Srl, works in the management of Cloud environments and platforms, particularly on Microsoft's public cloud, using Microsoft Azure technologies. The company entered the scope of consolidation in May 2020.

Var4you Srl

The company, 70% owned by Leonet4cloud Srl and 30% by Var Service Srl, was created from the spin-off of two previously owned business units and offers remote management services for workstations, on premise infrastructures, networking, connectivity and cloud solutions, both proprietary (Leonet Data Center) and public (Amazon Web Services, IBM, Azure and Oracle), as well as hybrid cloud projects.

Business Unit Smart Services

My Smart Services Srl

The company, a wholly owned subsidiary of Var Group SpA, offers managed services across the entire Italian 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, 96% 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 in support of the IT infrastructure for SME & Enterprise customers. It was established in June 2019 with contributions from companies already within the Group's scope of consolidation.

East Service Srl

The company, a wholly owned subsidiary, offers system services to support the corporate IT infrastructures of SME and Enterprise customers operating in North-East Italy (Trentino Alto Adige, Veneto, Lombardy). The company entered the scope of consolidation in January 2020.

WSS Italia Srl

WSS Italia, 55% owned by Var Group SpA, offers system management software solutions and remote and application management services on both the Italian and Swiss markets through its wholly owned subsidiary WSS IT Sagl, based in Switzerland. With a human capital of more than 50 specialised resources, including those of the Swiss subsidiary, the company entered the scope of consolidation in August 2020.

Var Next Srl

The company, 85% owned by MF Service Srl, offers IT technical support and managed services, with a significant footprint in the North East of Italy.

Business Unit Digital Security

Yarix Srl

The company, 100% owned by Var Group SpA, offers Digital Security services to the SME, Enterprise and public administration markets. The company is one of the leading Italian operators in the Cybersecurity sector, with a highly specialised Security Operation Centre (SOC) at its headquarters in Montebelluna, as well as an R&D centre located in Tel Aviv (Israel).

Gencom Srl

The company, based in Forlì, is 60% controlled by Yarix Srl and operates in the networking and collaboration sector in support of complex Digital Security projects.

Kleis Srl

The company, 51% controlled by Var Group SpA, is specialised in Artificial Intelligence and Machine Learning services for the banking sector and in areas related to e-commerce and the prevention of electronic fraud.

Business Unit ERP & Vertical solutions

Sirio Informatica e Sistemi SpA

The company, 51% owned by Var Group SpA, operates in the development and marketing of ERP ("Sirio") software 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 and proprietary applications for the SME and Enterprise market with customers operating in some of the main Italian production districts.

Var BMS SpA

The company, 86% controlled by Var Group SpA, is active mainly in Northern Italy, operating in the SAP ERP consulting and services sector with reference to Enterprise customers.

Var One Srl

The company, 65% 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.

SSA Informatica Srl

The company, 100% 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 concentrated in North-Eastern Italy.

Citiemme Informatica Srl

The Bergamo-based company, owned by Var Group SpA and Var One Srl, holders of 37% and 27% of the capital respectively, operates in the supply of integrated solutions and services on the TeamSystem platforms (Alyante and ACG) for SME customers. Citiemme Informatica Srl offers consulting, business solutions and services to its customers concentrated in North-Eastern Italy.

Apra SpA

The company, 75% controlled 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 certain 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 SME customers. It has been included in the scope of consolidation since July 2019.

Evotre Srl

The company, 56% controlled by Apra SpA, offers Zucchetti HR management solutions to support SME customers in Central Italy. It has been included in the consolidation area since 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 the large-scale retail/retail market.

Var Prime Srl

The company, 100% controlled by Var Group SpA, is a major operator for solutions on the Microsoft Dynamics platform 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 ("SIGLA ++") for the Small Business market. The company has a customer database, also through resellers, of several thousand users, located throughout the country.

Infolog SpA

The company, 51% owned by Var Group SpA, has over 40 resources specialised in the design and development of software solutions for the computerised management of warehouse logistics (WMS), with over 200 customers operating

in some of the main Made in Italy sectors, such as tiles, fashion, manufacturing and healthcare. The company entered the scope of consolidation in May 2020.

Di.Tech SpA

The company, wholly owned by Var Group SpA, with over 250 specialised human resources, over 120 of whom employed by the subsidiary Beeneer, in Romania, operates in the development of software and other IT services for logistics in the organised food distribution sector. One of its most important customers is the Conad Group. The company entered the scope of consolidation in June 2020.

Beeneer Srl

The company, based in Iasi in Romania and wholly owned by Var Group SpA through Di.Tech Srl, operates in the design and development of software applications and other technical and system support services. With a human capital of over 140 resources, it offers services to some of the main Italian and international players in the IT consulting sector, including Xtel, Di.Tech, Dgroove and Prometeia. The company entered the scope of consolidation in June 2020.

Business Unit Digital Process

Var Industries Srl

The 86% controlled company operates in the field of technological innovation (IoT and Industry 4.0) with a 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 intensive engineering companies in the manufacturing sector, with 1,000 customers and approximately 35 resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu). Following the incorporation of CCS Team Srl, Tech-Value Srl controls Tech-In-Nova Srl, Tech-Value Iberica SL 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 intensive engineering manufacturing companies. The company with headquarters in Aichach (Bavaria) and subsidiaries in Filderstadt (Stuttgart) and Moers (Düsseldorf) has a qualified staff of about 50 resources, and a long-standing partnership with Siemens Industry Software.

Business Unit Customer Experience

Adiacent Srl

The company, 53% controlled by Var Group SpA and 33% by Sesa SpA, supplies IT solutions to corporate customers, with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the SME, Enterprise and Finance segments.

Endurance Srl

The company, 51% owned by Adiacent Srl, is a web agency specialised in the creation of digital solutions, system integration and digital marketing technology with a particular focus on e-commerce and user experience. The company entered the scope of consolidation in May 2020.

47Deck Srl

The company, wholly owned by Adiacent Srl, is specialised in the development and implementation of digital projects through the Adobe Marketing Cloud suite platforms. The company entered the consolidation area in May 2020.

Skeeller Srl

The company, 51% controlled by Adiacent Srl, operates with approximately 20 resources specialised in customer experience and digital strategy. As the reference partner for the Magento e-commerce platform in Italy, with its specialist know-how, Skeeller combines both the strategic component and that linked to User Experience and Infrastructure, with mobile and more technical ecommerce skills. The company entered the scope of consolidation in July 2020.

Alisei Srl

The company, 61% controlled by Adiacent Srl, operates in the B2C e-commerce sector with China, also through its subsidiary Alisei Consulting (Shanghai) Co. Ltd., based in Shanghai. With a management that has been active in the sector for over 10 years, and a team of over 10 specialised resources, the Company flanks Italian, American and Swiss brands in their distribution and promotional activities in China. Thanks also to Var Group's partnership with Alibaba.com, the Company offers consultancy services on all activities, offering a complete strategy for approaching the Chinese market, from e-commerce and marketplace to communication on Chinese social networks. The company entered the scope of consolidation in May 2020.

Business Services Sector (BS)

Base Digitale SpA

The company, 61% owned by Sesa SpA, leads the Business Services Sector and supplies business process outsourcing, digital transformation, Fleet management and operations services. It is a recognised partner of some of the leading national operators in the finance and banking sector, including BMPS, Banca Intesa and the Credit Agricole Group. It has a staff of over 250 employees working at the Florence headquarters, in Turin and at the branches in Monteriggioni (SI) and Pisa. The merger of Bservices Srl and Globo Informatica Srl into Base Digitale SpA was completed in April 2020, with completion of the related effects in July 2020. The company entered the scope of consolidation in March 2020.

ABS Technology Srl

The company, 100% controlled by Base Digitale SpA, supplies physical and logical security services mainly for banks and operators in the retail and large-scale retail sector. It has a staff of over 40 employees working at the Florence headquarters and at the branch in Monteriggioni (SI). The company entered the scope of consolidation in March 2020.

Elmas Srl

The company, 75% controlled by the Sesa Group through ABS Technology SpA, a wholly owned subsidiary of Base Digitale SpA, has been active in physical security, video surveillance and home automation services for over 40 years. With about 25 specialised resources, it offers tailor-made design and development services for physical and perimeter security, video surveillance and home automation for companies throughout Italy. The company entered the consolidation area in July 2020.

Value Added Distribution Sector (VAD)

Computer Gross SpA

The Company, wholly owned by Sesa SpA, is a major operator in Italy in the value-added distribution of technological innovation solutions 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, VMware, Adobe and Fortinet. Computer Gross SpA has about 350 employees and 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 1,434 million and a net profit of Euro 30.8 million achieved in the year ended 30 April 2020, is the main subsidiary, in terms of revenue and profitability, of the Sesa Group.

Icos SpA

Icos SpA, 79% 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 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 added value 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.

Clever Consulting Srl

Clever Consulting Srl, 55% owned by Computer Gross SpA, provides End Point Security and Mobility solutions and services, with a distributed vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape. The Milan-based company entered the scope of consolidation in May 2020.

Service Technology Srl

Service Technology Srl, 55% owned by Computer Gross SpA, operates in the Green IT sector and offers reverse logistics services, management and reconditioning of IT products, carrying out regeneration and refurbishment activities for technology hubs that have reached the end of their first life cycle, thereby pursuing the sustainability of the IT infrastructure supply chain. The Arezzo-based company entered the scope of consolidation in May 2020.

Pico Srl

A wholly owned subsidiary of Computer Gross SpA, it is the main national distributor of the Adobe brand.

Performance of operations

General economic trend

The Covid-19 pandemic has had an unprecedented economic impact on the global economy. Global GDP is expected to be down 4.4% in 2020, but forecast to recover by 5.4% in 2021, based on the gradual tapering off of the pandemic emergency in the second half of 2021. Global growth in the medium term is expected to be around 3.5%. Governments and central banks will continue to mitigate the effects of the pandemic with initiatives to increase public spending and provide support for liquidity (IMF - WEO, October 2020).

2020 GDP is expected to remain below 2019 levels in all advanced, emerging and developing economies, the only major exception being China, where recovery has been faster than expected, and for which an increase in GDP of 1.9% is expected already this year. The expected contraction in the US in 2020 is 4.3%, with a recovery of 3.1% in 2021. GDP in the Eurozone is expected to be down by 8.3% in 2020, with a recovery of 5.2% in 2021 (source IMF - WEO, October 2020).

The impact of the global crisis on the performance of the Italian economy has been severe, with an anticipated 10.6% reduction in GDP in 2020. This drop is greater than the Eurozone average due to greater dependence on sectors such as tourism and transport. The Italian economy is expected to bounce back in 2021, with GDP growing by 5.2%, thanks to the Italian Government's initiatives to support economic recovery, also taking advantage of European subsidies (the "Recovery Fund"). The main measures envisaged by the Recovery Plan are those relating to the Green Economy and the digital transformation of both the private and public administration sectors. The main goal of these initiatives is to stimulate innovation, competition, digitisation 4.0 and the internationalisation of Italian businesses (source: IMF - WEO, June 2020).

The following table shows the final results for 2016, 2017, 2018 and 2019 and forecasts the GDP trend for 2020 and 2021 (source: IMF - WEO, October 2020).

Percentage Values	Change in GDP 2016	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020 (E)	Change in GDP 2021 (E)
World	+3.2%	+3.8%	+3.6%	+2.8%	-4.4%	+5.2%
Advanced Economies	+1.7%	+2.3%	+2.3%	+1.7%	-5.8%	+3.9%
Emerging Market	+4.3%	+4.8%	+4.5%	+3.7%	-3.3%	+6.0%
USA	+1.5%	+2.3%	+2.9%	+2.2%	-4.3%	+3.1%
Japan	+1.0%	+1.7%	+0.3%	+0.7%	-5.3%	+2.3%
China	+6.7%	+6.9%	+6.6%	+6.1%	+1.9%	+8.2%
Great Britain	+1.8%	+1.8%	+1.3%	+1.5%	-9.8%	+5.9%
Euro Zone	+1.8%	+2.3%	+1.9%	+1.3%	-8.3%	+5.2%
Italy	+0.9%	+1.5%	+0.8%	+0.3%	-10.6%	+5.2%

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

The IT market in Italy is characterised by growing development rates, always higher than its Gross Domestic Product (“GDP”). Once again, in 2020, a year affected severely by the Covid-19 pandemic, a moderate market downturn (-0.5%) is expected. This is significantly lower than the drop in Italian GDP (-10.6%). The demand for IT suffered no significant contraction during the first and second lockdowns, as economic operators accelerated digital transformation both to ensure business continuity and to invest in technological innovation in segments such as cloud, security, analytics, cognitive-A.I., also known as Digital Enablers.

As a result of the acceleration of the demand for digitisation by businesses and organisations for 2021-2023, the Italian IT market is expected to grow by an annual average of over 5%, compared to an average growth rate for 2018-2020 of less than 2% (Source: Sirmi, November 2020). The growth in demand will be supported by the Management Services segment, which includes digital transformation services and solutions and reflects the evolution of the ways in which technology is used (Source Sirmi, November 2020), as well as by the progressive penetration of Cloud Computing solutions, which will rise from 37.1% in 2020 to 57.4% of the total market in 2023.

The following table represents the IT market trend in Italy in 2017-2019 and the forecasts for 2020, 2021 and 2023 (Source: Sirmi, November 2020).

Italian IT market (Euro millions)	2017	2018	2019	2020E	2021E	2022E	2023E	Change 17/16	Change 18/17	Change 19/18	Change 20/19	Change 21/20	Change 22/21	Change 23/22
Hardware	6,044	6,025	6,172	6,108	6,458	6,766	7,060	0.6%	-0.3%	2.4%	-1.0%	5.7%	4.8%	4.3%
Software	3,833	3,845	3,861	3,756	3,847	3,897	3,948	-0.4%	0.3%	0.4%	-2.7%	2.4%	1.3%	1.3%
Project Services	3,436	3,500	3,588	3,351	3,507	3,653	3,800	0.4%	1.9%	2.5%	-6.6%	4.6%	4.2%	4.0%
Management Services	5,504	5,900	6,350	6,658	7,250	7,830	8,402	6.0%	7.2%	7.6%	4.8%	8.9%	8.0%	7.3%
Total IT Market	18,817	19,270	19,971	19,872	21,062	22,146	23,210	1.9%	2.4%	3.6%	-0.5%	6.0%	5.1%	4.8%
Cloud Computing	1,862	2,302	2,830	3,654	4,491	5,373	6,314	23.3%	23.6%	23.0%	29.1%	22.9%	19.6%	17.5%
<i>Cloud (SaaS, PaaS, IaaS) Adoption %</i>	18.8%	23.3%	28.2%	37.1%	43.6%	50.4%	57.4%							

Within the IT market, the distribution segment, where the Group operates through the VAD Sector, recorded an average growth of 5% in the three-year period from 2017 to 2019, supported by the networking, collaboration and enterprise software, including Analytics and Security, segments. The market is expected to grow by 5% in 2020, supported, among other things, by the acceleration in demand for collaboration solutions. Growth is expected to continue in 2021 at least at the historical average level, also as a result of initiatives to support the digitalisation of the economy (Source: Sirmi, November 2020).

After an average annual increase in demand of approximately 6% from 2017 to 2019, in 2020, following the Covid-19 pandemic, the System Integration segment has shown a deceleration in growth due to the slowdown in digital transformation processes, caused by the lockdowns (2020 growth is forecast at 1.2%). For 2021, thanks to the acceleration in demand for digitalisation in view of a return to normality, growth is expected to recover to average annual levels in excess of 5% (Source: Sirmi, November 2020).

Highlights of the Group Income Statement

The reclassified consolidated income statement (in Euro thousands) at 31 October 2020 is provided below, and compared with the same period of the previous year.

Reclassified income statement	31/10/2020 (6 months)	%	31/10/2019 (6 months)	%	Change 2020/19
Net revenues	883,159		764,960		15.5%
Other Income	6,121		5,242		16.8%
Total Revenues and Other Income	889,280	100.0%	770,202	100.0%	15.5%
Product purchase costs	(687,488)	77.3%	(615,240)	79.9%	11.7%
Costs for services and rent, leasing and similar costs	(73,614)	8.3%	(60,598)	7.9%	21.5%
Payroll	(72,944)	8.2%	(52,441)	6.8%	39.1%
Other operating costs	(1,668)	0.2%	(1,889)	0.2%	-11.7%
Total product purchase costs and Operating Costs	(835,714)	94.0%	(730,168)	94.8%	14.5%
Gross Operating Margin (Ebitda)	53,566	6.02%	40,034	5.20%	33.8%
Amortisation and depreciation of intangible and property, plant and equipment	(10,571)		(7,555)		39.9%
Amortisation of client lists and know how purchased (PPA)	(3,350)		(1,998)		67.7%
Accruals and other non-monetary costs	(3,920)		(2,715)		44.4%
Operating Result (Ebit)	35,725	4.02%	27,766	3.61%	28.7%
Profits from companies valued at equity	962		832		15.6%
Net financial income and expense	(2,401)		(2,631)		-8.7%
Result before taxes (Ebt)	34,286	3.86%	25,967	3.37%	32.0%
Income taxes	(9,894)		(7,891)		25.4%
Net result	24,392	2.74%	18,076	2.35%	34.9%
<i>Net result attributable to owners of the Parent</i>	<i>21,817</i>	<i>2.45%</i>	<i>16,000</i>	<i>2.08%</i>	<i>36.4%</i>
<i>Net result attributable to non-controlling interests</i>	<i>2,575</i>		<i>2,076</i>		<i>24.0%</i>
Adjusted Operating Result*	39,075	4.39%	29,764	3.86%	31.3%
Adjusted Result before taxes	37,636	4.23%	27,965	3.63%	34.6%
Adjusted Net Result*	26,777	3.01%	19,498	2.53%	37.3%
<i>Adjusted Net result attributable to owners of the Parent*</i>	<i>24,202</i>		<i>17,422</i>		<i>38.9%</i>

In the first half of the year ending 30 April 2021, the Sesa Group recorded a marked improvement in the main economic and financial ratios, well above the long-term track record.

The growth in revenues and consolidated profitability was generated by the Group's increasing focus on the segments of the market with higher added value and technological innovation (cloud, security, analytics and cognitive), characterised by a rise in the demand for digitisation by customers and business partners.

In the half-year in question, the Sesa Group also benefited from recent corporate acquisitions (13 since January 2020) adding skills and human capital to strategic areas of digital evolution. Thanks to the ability to attract skills, human capital reached a total of 3,073 employees at 31 October 2020, compared to 2,054 at 31 October 2019.

Revenues and Other Income rose by 15.5%, with an improvement in turnover and profitability (Ebitda) of 33.8% and an Ebitda margin of more than 6.0%, compared to 5.2% at 31 October 2019.

At consolidated level, Revenues and Other Income amounted to Euro 889,280 thousand (+15.5% Y/Y) at 31 October 2020, broken down as follows:

- VAD Sector, Euro 694,121 thousand (+10.2% Y/Y), thanks to the expansion of solutions in the Cloud, Security, Analytics and Enterprise Software segments;
- SSI Sector, Euro 211,472 thousand (+19.1% Y/Y), thanks to organic growth in digital enablers and Digital Transformation services (Cloud, Security, Cognitive & Analytics, ERP & Vertical Solutions), supported by M&A transactions and human capital development;
- Business Services sector Euro 22,022 thousand, a new Group sector consolidated since March 2020.

* The Adjusted Operating Result and the Adjusted Result before taxes are defined gross of amortisation of intangible assets (client lists and know-how) recognised following the purchase price allocation (PPA) process. The Adjusted Net Result and the Adjusted Net Group Result are defined gross of amortisation of intangible assets (client lists and know-how) recognised following the Purchase Price Allocation (PPA), process and net of taxes.

Thanks to the growth in revenues and added value (Gross Margin +30.2% Y/Y), consolidated Ebitda at 31 October 2020 amounted to Euro 53,566 thousand (+33.8% Y/Y), with an Ebitda Margin of 6.02% (vs Ebitda margin 5.20% Y/Y), of which:

- VAD Sector Euro 26,828 thousand (+18.3% Y/Y), with an Ebitda Margin of 3.87% (vs Ebitda margin 3.60% Y/Y);
- SSI Sector Euro 23,737 thousand (+49.9% Y/Y), with an Ebitda Margin of 11.22% (vs Ebitda margin 8.92% Y/Y);
- Business Services sector Euro 1,274 thousand, with an Ebitda margin of 5.79%, in line with expectations.

Thanks to the recent acquisitions, the changes in the company's scope of consolidation compared to 31 October 2019, contributed by about 40% to growth in revenues at Group level, and 45% to growth in operating profitability, confirming the ability to generate value in a sustainable manner that has always distinguished the Sesa Group.

(Euro thousands)	Period ended 31 October				
	2020	%	2019	%	Change
Total Revenues and Other Income	889,280	100.0%	770,202	100.0%	15.5%
Consolidated Gross Margin	201,792	22.7%	154,962	20.1%	30.2%
Costs for services and rent, leasing and similar costs	(73,614)	8.3%	(60,598)	7.9%	21.5%
Payroll	(72,944)	8.2%	(52,441)	6.8%	39.1%
Other operating costs	(1,668)	0.2%	(1,889)	0.2%	-11.7%
Total operating costs	(148,226)	16.7%	(114,928)	14.9%	29.0%
Gross Operating Margin (Ebitda)	53,566	6.02%	40,034	5.20%	33.8%

The consolidated Operating Result (Ebit) at 31 October 2020 was Euro 35,725 thousand (+28.7% Y/Y), with an Ebit margin of 4.02% (vs. 3.61% Y/Y), after depreciation and amortisation of Euro 13,921 thousand (+45.7% Y/Y), also as a result of increased amortisation of client lists and technological know-how related to corporate acquisitions and provisions and other non-monetary costs totalling Euro 3,920 thousand (+44.4% Y/Y).

The Adjusted Consolidated Operating Result (Ebit) at 31 October 2020, gross of amortisation of intangible assets, client lists and know-how recorded following the PPA process, was Euro 39,075 thousand (+31.3% Y/Y), with an Adjusted Ebit margin of 4.39% (vs. 3.86% Y/Y).

The following table shows the average and precise number of Group employees:

(in units)	Average number of employees for the period ended 31 October		Precise number of employees at 31 October		Precise number of employees at 30 April 2020
	2020	2019	2020	2019	
Executives	22	21	23	21	22
Middle Management	229	177	250	184	208
Office Staff	2,559	1,779	2,800	1,849	2,317
Total	2,810	1,977	3,073	2,054	2,547

The results at 31 October 2020 are supported by the growth in human capital, with total number of employees rising from 2,054 at 31 October 2019 to 3,073 at 31 October 2020, thanks to the contribution of the corporate acquisitions that have added skills in innovative business areas with growth potential and to recruiting actions that have enabled the recruitment of around 200 new resources, including young high school and university graduates.

Earnings before tax at 31 October 2020 amounted to Euro 34,286 thousand (Ebt margin 3.86%) up 32.0% compared to Euro 25,967 thousand (Ebt margin 3.37%) at 31 October 2019. The net balance of financial operations, including the profits of equity-accounted investees, was negative by Euro 1,439 thousand at 31 October 2020, improving in comparison to Euro 1,799 thousand at 31 October 2019.

Consolidated net earnings after tax at 31 October 2020 amounted to Euro 24,392 thousand (EAT margin 2.74%) up 34.9% compared to Euro 18,076 thousand (EAT margin 2.35%) at 31 October 2019. The Adjusted Net Result (excluding client list and know-how amortisation) increased from Euro 19,498 thousand at 31 October 2019 to Euro 26,777 thousand at 31 October 2020 (+37.3%).

Consolidated profit after minority interest (profit attributable to the Group's shareholders) was Euro 21,817 thousand at 31 October 2020, up 36.4% compared to 31 October 2019, while Adjusted consolidated profit after minority interest (gross of amortisation of intangible assets, client lists and know-how recognised following the PPA process and the relative tax effect) was Euro 24,202 thousand at 31 October 2020, up 38.9% compared to Euro 17,422 thousand at 31 October 2019.

Half-year earnings per share (EPS) at 31 October 2020 amounted to Euro 1.41, up 36.4% compared to Euro 1.04 million per share at 31 October 2019.

Highlights of the Group Balance Sheet

The reclassified consolidated balance sheet (in Euro thousands) at 31 October 2020 is provided below. Together with the comparative figures for the year ended 30 April 2020, the figures for the period ended 31 October 2019 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2020	31/10/2019	30/04/2020
Intangible assets	106,188	63,123	74,273
Tangible assets (including rights of use)	92,350	73,091	83,958
Investments carried at equity	12,612	11,263	12,158
Other non-current assets and deferred tax assets	27,270	24,200	25,715
Total non-current assets	238,420	171,677	196,104
Inventories	84,060	92,902	91,127
Trade receivables	392,694	312,707	393,645
Other current assets	57,729	39,062	48,646
Current assets for the period	534,483	444,671	533,418
Trade payables	350,297	262,190	379,066
Other current payables	107,495	75,136	99,610
Short-term liabilities for the period	457,792	337,326	478,676
Net working capital	76,691	107,345	54,742
Provisions and other non-current tax liabilities	29,334	16,923	20,665
Employee benefits	36,531	27,583	31,022
Net non-current tax liabilities	65,865	44,506	51,687
Net Invested Capital	249,246	234,516	199,159
Shareholders' Equity	272,326	236,465	253,859
Medium-Term Net Financial Position	207,891	138,555	187,038
Short-Term Net Financial Position	(230,971)	(140,504)	(241,738)
Net Financial Position (Net Liquidity)	(23,080)	(1,949)	(54,700)
Equity and Net Financial Position	249,246	234,516	199,159

The balance sheet at 31 October 2020 shows an increase in net invested capital, which increased from Euro 234,516 thousand at 31 October 2019 to Euro 249,246 thousand at 31 October 2020, mainly as a result of:

- an increase in non-current assets, amounting to Euro 238,420 thousand at 31 October 2020 compared to Euro 171,677 thousand at 31 October 2019, generated mainly by new corporate acquisitions;
- an improvement of the net working capital, which is reduced to Euro 76,691 thousand (NWC/Revenues³ 4.0%) at 31 October 2020 from Euro 107,345 thousand (NWC/Revenues 6.4%) at 31 October 2019, thanks to improved efficiency in working capital management.

With regard to financing, there was:

- an improvement in the Net Financial Position, with a positive balance (net liquidity) of Euro 23,080 thousand at 31 October 2020, compared to a positive balance (net liquidity) of Euro 1,949 thousand at 31 October 2019, thanks to the cash flow from operations and the positive evolution of net working capital.
- an increase in consolidated Shareholders' equity, reaching a total of Euro 272,326 thousand at 31 October 2020 compared to Euro 236,465 thousand at 31 October 2019, thanks to profits generated in the period and to self-financing.

Non-current assets at 31 October 2020 amounted to Euro 238,420 thousand with an increase of Euro 66,743 thousand compared to Euro 171,677 thousand at 31 October 2019, generated mainly by investments during the period to support growth and in particular by:

³ Net Working Capital/Revenue determined as the simple arithmetic average of the ratio at the end of the quarters ended 31 January 2020, 30 April 2020, 31 July 2020 and 31 October 2020

- an increase in intangible assets from Euro 63,123 thousand at 31 October 2019 to Euro 106,188 thousand at 31 October 2020, following (i) the recognition of the intangible assets (client list and know how) resulting from the Purchase Price Allocation (PPA) process relating mainly to the acquisitions of zero12 Srl, Infolog Srl, Di.Tech SpA, Analytics Network Srl, SPS Srl, WSS Srl and Elmas Srl;
- an increase in property, plant and equipment and rights of use from Euro 73,091 thousand at 31 October 2019 to Euro 92,350 thousand at 31 October 2020, following the Group's technological investments, as well as the recognition of additional rights of use in application of IFRS 16, as a consequence of the increase in the scope of consolidation, up from Euro 42,499 thousand at 31 October 2019 to Euro 52,759 thousand at 31 October 2020;
- an increase in the Other non-current assets and deferred tax assets item from Euro 24,200 thousand at 31 October 2019 to Euro 27,270 thousand at 31 October 2020, as a result of increased deferred tax assets following the expansion of the Group's scope of consolidation

Details of the Group's Net Financial Position (in Euro thousands) at 31 October 2020 are shown below. In addition to the comparative figures for the year ended 30 April 2020, the table reports the figures for the period ended 31 October 2019, in order to provide a better analysis of the net financial position, in consideration of the seasonality of the business that typically characterises sales revenues and consequently financial management during the year.

Net Financial Position	31/10/2020	31/10/2019	30/04/2020
Liquidity	339,757	238,170	368,466
Current financial receivables and short-term securities	660	1,009	478
Current financial payables	100,831	92,701	119,092
Financial liabilities for current rights of use	8,615	5,974	8,114
Current financial payables	(230,971)	(140,504)	(241,738)
Non-current financial payables	175,174	113,380	156,551
Financial liabilities for non-current rights of use	32,717	25,175	30,487
Non-current financial payables	207,891	138,555	187,038
Net Financial Position	(23,080)	(1,949)	(54,700)
Future commitments to purchase equity investments ⁴	37,241	10,542	17,017
Adjusted Net Financial Position	(60,321)	(12,491)	(71,717)

The Net Financial Position at 31 October 2020 is positive (net liquidity) by Euro 23,080 thousand, a significant improvement compared to a positive balance of Euro 1,949 thousand at 31 October 2019, thanks to the cash flow generated by operations, growing efficiency in the management of working capital, net of investments in the last 12 months in corporate acquisitions and technological infrastructure totalling over Euro 60 million. The Net Financial Position at 31 October 2020 benefits from the resolution passed by the Shareholders' Meeting on 28 August 2020 not to distribute profits, considering the acceleration of investments and the external growth path.

The Adjusted Net Financial Position (calculated excluding future commitments for the purchase of equity investments amounting to Euro 37,241 thousand) at 31 October 2020 is positive (net liquidity) by Euro 60,321 thousand, a significant improvement compared to a positive balance of Euro 12,491 thousand at 31 October 2019, thanks to the cash flow generated by operations, growing efficiency in the management of working capital, net of investments in the last 12 months in corporate acquisitions and technological infrastructure totalling over Euro 40 million.

Consolidated shareholders' equity at 31 October 2020 amounted to Euro 272,326 thousand, compared to Euro 236,465 thousand at 31 October 2019 and Euro 253,859 thousand at 30 April 2020. The change compared to 30 April 2020 reflects the profit for the period accruing at 31 October 2020.

⁴ Adjusted NFP, not including commitments for non-interest-bearing deferred payments (amounting to Euro 37,241 thousand at 31 October 2020) for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

Income statement and balance sheet highlights for the VAD Sector

The reclassified income statement of the VAD Sector (in Euro thousands) at 31 October 2020 is provided below and compared with the previous period ended 31 October 2019.

VAD Sector (Euro thousands)	31 October				Change
	2020	%	2019	%	
Third-party revenues	656,122		591,259		11.0%
Inter-sector revenues	34,509		35,920		-3.9%
Total Revenues	690,631		627,179		10.1%
Other income	3,490		2,755		26.7%
Total revenues and other income	694,121	100.0%	629,934	100.0%	10.2%
Consumable materials and goods	(641,268)	-92.4%	(583,231)	-92.6%	10.0%
Gross Commercial Margin	52,853	7.6%	46,703	7.4%	13.2%
Costs for services and rent, leasing and similar costs	(15,873)	-2.3%	(15,057)	-2.4%	5.4%
Personnel costs	(9,057)	-1.3%	(7,665)	-1.2%	18.2%
Other operating costs	(1,095)	-0.2%	(1,310)	-0.2%	-16.4%
Ebitda	26,828	3.87%	22,671	3.60%	18.3%
Amortisation/depreciation, provisions and other non-monetary costs	(3,582)	-0.5%	(3,232)		10.8%
Operating result (Ebit)	23,246	3.3%	19,439	3.1%	19.6%
Profits from companies valued at equity	791	0.1%	551		43.6%
Net financial income and expense	(1,224)	-0.2%	(1,669)		-26.7%
Result gross of taxes	22,813	3.3%	18,321	2.9%	24.5%
Income taxes	(6,190)	-0.9%	(5,068)		22.1%
Net profit for the period	16,623	2.4%	13,253	2.1%	25.4%
Net profit attributable to non-controlling interests	175		83		110.8%
Net profit attributable to owners of the Parent	16,448		13,170		24.9%

The VAD sector increases revenues and margins in the period, consolidating its leadership in the Italian market for the distribution of value-added IT solutions.

The development of turnover and profitability benefited from the growth in business achieved in the second quarter, thanks to the demand for digital transformation and the expansion of solutions offered in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments. The results for the period strengthen the market share on the Italian market (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, November 2020). The strategic development operations carried out in the half-year included the purchase of 55% of **Clever Consulting Srl**, a company specialised in End Point Security solutions, with a portfolio of Vendors including Blackberry, Accellion, Wandera, TITUS and Globalscape, the acquisition in June 2020 of 55% of the capital of **Service Technology Srl**, a company operating in the refurbished sector, offering management and refurbishment services for technology hubs in support of environmental sustainability, and the acquisition of 19% of the capital of **PM Service Srl**, a company offering technology solutions to improve energy efficiency and the circular economy, in order to strengthen its position in a market segment characterised by growing demand, also in consideration of stakeholder attention to environmental sustainability. The corporate acquisitions complement the organic investments and commercial initiatives, with the aim of strengthening the Group's position in the enterprise software and cloud solutions sector. These include the partnership agreement signed with **Red Hat** (the main supplier of open-source hybrid cloud solutions for the enterprise segment), as well as the integration of **Adobe's** digital media solutions and **Fortinet's** security solutions.

Total Revenues and other income amounted to Euro 694,121 thousand at 31 October 2020, up 10.2% compared to Euro 629,934 thousand at 31 October 2019, thanks to the strategy of focusing on value-added business areas of the market and the expansion of the solutions offered to customers in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments.

In the half-year under review, the gross commercial margin (Gross Margin)⁵ of the VAD Sector increased by 13.2%, from Euro 46,703 thousand (Gross Margin of 7.4% of revenues and other income) at 31 October 2019 to Euro 52,853 thousand (Gross Margin of 7.6% of revenues and other income) at 31 October 2020.

⁵ Consolidated gross commercial margin determined as the difference between Total Revenues and other income and Product purchase costs

The Ebitda result for the half-year amounted to Euro 26,828 thousand (Ebitda margin 3.9%), up 18.3% compared to Euro 22,671 thousand (Ebitda margin 3.6%) at 31 October 2019, achieved thanks to the development of the Gross Margin and the lower incidence of operating costs favoured by actions to make the operating and logistics platform more efficient.

The companies recently included in the VAD Sector, such as Clever Consulting Srl, Pico Srl and Service Technology Srl, contributed 7% to the growth in turnover and 2% to the growth in profitability of the sector.

Net profit for the period amounted to Euro 16,623 thousand, up 25.4%, thanks to the positive trend in operating profitability and the reduction in net financial expenses.

The reclassified balance sheet of the VAD Sector (in Euro thousands) at 31 October 2020 is provided below. Together with the comparative figures for the year ended 30 April 2020, the figures for the period ended 31 October 2019 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2020	31/10/2019	30/04/2020
Intangible assets	7,313	3,097	3,461
Property, plant and equipment (including rights of use)	43,118	41,560	42,530
Investments carried at equity	9,917	8,252	9,127
Other non-current receivables and assets and deferred tax assets	10,437	8,686	9,510
Total non-current assets	70,785	61,595	64,628
Inventories	65,941	74,912	75,713
Trade receivables	292,635	238,370	290,451
Other current assets	14,359	8,942	12,256
Current assets for the period	372,935	322,224	378,420
Trade payables	278,098	222,040	303,711
Other current payables	21,543	12,516	14,124
Short-term liabilities for the period	299,641	234,556	317,835
Net working capital	73,294	87,668	60,585
Provisions and other non-current tax liabilities	4,354	2,844	3,473
Employee benefits	2,707	1,964	2,326
Net non-current tax liabilities	7,061	4,808	5,799
Net Invested Capital	137,018	144,455	119,414
Shareholders' Equity	209,889	189,175	205,551
Medium-Term Net Financial Position	66,883	87,822	80,863
Short-Term Net Financial Position	(139,754)	(132,542)	(167,000)
Net Financial Position (Net Liquidity)	(72,871)	(44,720)	(86,137)
Equity and Net Financial Position	137,018	144,455	119,414

The Net working capital at 31 October 2020 amounted to Euro 73,294 thousand, down (-16.4%) compared to Euro 87,668 thousand at 31 October 2019, thanks to a more efficient management of inventory and working capital.

Shareholders' equity amounted to Euro 209,889 thousand at 31 October 2020 compared to Euro 205,551 thousand at 30 April 2020 due to profits accruing in the half year.

Compared to the corresponding period at 31 October 2019, the Net Financial Position showed an improvement of Euro 28,151 thousand from a positive balance (net liquidity) of Euro 44,720 thousand at 31 October 2019 to a positive balance (net liquidity) of Euro 72,871 thousand at 31 October 2020, thanks to the cash flow from operations, as described above.

Income Statement highlights of the SSI Sector

The reclassified income statement of the SSI Sector (in Euro thousands) at 31 October 2020 is provided below and compared with the previous period ended 31 October 2019.

SSI Sector (Euro thousands)	31 October				
	2020	%	2019	%	Change
Third-party revenues	206,112		172,809		19.3%
Inter-sector revenues	1,966		1,258		56.3%
Total Revenues	208,078		174,067		19.5%
Other income	3,394		3,553		-4.5%
Total revenues and other income	211,472	100.0%	177,620	100.0%	19.1%
Consumable materials and goods	(74,391)	-35.2%	(64,542)	-36.3%	15.3%
Costs for services and rent, leasing and similar costs	(59,424)	-28.1%	(55,180)	-31.1%	7.7%
Personnel costs	(53,459)	-25.3%	(41,544)	-23.4%	28.7%
Other operating costs	(461)	-0.2%	(517)	-0.3%	-10.8%
Ebitda	23,737	11.22%	15,837	8.92%	49.9%
Amortisation/depreciation, provisions and other non-monetary costs	(11,579)		(7,994)		44.8%
Operating result (Ebit)	12,158	5.7%	7,843	4.4%	55.0%
Profits from companies valued at equity	163		291		-44.0%
Net financial income and expense	(1,029)		(966)		6.5%
Result gross of taxes	11,292	5.3%	7,168	4.0%	57.5%
Income taxes	(3,392)		(2,411)		40.7%
Net profit for the period	7,900	3.7%	4,757	2.7%	66.1%
Net profit attributable to non-controlling interests	2,381		1,993		19.5%
Net profit attributable to owners of the Parent	5,519		2,764		99.7%

The Software and System Integration (SSI) Sector continued its growth path in the half-year under review, with an acceleration of revenues and other income of 19.1% Y/Y and profitability (Ebitda) of 49.9% Y/Y, compared to the historical development trend (CAGR Revenues 2015-20: +15.8% and CAGR Ebitda 2015-20: +31.7%). The results at 31 October 2020 benefit from growth in the business areas with the most innovative content (ERP & Industry Solutions, Digital Cloud, Digital Security, Digital Process and Cognitive & Analytics), supported by acquisitions (more than 10 since January 2020) and investments in the development of human capital (exceeding a total of 2,100 employees at 31 October 2020).

The Ebitda result for the six months ended at 31 October 2020 grew by 49.9%, with the Ebitda margin increasing from 8.9% at 31 October 2019 to 11.2% (+230 basis points).

The use of external leverage as part of an organic business development strategy accounted for around 65% of the growth in revenues and operating profitability in the half-year. Changes in the scope of consolidation included important corporate acquisitions that strengthened market positioning, such as zero12 Srl in the Cloud segment, Infolog SpA and Di.Tech SpA in the ERP & Vertical segment, Analytics Network Srl and SPS Srl in the Cognitive & Analytics segment, Endurance Srl and Skeeller Srl in the Customer Experience segment and WSS Srl in the Managed Services segment.

Net profit for the period is Euro 7,900 thousand, up 66.1% compared to Euro 4,757 thousand at 31 October 2019, as a result of the increase in operating profitability, net of higher amortisation/depreciation charges and provisions, which have risen from Euro 7,994 thousand at 31 October 2019 to Euro 11,579 thousand at 31 October 2020, also as a result of investments in technology and corporate acquisitions.

The reclassified balance sheet of the SSI Sector (in Euro thousands) at 31 October 2020 is provided below. Together with the comparative figures for the year ended 30 April 2020, the figures for the period ended 31 October 2019 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2020	31/10/2019	30/04/2020
Intangible assets	91,891	59,894	64,607
Property, plant and equipment (including rights of use)	42,654	30,963	36,698
Investments carried at equity	2,857	2,451	3,202
Other non-current receivables and assets and deferred tax assets	12,608	13,302	11,807
Total non-current assets	150,010	106,610	116,314
Inventories	17,250	18,293	14,404
Trade receivables	118,625	92,061	114,296
Other current assets	34,173	29,097	33,593
Current assets for the period	170,048	139,451	162,293
Trade payables	97,631	69,787	89,356
Other current payables	66,312	50,949	72,270
Short-term liabilities for the period	163,943	120,736	161,626
Net working capital	6,105	18,715	667
Provisions and other non-current tax liabilities	23,375	14,338	15,312
Employee benefits	29,841	23,628	25,393
Net non-current tax liabilities	53,216	37,966	40,705
Net Invested Capital	102,899	87,359	76,276
Shareholders' Equity	34,140	31,617	30,405
Medium-term Net Financial Position	129,801	57,116	102,552
Short-term Net Financial Position	(61,042)	(1,374)	(56,681)
Tot. Net Financial Pos. (Net Liquidity)	68,759	55,742	45,871
Equity and Net Financial Position	102,899	87,359	76,276

The Sector's Consolidated Net Financial Position at 31 October 2020 was negative by Euro 68,759 thousand compared to Euro 55,742 thousand at 31 October 2019, following investments in corporate acquisitions and technological infrastructure totalling approximately Euro 40 million in the last 12 months, of which over Euro 30 million for the acquisition of control of the companies recently included in the consolidation area, among which zero 12 Srl, Infolog Srl, Analytics Network Srl, SPS Srl, Di.tech SpA, Endurance Srl, Skeeller Srl and WSS Srl.

The Adjusted Net Financial Position (calculated excluding future commitments for the purchase of equity investments amounting to Euro 33,459 thousand) at 31 October 2020 is negative by Euro 35,300 thousand, an improvement compared to Euro 46,005 thousand at 31 October 2019, thanks to the cash flow generated by operations, net of investments in the last 12 months in corporate acquisitions and technological infrastructure totalling approximately Euro 30 million.

Shareholders' equity in the SSI Sector at 31 October 2020 amounted to Euro 34,140 thousand, up from Euro 31,617 thousand at 31 October 2019 thanks to the profits for the period.

Income statement and balance sheet highlights for the Business Services Sector

The reclassified income statement of the Business Services Sector (in Euro thousands) for the period ended 31 October 2020 is provided below. The recently created Sector entered the Group's scope of consolidation from March 2020 and thus no comparative figures are available for 31 October 2019.

Business Services Sector <i>(Euro thousands)</i>	2020	31 October %	2019	%	Change
Third-party revenues	20,203				
Inter-sector revenues	1,567				
Total Revenues	21,770				
Other income	252				
Total revenues and other income	22,022	100.0%			
Consumable materials and goods	(4,784)	-21.7%			
Costs for services and rent, leasing and similar costs	(9,680)	-44.0%			
Personnel costs	(6,251)	-28.4%			
Other operating costs	(33)	-0.1%			
Ebitda	1,274	5.79%			
Amortisation/depreciation, provisions and other non-monetary costs	(1,029)				
Operating result (Ebit)	245	1.1%			
Net financial income and expense	(151)				
Result gross of taxes	94	0.4%			
Income taxes	(62)				
Net profit for the period	32	0.1%			
Net profit attributable to non-controlling interests	19				
Net profit attributable to owners of the Parent	13				

The Business Services Sector, which offers process outsourcing, security and digital transformation services for the finance and large enterprise segment, contributed to the Group's results at 31 October 2020, achieving revenues and other income of Euro 22,022 thousand and an operating profitability (Ebitda) of Euro 1,274 thousand with an Ebitda margin of 5.79% in line with expectations.

The Business Services Sector includes Base Digitale SpA, ABS Technology Srl and Elmas Srl, operating in the physical security, video surveillance and home automation services sector, integrated in the consolidation area in the second quarter following the acquisition of 60% of the capital by ABS Technology Srl.

After depreciation and amortisation of Euro 1,029 thousand, net financial expenses of Euro 151 thousand and taxes for the period, the net profit was Euro 32 thousand.

The reclassified balance sheet of the Business Services Sector (in Euro thousands) for the period ended 31 October 2020 is provided below, together with comparative figures for the year ended 30 April 2020. The Business Services Sector entered the Group's scope of consolidation from March 2020; thus no comparative figures are available for 31 October 2019.

Reclassified Balance Sheet	31/10/2020	31/10/2019	30/04/2020
Intangible assets	4,870		4,093
Property, plant and equipment (including rights of use)	5,346		3,795
Investments carried at equity			
Other non-current receivables and assets and deferred tax assets	1,511		1,555
Total non-current assets	11,727		9,443
Inventories	1,172		1,313
Trade receivables	9,918		10,662
Other current assets	1,870		2,824
Current assets for the period	12,960		14,799
Trade payables	11,012		16,215
Other current payables	5,353		5,509
Short-term liabilities for the period	16,365		21,724
Net working capital	(3,405)		(6,925)
Provisions and other non-current tax liabilities	1,255		1,497
Employee benefits	1,803		1,264
Net non-current tax liabilities	3,058		2,761
Net Invested Capital	5,264		(243)
Shareholders' Equity	6,908		6,743
Medium-term Net Financial Position	10,834		4,946
Short-term Net Financial Position	(12,478)		(11,932)
Tot. Net Financial Pos. (Net Liquidity)	(1,644)		(6,986)
Equity and Net Financial Position	5,264		(243)

The period under review closed with shareholders' equity of Euro 6,908 thousand, up from Euro 6,743 thousand at 30 April 2020.

The Net Financial Position at 31 October 2020 was positive (net liquidity) by Euro 1,644 thousand.

Income statement and balance sheet highlights for the Corporate Sector

The reclassified income statement of the Corporate Sector (in Euro thousands) for the period ended 31 October 2020 is provided below and compared with the corresponding period of the previous year ended 31 October 2019.

Corporate Sector (Euro thousands)	31 October				
	2020	%	2019	%	Change
Third-party revenues	722		892		-19.1%
Inter-sector revenues	8,298		7,418		11.9%
Total Revenues	9,020		8,310		8.5%
Other income	1,201		1,232		-2.5%
Total revenues and other income	10,221	100.0%	9,542	100.0%	7.1%
Consumable materials and goods	(114)	-1.1%	(123)	-1.3%	-7.3%
Costs for services and rent, leasing and similar costs	(4,024)	-39.4%	(4,551)	-47.7%	-11.6%
Personnel costs	(4,225)	-41.3%	(3,232)	-33.9%	30.7%
Other operating costs	(131)	-1.3%	(110)	-1.2%	19.1%
Ebitda	1,727	16.9%	1,526	16.0%	13.2%
Amortisation/depreciation, provisions and other non-monetary costs	(1,651)		(1,042)		58.4%
Operating result (Ebit)	76	0.7%	484	5.1%	-84.3%
Profits from companies valued at equity	8		(10)		-180.0%
Net financial income and expense	3		4		-25.0%
Result gross of taxes	87	0.9%	478	5.0%	-81.8%
Income taxes	(250)		(412)		-39.3%
Net profit for the period	(163)	-1.6%	66	0.7%	-347.0%
Net profit attributable to non-controlling interests	-		-		-
Net profit attributable to owners of the Parent	(163)		66		-347.0%

The P&L results of the Corporate Sector show an increase in revenues and in the Ebitda result as at 31 October 2020, thanks to the increase in the business of the parent company Sesa SpA, following the expansion of the Group's corporate scope and the relative professional services provided.

Ebitda at 31 October 2020 was Euro 1,727 thousand, up 13.2% Y/Y.

The Operating result (Ebit) for the period was Euro 76 thousand, lower than in the previous period due to higher notional costs related to the new 2021-2023 stock grant plan approved by the shareholders' meeting on 28 August 2020.

Shareholders' equity at 31 October 2020 amounted to Euro 98,148 thousand compared to Euro 86,836 thousand at 31 October 2019 and the net financial position was positive (net liquidity) by Euro 17,324 thousand, compared to Euro 12,718 thousand at 31 October 2019.

Reclassified Balance Sheet	31/10/2020	31/10/2019	30/04/2020
Intangible assets	2,114	132	2,112
Property, plant and equipment (including rights of use)	1,232	858	944
Investments carried at equity	787	808	778
Other non-current receivables and assets and deferred tax assets	78,624	73,074	76,813
Total non-current assets	82,757	74,872	80,647
Inventories			
Trade receivables	13,292	15,323	4,874
Other current assets	809	1,062	7,599
Current assets for the period	14,101	16,385	12,473
Trade payables	3,443	3,208	4,025
Other current payables	9,822	11,959	7,876
Short-term liabilities for the period	13,265	15,167	11,901
Net working capital	836	1,218	572
Provisions and other non-current tax liabilities	589	(19)	622
Employee benefits	2,180	1,991	2,039
Net non-current tax liabilities	2,769	1,972	2,661
Net Invested Capital	80,824	74,118	78,558
Shareholders' Equity	98,148	86,836	85,989
Medium-term Net Financial Position	373	117	177
Short-term Net Financial Position	(17,697)	(12,835)	(7,608)
Tot. Net Financial Pos. (Net Liquidity)	(17,324)	(12,718)	(7,431)
Equity and Net Financial Position	80,824	74,118	78,558

The period under review closed with shareholders' equity of Euro 98,148 thousand, up from Euro 86,836 thousand at 31 October 2019.

The Net Financial Position at 31 October 2020 was positive (net liquidity) by Euro 17,324 thousand, compared to a positive balance of Euro 12,718 thousand at 31 October 2019.

Treasury shares

At 31 October 2020, the parent company Sesa SpA held 39,817 shares, equating to 0.26% of the share capital, purchased under the treasury share purchase plan approved by the shareholders' meeting of 28 August 2020. 14,856 shares were purchased between May and October 2020. In compliance with the international accounting standards (IFRS), these instruments are deducted from the company's shareholders' equity.

Research and development activities

The Sesa Group offers digital transformation solutions and services using the most innovative technologies on the market. An essential part of the Sesa Group's activity is product research and development, software, applications and services with a high level of innovative content, benefiting from partnerships with the world's leading technology and software providers. The Sesa Group's research and development activity focuses on the development of proprietary and third-party IT platforms.

Transactions with related parties and Group companies

As regards disclosures on transactions with related parties, it should be noted that transactions carried out with related parties, including intra-group transactions, were entered into at market conditions and under conditions that were to the parties' mutual financial benefit.

The identification of the Group's related parties was carried out in compliance with IAS 24. For more details on transactions with related parties and the information required pursuant to Consob Communication of 28 July 2006, please see the Annexes.

Information on risks and uncertainties

The Sesa Group adopts specific procedures for the management of risk factors that may influence the Group's economic, equity and financial situation. These procedures are the result of company management based on the values of the Group's code of ethics (integrity, honesty, fairness, professionalism, business continuity and attention to people) focused on pursuing sustainable growth goals for stakeholders.

External Risks

Risks associated with the macroeconomic context and the ICT market

With reference to operating risks, these are attributable to the possible unfavourable trend of the external environment, characterised by general economic and ICT sector conditions, which show a correlated performance and a weak trend in terms of growth in demand. The ICT market is linked to the economic performance of industrialised countries, where demand for high-tech products is higher. An unfavourable economic development at national or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's activity and on its economic, equity and financial situation.

Despite the weak demand and 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 also characterised by a high degree of competition, with the Group facing national operators in addition to multinational competitors. If the Group is unable to generate added value from its own sales, competing with its main competitors, this could have a negative impact on the economic, equity and financial situation. The Group addresses this risk by expanding its value-added offering to customers, supplying competitive, efficient and innovative services.

Lastly, the IT market is subject to intense technological evolution and, as a result, to a constant transformation of the professional skills required. To achieve a competitive edge on the ICT market, continuous development of skills and products is required, along with the strategic management of relations with international vendors. The Group carries out a continuous, major analysis of market trends and opportunities in order to anticipate the evolution of customer needs through the development of internal skills, the aggregation of external specialisations and investments in research and development.

Internal Risks

Risks related to dependence on key personnel

The Group's success, activity and development depend significantly on certain key managers, including the executive directors of Sesa SpA. The loss of one of these key figures without adequate replacement, as well as the inability to attract and retain qualified new resources, could have negative effects on the Group's economic and financial prospects and results. The Group addresses this risk by implementing loyalty strategies and incentive plans based 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 associated with concentration and dependence on distribution contracts and the ability to negotiate and maintain distribution contracts with vendors over time

This risk factor is of importance for the main subsidiary of the Group, Computer Gross SpA, which is reference operator in value-added distribution (VAD) and partner of the leading manufacturers of IT solutions for the Italian market. The main distribution contracts signed with the Vendors are entered into on a non-exclusive basis, have a short-term duration (usually one or two years), are tacitly renewed and are configured as strategic assets. The Group addresses this risk by offering vendors pre and after-sales services with qualified personnel and by gradually expanding the portfolio of the vendors, increasingly diversifying the concentration of the brands distributed. It should be noted that the closing rates of distribution contracts have historically been close to zero, confirming the Group's ability to establish long-term strategic partnerships with its suppliers.

Risks associated with failure to comply with contractual and compliance commitments

The Group offers IT solutions and services with a high technological content and enters into agreements that may envisage the application of penalties in relation to compliance with deadlines, performance (SLA) and quality standards which, if not met, could have a negative impact on its economic and financial situation. To mitigate this risk, the Group has adopted procedures for managing and monitoring the services provided and has taken out appropriate insurance policies.

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

Market risks

Credit risk

The credit risk is represented by the exposure of Group companies to potential losses that may arise from the failure by customers to fulfil their obligations. The credit risk deriving from normal operation of Group companies with customers is monitored and hedged on an ongoing basis using information, customer assessment procedures and credit risk hedging instruments (insurance and factoring transactions without recourse). A specific provision for doubtful accounts is created and monitored on a regular basis.

Liquidity risk

At certain times during the financial year, the ordinary operations of the Sesa Group companies generate a need for working capital and, consequently, financial exposure. The Group closed the half year at 31 October 2020 with a positive net financial position (net liquidity) of Euro 23,080 thousand, compared to a positive net financial position (net liquidity) of Euro 54,700 thousand at 30 April 2020. 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 hedged by regularly planning cash requirements and the relative financing through loans and credit lines mainly centralised in the Group's two main operating companies, Computer Gross SpA and Var Group SpA. In the half year ended 31 October 2020, the Group continued to seek medium/long-term financing, taking advantage of the macroeconomic environment characterised by very low interest rates.

Interest rate risk

Exposure to the interest rate risk arises from the fact that Group companies perform a commercial 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. This generates a pro-tempore financial exposure to the banking system due to the need to finance working capital requirements. These requirements are covered by floating rate loans and credit lines, the cost of which is subject to changes in interest rates.

As at 31 October 2020, the Group did not have any interest rate derivatives in place. In light of the current trend in interest rates and the moderate level of average annual indebtedness, the Group's risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk.

Exchange rate risk

Group companies do not operate on foreign markets to a significant extent, essentially using the euro as the currency for the management of commercial and financial transactions. The purchase of goods and IT products in foreign currencies, mainly centralised at Computer Gross SpA, relates exclusively to the US dollar. It should also be noted that there are no derivative transactions in foreign currency, but forward currency purchase transactions to hedge the exchange rate risk relating to payables in foreign currencies to some suppliers. At 31 October 2020 there were 24 forward transactions with a negative fair value of Euro 272 thousand and 37 with a positive fair value of Euro 68 thousand.

Price risk

The Group does not hold any financial instruments or stocks listed on equity markets at 31 October 2020, with the exception of Sesa SpA shares, deducted from shareholders' equity, and capitalisation policies issued for a total of Euro 896 thousand. With regard to the risk of inventory write-downs, the Group companies operating in the distribution and marketing of IT products monitor this management profile through regular surveys and analyses in relation to the possible existence of a risk of obsolescence of goods in order to determine actions aimed at containing it. It should also be noted that the value of inventories at 31 October 2020 was essentially centralised in Computer Gross SpA and Var Group SpA.

Information on Human Resources

Human capital is the main asset behind the sustainable growth of the Sesa Group: skills, professionalism, specialisation, integrity, business continuity and attention to employees are the distinctive values that steer the Group's strategy in the management and development of Human Resources.

In this sense, the Sesa Group has always been strongly committed to programmes and investments aimed at strengthening the corporate culture and human capital, enhancing diversity, skills and spirit of integration. Thanks to ever greater entry opportunities, professional growth paths, training plans, human capital management and development and an advanced welfare plan under constant expansion, the Group intends to attract and retain the best human resources supporting their well-being and work-life balance.

The Group systematically selects and recruits young talents from among the new high-potential resources entering the working world, through a dedicated recruitment and training team and through an articulate programme which envisages:

- Collaborative agreements with the main universities in Italy and participation in Career Days;
- Organisation of recruitment events at the Group's main offices, aimed at presenting job and professional growth opportunities for young graduates, Academies and structured training courses;
- Social communication campaigns aimed at strengthening the Group's brand identity and enhancing the job offer promoted by the Group.

This programme led to the recruitment of over 200 resources from universities and training schools during 2020, thanks to training plans in the areas with the greatest content of technological innovation and added value, along with professional apprenticeships and traineeships (at 31 October 2020, 42 trainees and 241 apprentices were employed), which result in the confirmation of permanent employment with percentages close to 100%.

The Group also set up continuous training and refresher courses, mainly in e-learning mode, also following the Covid-19 pandemic, aimed at increasing skills and developing human capital in the following training areas:

- Technical and professional training (on-the-job training, seminars, dedicated events, academies);
- Training in key competences (soft and digital skills, project management, languages, sales techniques);
- Compulsory training (L. 81/2008 Health and Safety in the Workplace, Corporate Responsibility Legislative Decree 231, GDPR regulations).

Despite the Covid-19 emergency and the relative stoppage of training activities, the total number of training hours anticipated for 2021 is over 22,000, with an increase of more than 10% compared to the previous year, involving about 50% of the workforce.

The management system envisages the assignment of individual incentive plans and MBO 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.

The Sesa Group has developed a comprehensive corporate welfare programme over the years, aimed at wellbeing and improving the quality of life of its resources.

In particular, the Sesa Group's Welfare Plan, available through a digital platform, includes the following areas of intervention:

- Flexible Benefits in favour of each employee to supplement family expenses (food shopping, sport, wellness, culture), available for flexible use through an extensive menu of choices available on the Group's Welfare portal;

- Measures to support employees' children, such as scholarships for the reimbursement of school books, contributions for crèche fees and study trips abroad, increasing contributions for Summer Camps, with the possibility of converting them into Baby Sitting contributions. Measures to support housing mobility for under-35s and sustainable mobility are also planned. Following the Covid-19 health emergency, an innovative spending voucher was introduced to support remote learning for employees' children, in addition to the activation of a Covid-19 health policy for all Group employees;
- Work-life balance and human capital enhancement programmes, such as scholarships to attend part-time university degree or master courses and the possibility to apply for time off to carry out voluntary work and to transfer holidays to their colleagues.

The Welfare Plan benefits from the contribution of the Sesa Foundation, a non-profit organisation promoted by the founding shareholders of Sesa and focused on philanthropy, education and assistance, to the benefit of the Group's human capital and social communities.

At 31 October 2020, the Group's workforce totalled 3,073 employees, highlighting a significant growth trend compared to the previous two years. The table below provides a summary:

<i>(In units)</i>	Precise number of employees at 31 October		
	2020	2019	2018
Executives	23	21	18
Middle Management	250	184	166
Office workers and apprentices	2,800	1,849	1,572
Total	3,073	2,054	1,756

The net increase in personnel compared to the period ended 31 October 2019 is of over 1,000 resources, approximately 800 of whom following the expansion of the scope of consolidation with the entry of Skeeller Srl, Zero12 Srl, WSS Italia Srl, Var Next Srl, Infolog Srl, Di.tech Srl, Beeneer Srl, Clever Consulting Srl, Service Technology Srl, Base Digitale SpA, Elmas Srl, ABS Technology Srl, Pico Srl, Analytics Network Srl, SPS Srl, 47Deck Srl and Endurance Srl.

At 31 October 2020, 99% of employees were on permanent contracts, with women accounting for 32% of the total.

<i>(in units)</i>	Men	Women	Temporary contracts	Permanent contracts
Group Workforce	2,087	986	44	3,029
Percentage of total Group workforce	68%	32%	1%	99%

Following the pandemic, the Sesa Group promptly activated measures to safeguard the health and safety of its employees and, in line with the provisions made on a case-by-case basis by the competent Authorities, to guarantee the operation of essential services. Well-structured protocols have been adopted at Group level to prevent contagion. Social distancing has been implemented, with the use of digital temperature measurement systems during access to offices and plants, digital collaboration for the management of internal and stakeholder meetings, systematic adoption of personal protective equipment (PPE) and the adoption of methods for using the canteen service at the Empoli and Milan offices with the use of digital technologies for social distancing.

In order to correctly manage the health emergency and implement statutory measures, a Sesa Task Force was set up to provide guidance and issue guidelines on health and safety in the workplace. With the involvement of the main corporate functions (Human Resources, Legal & Compliance, Company Doctor, Head of Safety), the Task Force promptly adopted specific protocols for the correct prevention of contagion and the implementation of relative procedures, informing Human Resources of the initiatives underway and issuing guidelines to be followed, including the reduction and monitoring of travel between the various Group offices (replaced by meetings in audio/videoconference mode) and the rescheduling of training activities with e-learning activities.

Since the beginning of the Covid-19 emergency, the Sesa Group has adopted a hybrid organisation model, with smart working and digital technologies for internal and stakeholder collaboration, allowing the continuity of the services and activities of the Group companies, operating in technological innovation and digital services that are essential to the operation of organisations and businesses during the current pandemic.

Significant events occurring after the end of the half-year

No significant events occurred after the end of the half year ended at 31 October 2020 with the exception of the acquisition by Var Group SpA (SSI Sector) of the capital of Pragma Progetti Srl and Pragma Solution Srl. Pragma Progetti offers ERP management solutions and digital services with a client portfolio of approximately 200 companies belonging to the SME and Enterprise sectors. Pragma Solution offers consulting and enabling services for Panthera ERP software solutions, an application solution owned by Sesa Group.

Outlook

In a phase of acceleration of the digital transformation of companies and organisations, the Sesa Group continues its strategy of investment in skills and innovation, enriching its human capital with resources specialised in the main digital trends such as Cloud, Security, Analytics, Cognitive-A.I.

The first half of the financial year shows solid growth by the Group, with trends exceeding the reference market and the long-term track record, thanks to the strategy of focusing and investing in the areas of greatest value and market development potential. The acceleration in the use of external growth and investments in human capital will help feed the Group's long-term value generation path.

The favourable performance during the first half of the year, the positive start to the third quarter with double-digit revenue growth in November 2020 and the contribution expected from recent corporate acquisitions confirm the favourable outlook for the whole year ending 30 April 2021, with revenues and operating profitability expected to grow by approximately 15% and 30% respectively.

The Sesa Group will continue its operations while maintaining a constant commitment to long-term sustainable investment and growth policies, to the benefit of all stakeholders.

Condensed Consolidated Half- Year Financial Statements

Consolidated Income Statement

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2020	2019
Revenues	4	883,159	764,960
Other income	5	6,121	5,242
Consumables and goods for resale	6	(687,488)	(615,240)
Costs for services and rent, leasing and similar costs	7	(75,015)	(61,447)
Personnel costs	8	(72,944)	(52,441)
Other operating costs	9	(4,187)	(3,755)
Amortisation, depreciation and write-downs	10	(13,921)	(9,553)
Operating result		35,725	27,766
Share of profits of companies valued at equity		962	832
Financial income	11	4,630	1,840
Financial charges	11	(7,031)	(4,471)
Profit before taxes		34,286	25,967
Income taxes	12	(9,894)	(7,891)
Profit for the period		24,392	18,076
<i>of which:</i>			
Profit attributable to non-controlling interests		2,575	2,076
Profit attributable to the Group		21,817	16,000
Earnings per share - basic (in Euro)	20	1.41	1.04
Earnings per share - diluted (in Euro)	20	1.41	1.03

Consolidated Statement of Comprehensive Income

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2020	2019
Profit for the period		24,392	18,076
Actuarial gain/loss for employee benefits	22	(669)	(735)
Comprehensive income for the period		23,723	17,341
<i>of which:</i>			
Comprehensive income attributable to non-controlling interests		2,412	1,808
Comprehensive income attributable to the Group		21,311	15,533

Consolidated Statement of Financial Position

<i>(Euro thousands)</i>	Note	At 31 October 2020	At 30 April 2020
Intangible assets	13	106,188	74,273
Rights of use	14	52,759	49,617
Property, plant and equipment	14	39,591	34,341
Investment property	15	290	290
Equity investments valued at equity		12,612	12,158
Receivables for deferred tax assets		11,227	9,901
Other non-current receivables and assets	16	15,753	15,524
Total non-current assets		238,420	196,104
Inventory	17	84,060	91,127
Current trade receivables	18	392,694	393,645
Current tax receivables		7,553	5,307
Other current receivables and assets	16	50,836	43,817
Cash and cash equivalents		339,757	368,466
Total current assets		874,900	902,362
Non-current assets held for sale			
Total assets		1,113,320	1,098,466
Share capital	19	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(11,932)	(17,763)
Profits carried forward		194,750	183,884
Total shareholders' equity attributable to the Group		253,089	236,392
Shareholders' equity attributable to non-controlling interests		19,237	17,467
Total Shareholders' equity		272,326	253,859
Non-current loans	21	175,174	156,551
Financial liabilities for non-current rights of use		32,717	30,487
Employee benefits	22	36,531	31,022
Non-current provisions	23	2,806	1,780
Deferred tax liabilities		26,528	18,885
Total non-current liabilities		273,756	238,725
Current loans	21	100,831	119,092
Financial liabilities for current rights of use		8,615	8,114
Trade payables		350,297	379,066
Current tax payables		19,307	5,812
Other current liabilities	24	88,188	93,798
Total current liabilities		567,238	605,882
Total liabilities		840,994	844,607
Total shareholders' equity and liabilities		1,113,320	1,098,466

Consolidated Statement of Cash Flows

(Euro thousands)	Note	Period ended 31 October	
		2020	2019
Profit before taxes		34,286	25,967
Adjustments for:			
Amortisation and Depreciation	10	13,917	9,500
Accruals to provisions relating to personnel and other provisions	9	4,365	3,801
Net financial (income) expense	11	1,493	1,510
Profit of companies valued at equity		(962)	(832)
Other non-monetary entries		449	749
Cash flows generated from operating activities before changes in net working capital		53,548	40,695
Change in inventory	17	9,129	(10,520)
Change in trade receivables	18	13,259	54,195
Change in payables to suppliers		(38,796)	(68,118)
Change in other assets		1,290	9,333
Change in other liabilities		(31,278)	(23,012)
Use of provisions for risks	23	484	(3,751)
Employee benefits	22	(1,300)	(450)
Change in deferred taxes		(2,378)	342
Change in receivables and payables for current taxes		11,329	5502
Interest paid		(1,804)	(1,768)
Taxes paid		-	
Net cash flow generated from operating activities		13,483	2,448
Investments in companies net of cash acquired		(119)	(7,001)
Investments in property, plant and equipment	14	(5,717)	(5,750)
Investments in intangible assets	13	(6,012)	(1,684)
Disposal of property, plant and equipment and intangible assets	13, 14	23	131
Disposal of assets held for sale			
Investments in associated companies		(29)	(833)
Disposals of associated companies			
Investments in other non-current equity investments		(1,338)	(1,236)
Collection of non-current financial assets		(163)	20
Dividends collected		232	169
Interest collected		357	372
Net cash flow generated from/(used in) investing activities (*)		(12,766)	(15,812)
Subscription of long-term loans and financial leases		35,000	71,000
Repayment of long-term loans		(35,800)	(66,982)
(Reduction)/increase in short-term loans		(21,989)	12,660
Repayment of financial liabilities for rights of use		(4,699)	(3,406)
Investments/disinvestments in financial assets		(401)	546
Change in Group's equity	19		
Change in equity attributable to non-controlling interests	19		
Treasury shares	19	(1,083)	(934)
Dividends distributed		(453)	(10,423)
Net cash flow generated from/(used in) financing activities		(29,425)	2,461
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		(28,709)	(10,904)
Opening balance of cash and cash equivalents		368,466	249,074
Closing balance of cash and cash equivalents		339,757	238,170

(*) Net investments at 31 October 2020 including future payables for the purchase of equity investments (deferred prices, put options, earn-outs) amounted to Euro 36,264 thousand.

Consolidated Statement of Changes in Shareholders' Equity

<i>(Euro thousands)</i>	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
At 30 April 2019	37,127	33,144	-5,639	154,653	219,285	13,337	232,622
Profit for the year				37,914	37,914	4,274	42,188
Actuarial gain(loss) for employee benefits - gross			(1,117)		(1,117)	(160)	(1,277)
Actuarial gain(loss) for employee benefits - tax effect			268		268	38	306
Comprehensive income for the year			(849)	37,914	37,065	4,152	41,217
Purchase of treasury shares			(2,765)		(2,765)		(2,765)
Distribution of dividends				(9,740)	(9,740)	(734)	(10,474)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plans- shares vesting in the period			1,533		1,533		1,533
Allocation of profit for the year			656	(656)			
Change in the scope of consolidation and other changes			(10,699)	1,713	(8,986)	712	(8,274)
At 30 April 2020	37,127	33,144	(17,763)	183,884	236,392	17,467	253,859
Profit for the year				21,817	21,817	2,575	24,392
Actuarial gain(loss) for employee benefits - gross			(666)		(666)	(214)	(880)
Actuarial gain(loss) for employee benefits - tax effect			160		160	51	211
Comprehensive income for the year			(506)	21,817	21,311	2,412	23,723
Purchase of treasury shares			(1,083)		(1,083)		(1,083)
Distribution of dividends						(510)	(510)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plan - shares vesting in the period			1,401		1,401		1,401
Allocation of profit for the year			11,099	(11,099)			
Change in the scope of consolidation and other changes			(5,080)	148	(4,932)	(132)	(5,064)
At 31 October 2020	37,127	33,144	(11,932)	194,750	253,089	19,237	272,326

Notes to the Condensed Consolidated Half-Year Financial Statements

1 General Information

SESA S.p.A. (hereinafter “SESA”, the “Company” or the “Parent Company”) is a company incorporated and domiciled in Italy, with registered office in Empoli, at no. 138 Via Piovola, organised in compliance with 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 Borsa Italiana S.p.A. since 22 October 2013.

The Company and its subsidiaries (jointly the “Group”) operate in Italy in the Information Technology sector and, in particular, in the value-added distribution of software and hardware (Value Added Distribution or VAD), in the offer of IT services and consultancy aimed at training and supporting businesses as end-users of IT (Software and System Integration or SSI), and in the provision of process outsourcing, security and digital transformation for the financial and large enterprise sector (Business Services). The Company is controlled by ITH SpA, which holds 52.8% of the shares with voting rights.

These Condensed Consolidated Half-Year Financial Statements were approved by the Company’s Board of Directors on 17 December 2020 and reviewed by PricewaterhouseCoopers SpA.

2 Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of these Condensed Consolidated Half-Year Financial Statements at 31 October 2020 are illustrated below.

2.1 Basis of Preparation

The Condensed Consolidated Half-Year Financial Statements at 31 October 2020 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 Condensed Consolidated Half-Year Financial Statements at 31 October 2020 were drawn up in “short” form and must therefore be read jointly with the Group consolidated financial statements for the year ended 30 April 2019, prepared in compliance with IFRS.

The Condensed Consolidated Half-Year Financial Statements at 31 October 2020 comprise the income statement, the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders’ 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 has been prepared by classifying assets and liabilities according to the “current/non-current” criterion;
- The income statement has been prepared by classifying operating costs by type;
- The statement of comprehensive income includes, in addition to the profit for the period resulting from the income statement, other changes in shareholders’ equity items attributable to transactions not entered into with Company shareholders;
- The statement of cash flows shows the cash flows from operating activities according to the “indirect method”.

The Condensed Consolidated Half-year Financial Statements have been prepared on the basis of the conventional historical cost criterion, except for the valuation of financial assets and liabilities, where the application of the fair value criterion is required.

The Condensed Consolidated Half-year financial Statements have been 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 Euro thousands, unless otherwise indicated.

2.2 Scope of Consolidation and Consolidation Criteria

The Condensed Consolidated Half-Year Financial Statements at 31 October 2020 include the Company's Interim Financial Statements, as well as the Interim Financial Statements of the subsidiaries at 31 October 2020. These interim financial statements were properly adjusted, where necessary, to align them with the IFRS.

The companies included in the scope of consolidation at 31 October 2020 are detailed in the annexes, which are an integral part of the Condensed Consolidated Half-year Financial Statements.

2.3 Valuation Criteria

The accounting policies and consolidation criteria adopted when preparing the Condensed Consolidated Half-Year Financial Statements at 31 October 2020 comply with those adopted for the consolidated financial statements for the year ended 30 April 2020, taking into account those specifically applicable to the interim situations.

The preparation of the Condensed Consolidated Half-Year Financial Statements requires the directors to make estimates and assumptions that affect the values of the assets and liabilities booked and the relative 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 may, therefore, differ from these estimates. 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 solely to the specific financial period. 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 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 any updates. It should be noted, with regard to the liability relating to staff severance indemnities, that an independent actuarial appraisal was carried out at 31 October 2020, in compliance with IAS 19.

FAIR VALUE ESTIMATE

The fair value of financial instruments listed on an active market is based on the market prices at the reporting date. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions linked to market conditions at the balance sheet date. The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:

Level 1: Fair value determined with reference to listed (unadjusted) prices on active markets for identical financial instruments;

Level 2: Fair value determined using valuation techniques with reference to variables observable on active markets;

Level 3: Fair value determined using valuation techniques with reference to variables that cannot be observed on active markets.

The fair value of forward transactions in foreign currency at 31 October 2020 is of level 2, while the fair value of the capitalisation policies held in portfolio is of level 1.

2.4 Seasonality

While the economic performance of the Sesa Group is not affected by significant seasonal or cyclic changes in overall annual sales, it 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 the half-year indicators as a proportional share of the whole year.

2.5 Newly issued standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Group at 01 May 2020.

- In October 2018, the IASB published a number of amendments to IFRS 3 that amend the definition of "business" in the context of acquisitions of companies or groups of assets. The amendments became effective on 1 January 2020;

- In October 2018, the IASB published a number of amendments to IAS 1 and IAS 8, clarifying the definition of "material information". The amendments became effective on 1 January 2020;
- In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7 - "Interest rate benchmark reform" - providing clarification in view of the reform on the interest rates applied to transactions carried between banks. The amendments became effective from 1 January 2020.

The adoption of the amendments to these standards did not have an impact on the consolidated financial statements.

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments not yet applied by the Group:

- In May 2020, the IASB published an amendment to IFRS 16 "Leases" Covid-19 related rent concessions that provides an optional practical expedient for the valuation of leases where lease payment relief has been obtained as a result of the Covid-19 emergency. Based on this amendment and under certain conditions, the lessee may choose to record the effects of the relief as variable rent in the period in which the event or condition triggering the relief occurred. The amendment is effective for annual periods beginning on or after 1 June 2020. Early application is, however, permitted, also for the preparation of interim financial statements.

At the date of this report, the Group had not made use of the option for early application of the above amendment and will evaluate the application of the option granted on the basis of the expected date of application.

At the date of this Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments.

- In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 -'Interest Rate Benchmark Reform - Phase 2'- that address issues arising from the implementation of the IBOR rate reform, including the replacement of a benchmark with an alternative one. The new standard is effective for annual periods beginning on or after 1 January 2021.
- In May 2017 the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2023.
- In January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements" which provides clarification on the classification of liabilities between current and non-current. The amendment is applicable from 1 January 2022.
- In May 2020, the IASB published amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets". Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples annexed to IFRS 16 "Leases" were also published. These changes will be applicable from 1 January 2022.

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

3 Financial Risk Management

The Group's assets are 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 aims to minimise potential negative effects on the Group's financial performance. Some types of risk are mitigated by using derivative instruments. Risk management is centralised in the treasury function, which identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The treasury function provides indications for monitoring risk management, as well as indications for specific areas, concerning interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

MARKET RISK

The Group is exposed to market risks with regard to interest rates and exchange rates.

Interest Rate Risk

Exposure to interest rate risk mainly derives from the fact that Group companies carry out a commercial activity characterised by a financial requirement during certain periods of the year. This need is hedged through the assignments

of receivables, loans and credit lines at floating rates. The Group did not consider it appropriate to enter into specific financial instruments to hedge interest rate risks, as the same would result, on the whole, particularly costly compared to benefits (if any), considering the current level of financial indebtedness and interest rates.

The amount of floating rate debt not hedged against the interest rate risk represents the main risk element due to the possible impact on the income statement as a result of an increase in market interest rates.

Exchange Rate Risk

The Group is active exclusively on the Italian market and its limited exposure to exchange rate risk is related to a few minor purchases and sales of goods in US dollars. In order to reduce the exchange rate risk deriving from expected assets, liabilities and cash flows in foreign currencies, the Group uses forward contracts to hedge cash flows in currencies other than the Euro. The Group mainly establishes the exchange rates of the functional currencies of the Group companies (Euro) against the 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, commercial forecast flows in US dollars deriving from certain or highly probable contractual commitments. The maturity of existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the requirements necessary to be recorded in accordance with the rules of hedge accounting. At 31 October 2020, there were 43 forward currency purchase contracts (US dollars) entered into by Computer Gross SpA, 24 of which had a negative fair value of Euro 272 thousand and 37 had a positive fair value of Euro 68 thousand.

CREDIT RISK

Credit risk essentially derives from receivables from customers. The credit risk relating to financial positions relative to transactions in derivative instruments is considered marginal, in that the counterparties are selected within the scope of primary financial institutions. As regards credit risk relating to the management of financial and cash resources, the Group has procedures in place to ensure that the Group companies entertain relations with high-profile and secure independent counterparties.

To mitigate the credit risk related to commercial counterparties, and therefore customers, the Group has implemented procedures to ensure that sales of products take place with customers considered reliable on the basis of past experience and available information. Furthermore, the Group constantly monitors its commercial exposure and ensures that receivables are collected in compliance with the contractual deadlines.

With reference to trade receivables, the riskiest situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts.

The following table provides a breakdown of current receivables from customers at 31 October 2020 and 30 April 2020, grouped by overdue amounts, net of the portion of the provision for bad debts covering performing loans.

<i>(Euro thousands)</i>	At 31 October 2020	At 30 April 2020
Yet to mature	353,232	341,378
Expired by 0-90 days	22,130	39,409
Expired by 90-180 days	9,819	5,778
Expired by 180-360 days	5,552	3,271
Expired by over 360 days	1,961	3,809
Total	392,694	393,645

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

Liquidity risk is associated with the Group's ability to fulfil its commitments deriving mainly from financial liabilities. Prudent management of the liquidity risk arising from the Group's normal operations implies maintaining an adequate level of cash and cash equivalents and the availability of funds obtainable through an adequate amount of credit lines.

CAPITAL RISK

The Group's goal in terms of capital risk management is mainly to safeguard business continuity so as to guarantee returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

4 Sector Disclosures

The criteria applied to identify the business segments being reported are in line with the methods used by management to manage the Group. In particular, the structure of the business segments being reported corresponds to the structure of the reports regularly analysed by the Board of Directors for the purposes of managing the Group's business. Specifically, the main scope of management analysis used by the Group is that relating to the following operating segments:

- The VAD Sector includes activities related to the Value-Added Distribution (VAD) of technological innovation solutions, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing segments. The VAD Sector is managed by the wholly owned subsidiary Computer Gross SpA;
- the Software and System Integration Sector (SSI) offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly owned subsidiary Var Group SpA;
- the Business Services Sector (BS) offers process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA;
- The Corporate Sector comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within the parent company Sesa SpA. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, 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. Marketing services in support of the ICT Channel are supplied by Idea Point Srl;

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

- revenues from third parties by operating segment;
- Ebitda defined as the profit for the year before depreciation and amortisation, accruals to the provision for bad debts, accruals to the provisions for risks, notional costs relating to stock grant plans assigned to executive directors, financial income and expense, profit (loss) of companies measured using the equity method and taxes;
- profit for the year.

As Ebitda is not identified as an accounting measure by the IFRS (Non-GAAP Measures), its quantitative determination might not be unequivocal. Ebitda is a measure used by management to monitor and evaluate the operating performance of the Group companies.

The criterion for determining the Ebitda reported above and applied by the Group may not be consistent with that adopted by other companies or groups, so its value may not be comparable with that determined by them.

The following table shows the information by operating sector for the periods ended 31 October 2020 and 31 October 2019:

	Period ended 31 October 2020						Period ended 31 October 2019				
	Value Added Distribution (VAD)	Software and System Integration (SSI)	Business Services (BS)	Corporate	Eliminations		Value Added Distribution (VAD)	Software and System Integration (SSI)	Corporate	Eliminations	
<i>(Euro thousands)</i>											
Revenues from third parties	656,122	206,112	20,203	722		883,159	591,259	172,809	892		764,960
Inter-sector revenues	34,509	1,966	1,567	8,298		46,340	35,920	1,258	7,418		44,596
Revenues	690,631	208,078	21,770	9,020	(46,340)	883,159	627,179	174,067	8,310	(44,596)	764,960
Other income	3,490	3,394	252	1,201	(2,216)	6,121	2,755	3,553	1,232	(2,298)	5,242
Total revenues and other income	694,121	211,472	22,022	10,221	(48,556)	889,280	629,934	177,620	9,542	(46,894)	770,202
Product purchase costs	(641,268)	(74,391)	(4,784)	(114)	33,069	(687,488)	(583,231)	(64,542)	(123)	32,656	(615,240)
Costs for services and rent, leasing and similar costs	(15,873)	(59,424)	(9,680)	(4,024)	15,387	(73,614)	(15,057)	(55,180)	(4,551)	14,190	(60,598)
Personnel costs	(9,057)	(53,459)	(6,251)	(4,225)	48	(72,944)	(7,665)	(41,544)	(3,232)	-	(52,441)
Other operating costs	(1,095)	(461)	(33)	(131)	52	(1,668)	(1,310)	(517)	(110)	48	(1,889)
Ebitda	26,828	23,737	1,274	1,727	-	53,566	22,671	15,837	1,526	-	40,034
Amortisation, depreciation and write-downs	(3,582)	(11,579)	(1,029)	(1,651)	-	(17,841)	(3,232)	(7,994)	(1,042)	-	(12,268)
Operating Result (Ebit)	23,246	12,158	245	76	-	35,725	19,439	7,843	484	-	27,766
Profits from companies valued at equity	791	163		8	-	962	551	291	(10)	-	832
Net financial income and expense	(1,224)	(1,029)	(151)	3	-	(2,401)	(1,669)	(966)	4	-	(2,631)
Profit before taxes	22,813	11,292	94	87	-	34,286	18,321	7,168	478	-	25,967
Income taxes	(6,190)	(3,392)	(62)	(250)	-	(9,894)	(5,068)	(2,411)	(412)	-	(7,891)
Profit for the period	16,623	7,900	32	(163)	-	24,392	13,253	4,757	66	-	18,076
Profit attributable to non-controlling interests	175	2,381	19	-		2,575	83	1,993	-	-	2,076
Profit attributable to the Group	16,448	5,519	13	(163)		21,817	13,170	2,764	66	-	16,000

The following table shows balance-sheet information by operating sector for the half-years ended 31 October 2020 and 31 October 2019:

<i>(Euro thousands)</i>	Period ended 31 October 2020						Period ended 31 October 2019				
	Value Added Distribution	Software and System Integration	Business Services (BS)	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations	
Intangible assets	7,313	91,891	4,870	2,114		106,188	3,097	59,894	132		63,123
Right of use	11,701	26,653	355	882		39,591	31,941	10,292	266		42,499
Property, plant and equipment	31,417	16,001	4,991	350		52,759	9,619	20,671	302		30,592
Investment property	281			9		290			290		290
Equity investments valued at equity	9,917	2,857		787	(949)	12,612	8,252	2,451	808	(248)	11,263
Receivables for deferred tax assets	4,967	4,584	1,224	519	(67)	11,227	4,191	3,166	146	(67)	7,436
Other non-current receivables and assets	5,189	8,024	287	78,096	(75,843)	15,753	4,495	10,136	72,928	(71,085)	16,474
TOTAL NON-CURRENT ASSETS	70,785	150,010	11,727	82,757	(76,859)	238,420	61,595	106,610	74,872	(71,400)	171,677
Inventory	65,941	17,250	1,172		(303)	84,060	74,912	18,293		(303)	92,902
Current trade receivables	292,635	118,625	9,918	18,152	(46,636)	392,694	238,370	92,061	21,823	(39,547)	312,707
Current tax receivables	3,594	3,815	111	33		7,553	191	3,378	88		3,657
Other current receivables and assets	11,185	30,598	1,759	776	6,518	50,836	9,641	25,838	974	(39)	36,414
Cash and cash equivalents	188,187	116,549	16,067	18,954		339,757	190,561	41,134	6,475		238,170
TOTAL CURRENT ASSETS	561,542	286,837	29,027	37,915	(40,421)	874,900	513,675	180,704	29,360	(39,889)	683,850
Non-current assets held for sale											
TOTAL ASSETS	632,327	436,847	40,754	120,672	(117,280)	1,113,320	575,270	287,314	104,232	(111,289)	855,527
Share capital	40,000	3,800	4,000	37,127	(47,800)	37,127	40,000	3,800	37,126	(43,799)	37,127
Share premium reserve		4,050	3,018	33,144	(7,068)	33,144		4,051	33,144	(4,051)	33,144
Other reserves and profits carried forward	168,074	11,123	(123)	27,877	(24,133)	182,818	147,458	11,482	16,566	(23,197)	152,309
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	208,074	18,973	6,895	98,148	(79,001)	253,089	187,458	19,333	86,836	(71,047)	222,580
Shareholders' equity attributable to non-controlling interests	1,815	15,167	13		2,242	19,237	1,717	12,284		(116)	13,885
TOTAL SHAREHOLDERS' EQUITY	209,889	34,140	6,908	98,148	(76,759)	272,326	189,175	31,617	86,836	(71,163)	236,465
Non-current loans	49,152	118,717	7,165	140		175,174	69,295	50,585		(6,500)	113,380
Financial liabilities for non-current rights of use	17,731	11,084	3,669	233		32,717	18,527	6,531	117		25,175
Employee benefits	2,707	29,841	1,803	2,180		36,531	1,964	23,628	1,991		27,583
Non-current provisions	100	2,701	5			2,806	68	914			982
Deferred tax liabilities	4,254	20,674	1,250	589	(239)	26,528	2,776	13,424	(19)	(240)	15,941
TOTAL NON-CURRENT LIABILITIES	73,944	183,017	13,892	3,142	(239)	273,756	92,630	95,082	2,089	(6,740)	183,061
Current loans	46,534	50,799	2,369	1,129		100,831	56,691	36,263		(253)	92,701
Financial liabilities for current rights of use	2,319	4,948	1,220	128		8,615	2,218	3,616	140		5,974
Trade payables	278,098	97,631	11,012	3,670	(40,114)	350,297	222,040	69,787	3,208	(32,845)	262,190
Current tax payables	6,684	5,442	24	7,147	10	19,307	1,362	3,006	4,797	10	9,175
Other current liabilities	14,859	60,870	5,329	7,308	(178)	88,188	11,154	47,943	7,162	(298)	65,961
TOTAL CURRENT LIABILITIES	348,494	219,690	19,954	19,382	(40,282)	567,238	293,465	160,615	15,307	(33,386)	436,001
TOTAL LIABILITIES	422,438	402,707	33,846	22,524	(40,521)	840,994	386,095	255,697	17,396	(40,126)	619,062
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	632,327	436,847	40,754	120,672	(117,280)	1,113,320	575,270	287,314	104,232	(111,289)	855,527

The Group's revenues are generated in Italy with the exception of those generated by the German subsidiary PBU CAD-Systeme GmbH and the Romanian subsidiary Beeneer Srl. The revenues item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Sale of hardware, software and accessories	739,160	665,573
Development of software and other services	68,680	45,248
Hardware and software assistance	57,398	43,886
Marketing activities	4,522	5,219
Other sales	13,399	5,034
Total	883,159	764,960

5 Other Income

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Transport activities	433	633
Capital gains on disposals	1,245	78
Commissions	473	701
Leases and rents	89	133
Training courses	51	34
Other income	3,830	3,663
Total	6,121	5,242

6 Consumables and goods for resale

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Purchase of hardware	470,357	441,442
Purchase of software	215,927	172,760
Consumables and other purchases	1,204	1,038
Total	687,488	615,240

7 Costs for Services and Rent, Leasing and Similar Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Technical assistance for hardware and software	27,298	23,266
Consulting activities	17,804	13,999
Agents' commissions and contributions	4,608	4,554
Rentals and hires	1,786	2,433
Marketing	2,068	2,829
Transport	2,184	2,024
Insurance policies	1,480	1,169
Utilities	1,268	1,114
Logistics and warehouse storage	232	908
Support and training expenses	1,356	850
Maintenance	2,462	2,254
Other service expenses	12,469	6,047
Total	75,015	61,447

8 Personnel Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Wages and salaries	51,706	35,582
Social security contributions	13,910	9,903
Contributions to pension funds	3,604	2,486
Reimbursements and other personnel costs	3,724	4,470
Total	72,944	52,441

The following table shows the average and precise number of the Group's employees:

<i>(In units)</i>	Average number of employees at		Precise number of employees at	
	31/10/2020	31/10/2019	31/10/2020	31/10/2019
Executives	22	21	23	21
Middle Management	229	177	250	184
Office Staff	2,559	1,779	2,800	1,849
Total	2,810	1,977	3,073	2,054

9 Other Operating Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Accrual to provision for bad debts	2,236	1,718
Charges and commissions for the assignment of receivables without recourse	705	835
Duties and taxes	392	447
Capital losses on disposals	21	25
Losses not covered by the provision for bad debts	2	18
Provisions for risks and charges	282	148
Other operating costs	549	564
Total	4,187	3,755

10 Amortisation, Depreciation and Write-downs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Intangible assets	5,036	3,053
Property, plant and equipment (including amortisation of the right of use)	8,881	6,447
Write-down of intangible assets	4	53
Total	13,921	9,553

Amortisation of intangible assets included Euro 3,350 thousand (Euro 1,998 thousand at 31 October 2019) 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. The change in the depreciation of property, plant and equipment, which rose from Euro 6,447 thousand at 31 October 2019 to Euro 8,881 thousand at 31 October 2020, was attributable for Euro 1,352 thousand to higher amortisation of the right of use following the application of IFRS 16 compared to the previous period at 31 October 2019.

11 Financial Income and Charges

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Interest expense on sales of receivables	(744)	(835)
Expenses and commissions for sales of receivables with recourse	(135)	(86)
Bank and loan interest expense	(124)	(191)
Other interest payable	(936)	(742)
Commissions and other financial charges	(1,250)	(890)
Financial charges related to severance indemnities	(134)	(128)
Total financial charges	(3,323)	(2,872)
Interest income on other short-term receivables	324	361
Other financial income.	28	74
Bank interest income	32	11
Dividends from shareholdings	88	14
Total financial income	472	460
Total financial income and charges (a)	(2,851)	(2,412)
Losses on exchanges	(3,708)	(1,600)
Gains on exchanges	4,158	1,381
Total exchange gains and losses (b)	450	(219)
Net financial charges (a+b)	(2,401)	(2,631)

Financial charges show a net negative balance of Euro 2,401 thousand at 31 October 2020, compared to a negative balance of Euro 2,631 thousand at 31 October 2019. Foreign currency management records a net positive balance of Euro 450 thousand at 31 October 2020 compared to a net negative balance of Euro 219 thousand at 31 October 2019.

12 Income Taxes

Income taxes at 31 October 2020 are equal to Euro 9,894 thousand and are based on the best estimate of taxes in accordance with the legislation in force.

<i>(Euro thousands)</i>	Period ended 31 October	
	2020	2019
Current taxes	10,444	8,164
Deferred taxes	(550)	(273)
Total	9,894	7,891

13 Intangible Assets

This item and related changes break down as follows:

(Euro thousands)	Client list	Technological know-how	Software and other intangible assets	Total
Balance as at 30 April 2020	19,403	46,622	8,248	74,273
<i>Of which:</i>				
- historical cost	28,217	52,439	18,946	99,602
- accumulated amortisation	(8,814)	(5,817)	(10,698)	(25,329)
Change in the scope of consolidation	11,723	17,521	1,695	30,939
Investments	266	3,105	2,641	6,012
Amortisation	(1,536)	(1,816)	(1,684)	(5,036)
Reductions				
Other changes				
Balance at 31 October 2020	29,856	65,432	10,900	106,188
<i>Of which:</i>				
- historical cost	40,206	73,065	23,282	136,553
- accumulated amortisation	(10,350)	(7,633)	(12,382)	(30,365)

14 Property, plant and equipment and rights of use

This item and related changes break down as follows:

(Euro thousands)	Land	Buildings	Office equipment	Leasehold Improvements	Other Property, plant and equipment	Rights of use	Total
Balance at 30 April 2020	1,801	4,435	17,449	3,707	6,949	49,617	83,958
<i>Of which:</i>							
- historical cost	1,801	5,395	40,718	8,668	15,755	60,787	133,124
- Accumulated depreciation		(960)	(23,269)	(4,961)	(8,806)	(11,170)	(49,166)
Change in the scope of consolidation		243	3,360	393	531	3,145	7,672
Investments	509	1,963	2,531	360	351	4,073	9,787
Disinvestments			(23)			(163)	(186)
Depreciation		(99)	(3,611)	(431)	(827)	(3,913)	(8,881)
Balance at 31 October 2020	2,310	6,542	19,706	4,029	7,004	52,759	92,350
<i>Of which:</i>							
- historical cost	2,310	7,601	46,586	9,421	16,637	67,842	150,397
- Accumulated depreciation		(1,059)	(26,880)	(5,392)	(9,633)	(15,083)	(58,047)

15 Investment Property

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Land	Buildings	Total
Balance at 30 April 2020	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)
Investments			
Disinvestments			
Depreciation			
Balance at 31 October 2020	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)

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

16 Other current and non-current receivables and assets

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2020	At 30 April 2020
Non-current receivables from others	3,650	4,179
Non-current equity investments in other companies	11,347	10,985
Non-current securities	219	
Non-current receivables for guarantees given	97	310
Other tax receivables	390	50
Non-current receivables from associated companies	50	
Total other non-current receivables and assets	15,753	15,524
Current receivables from others	26,709	15,731
Other current tax receivables	3,664	6,707
Accrued income and prepaid expenses	19,803	20,901
Derivative assets		
Other current securities	660	478
Current receivables from non-consolidated group companies		
Current receivables from associated companies		
Total other current receivables and assets	50,836	43,817

17 Inventory

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2020	2020
Finished products and goods for resale	79,547	88,604
Work in progress and semi-finished products	4,513	2,523
Total	84,060	91,127

Finished products and goods for resale are shown net of the write-down provision for obsolescence, which underwent the following changes during the period:

<i>(Euro thousands)</i>	Provision for obsolescence of finished products and goods for resale
Balance at 30 April 2020	1,753
Net change	321
Balance at 31 October 2020	2,074

18 Current Trade Receivables

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2020	2020
Trade receivables	414,207	412,335
Provision for bad debts	(23,024)	(20,387)
Trade receivables net of the provision for bad debts	391,183	391,948
Receivable from associates	1,511	1,697
Total current trade receivables	392,694	393,645

Trade receivables were recognised net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors amounting to Euro 29,775 thousand at 31 October 2020 (Euro 29,248 thousand at 30 April 2020).

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

<i>(Euro thousands)</i>	Provision for bad debts
Balance at 30 April 2020	20,387
Accrual to provisions	2,477
Use	(1,170)
Change in the scope of consolidation	1,330
Balance at 31 October 2020	23,024

19 Shareholders' Equity

Share capital

At 31 October 2020, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 37,127 thousand and consisted of 15,494,590 ordinary shares, all with no nominal value. The Company has no Warrants nor shares other than ordinary shares.

20 Earnings per Share

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

<i>(in Euro, unless otherwise specified)</i>	Period ended 31 October	
	2020	2019
Profit for the period – attributable to the Group in Euro thousands	21,817	16,000
Average number of ordinary shares (*)	15,425,945	15,433,806
Earnings per share - basic	1.41	1.04
Average number of ordinary shares (**)	15,483,945	15,494,590
Earnings per share - diluted	1.41	1.03

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

(**) Monthly weighted average of outstanding shares, net of treasury shares in portfolio and including the impact of Stock Options/Grants Plans.

21 Current and Non-current Loans

The table below provides a breakdown of this item at 31 October 2020 and 30 April 2020:

At 31 October 2020	Within 12 months	Between 1 and 5 years	Over 5 years	Total
<i>(Euro thousands)</i>				
Long-term loans	74,143	175,174		249,317
Short-term loans	26,376			26,376
Advances received from factoring companies	312			312
Financial liabilities for rights of use	8,615	19,851	12,866	41,332
Total	109,446	195,025	12,866	317,337

At 30 April 2020	Within 12 months	Between 1 and 5 years	Over 5 years	Total
<i>(Euro thousands)</i>				
Long-term loans	67,783	156,551		224,334
Short-term loans	50,460			50,460
Advances received from factoring companies	849			849
Financial liabilities for rights of use	8,114	17,702	12,785	38,601
Total	127,206	174,253	12,785	314,244

The “advances received from factoring companies” item 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:

Funding entity	Original amount	Company funded	New loan	Expiry	Rate applied	Outstanding debt at	
						31 October 2020	of which current
Ubi - B.P.Comm.e Ind.	25,000	Var Group S.p.A.	Feb-20	Feb-23	Euribor 6m + 0.85%	20,833	8,333
Credit Agricole S.p.A.	25,000	Var Group S.p.A.	Jul-20	Jul-24	Euribor 3m + 0.60%	23,455	6,203
BNL BNP Paribas S.p.A.	25,000	Computer Gross Italia S.p.A.	Jul-19	Jan-25	Euribor 3m + 1.10%	21,250	5,000
BNL BNP Paribas S.p.A.	25,000	Var Group S.p.A.	Feb-20	Aug-25	Euribor 6m + 0.85%	25,000	5,000
Banca Intesa S.p.A.	20,000	Var Group S.p.A.	Mar-20	Mar-25	Euribor 3m + 1.10%	18,000	4,000
Ubi - B.P.Comm.e Ind.	20,000	Computer Gross Italia S.p.A.	Jun-18	Jun-21	Euribor 3m + 0.57%	5,032	5,032
Ubi - B.P.Comm.e Ind.	15,000	Computer Gross Italia S.p.A.	Jun-19	Jun-22	Euribor 3m + 1.15%	8,796	5,011
Banca MPS S.p.A.	10,000	Computer Gross Italia S.p.A.	Feb-20	Jun-25	Euribor 6m + 0.65%	10,000	2,000
Banca Popolare Emilia Romagna S.p.A.	10,000	Computer Gross Italia S.p.A.	Sep-19	Sep-23	Euribor 3m + 0.65%	7,524	2,492
Unicredit S.p.A.	10,000	Computer Gross Italia S.p.A.	May-19	May-22	Euribor 3m + 1.05%	5,833	3,333
Banca BPM S.p.A.	10,000	Computer Gross Italia S.p.A.	May-18	Jun-23	Euribor 3m + 0.80%	5,529	2,005
Unicredit S.p.A.	10,000	Var Group S.p.A.	Jul-18	Jul-23	Euribor 3m + 1.20%	5,500	2,000
Banca BPM S.p.A.	10,000	Var Group S.p.A.	Mar-18	Mar-23	Euribor 3m + 0.75%	5,026	2,006

The table below summarises the financial lease agreements in place:

Funding entity	Contracting company	New loan	Expiry	At 31 October 2020	of which current	At 30 April 2020	of which current
Leasint SpA	Computer Gross Italia SpA	May-18	May-30	3,837	326	3,998	324
Leasint SpA	Computer Gross Italia SpA	Jan-17	May-30	6,838	419	7,043	414
Leasint SpA	Computer Gross Italia SpA	Sep-13	May-30	484	24	496	24
Leasint SpA	Computer Gross Italia SpA	Oct-10	May-30	5,785	295	5,931	292
Leasint SpA	Computer Gross Italia SpA	Dec-08	Sep-25	280	85	321	82
Total				17,224	1,149	17,789	1,136

The financial lease agreements entered into by Computer Gross Italia SpA with Leasint SpA are related to the real estate complex in Empoli used as headquarters and warehouse.

At 31 October 2020 and 30 April 2020, the Group's financial debt was represented mainly by loans raised in euros. A summary of the Group's net financial position is provided below:

(Euro thousands)		At 31 October 2020	At 30 April 2020
A.	Cash	113	44
B.	Cheques and bank and post office deposits	339,644	368,422
C.	Securities held for trading		
D.	Liquidity (A) + (B) + (C)	339,757	368,466
E.	Current financial receivables	660	478
F.	Current bank payables	26,688	51,309
G.	Current part of non-current debt	74,143	67,783

H.	Other current financial payables	8,615	8,114
I	Current financial debt (F) + (G) + (H)	109,446	127,206
J.	Net current financial debt (I) + (E) + (D)	(230,971)	(241,738)
K.	Non-current bank payables	175,174	156,551
L.	Bonds issued		
M.	Other non-current payables	32,717	30,487
N.	Non-current financial debt (K) + (L) + (M)	207,891	187,038
O.	Net financial debt (J) + (N)	(23,080)	(54,700)

The trend of Net Financial Position mainly reflects the seasonality of the business, characterised by higher absorption of net working capital at 31 October than at 30 April of every year.

22 Employee Benefits

This item includes the provision for severance indemnities (TFR) for employees of the Group companies in Italy.

Changes in this item are detailed as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2020	2020
Opening balance	31,022	24,332
<i>Service cost</i>	1,570	2,229
Interest on bonds	134	263
Uses, advances and transfers	(754)	(582)
Actuarial loss/(gain)	820	1,277
Change in the scope of consolidation	3,739	3,503
Closing balance	36,531	31,022

The actuarial assumptions used to estimate defined benefit pension plans are detailed in the following table:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2020	2020
Economic assumptions		
Rate of inflation	1.00%	1.00%
Discount rate	0.45%	0.88%
TFR increase rate	2.25%	2.25%

23 Provisions for Risks and Charges

Changes in these items are detailed as follows:

<i>(Euro thousands)</i>	Provision for agents' pension plans	Other risk provisions	Total
At 30 April 2020	978	802	1,780
Accruals to provisions	36	282	318
Uses	(119)	(474)	(593)
Change in the scope of consolidation and other changes	935	366	1,301
At 31 October 2020	1,830	976	2,806

24 Other Current Liabilities

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2020	At 30 April 2020
Accrued expenses and deferred income	35,020	51,836
Tax payables	12,275	10,032
Payables to personnel	20,662	17,924
Other payables	11,452	5,713
Payable to social security institutions	4,425	4,056
Advances from customers	4,083	4,204
Forward contracts payable	271	33
Total other current liabilities	88,188	93,798

25 Further information

Potential Liabilities

We are not aware of the existence of tax disputes or proceedings that could have significant repercussions on the Group's economic and financial situation.

Commitments

As at 31 October 2020, the Group had not undertaken any commitments not reflected in the financial statements.

26 Events Occurring After the End of the period

For information relating to events occurring after 31 October 2020, please refer to the Report on Operations.

Annexes

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

<i>(Euro thousands)</i>	At 31 October	of which with related parties	% impact
	2020		
Intangible assets	106,188		
Rights of use	52,759		
Property, plant and equipment	39,591		
Investment property	290		
Equity Investments valued at equity	12,612		
Receivables for deferred tax assets	11,227		
Other non-current receivables and assets	15,753	-	
Total non-current assets	238,420		
Inventory	84,060	-	
Current trade receivables	392,694	1,430	0.4%
Current tax receivables	7,553	-	
Other current receivables and assets	50,836	69	0.1%
Cash and cash equivalents	339,757		
Total current assets	874,900		
Non-current assets held for sale			
Total assets	1,113,320	1,499	0.1%
Share capital	37,127		
Share premium reserve	33,144		
Other reserves	(11,932)		
Profits carried forward	194,750		
Total shareholders' equity attributable to the Group	253,089		
Shareholders' equity attributable to non-controlling interests	19,237		
Total Shareholders' equity	272,326		
Non-current loans	175,174		
Financial liabilities for non-current rights of use	32,717		
Employee benefits	36,531	55	0.2%
Non-current provisions	2,806		
Deferred tax liabilities	26,528		
Total non-current liabilities	273,756	55	0.0%
Current loans	100,831		
Financial liabilities for current rights of use	8,615		
Trade payables	350,297	3,493	1.0%
Current tax payables	19,307		
Other current liabilities	88,188	124	0.1%
Total current liabilities	567,238	3,617	0.6%
Total liabilities	840,994		
Total shareholders' equity and liabilities	1,113,320	3,672	0.3%

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

<i>(Euro thousands)</i>	At 31 October 2020	of which with related parties	% impact
Revenues	883,159	3,318	0.4%
Other income	6,121	26	0.4%
Consumables and goods for resale	(687,488)	(2,677)	0.4%
Costs for services and rent, leasing and similar costs	(75,015)	(5,408)	7.2%
Personnel costs	(72,944)	(375)	0.5%
Other operating costs	(4,187)		
Amortisation, depreciation and write-downs	(13,921)		
Operating result	35,725		
Profit of companies valued at equity	962		
Financial income	4,630		
Financial charges	(7,031)		
Profit before taxes	34,286		
Income taxes	(9,894)		
Profit for the period	24,392		
<i>of which:</i>			
Profit attributable to non-controlling interests	2,575		
Profit attributable to the Group	21,817		

Revenues refer mainly to commercial transactions concluded at market conditions with associated companies operating in the IT market. Similarly, costs for services and rent, leasing and similar costs are related to supplies of IT services provided by associated companies of the Sesa Group.

List of Subsidiaries and Associated Companies

Subsidiaries

Held by	Company	Registered office	Share Capital in Euro	Percentage held at	
				31/10/2020	30/04/2020
ADIACENT SRL	47DECK SRL	Reggio Emilia (RE)	20,000	100.0%	100.0%
BASE DIGITALE SRL	ABS TECHNOLOGY SPA	Florence (FI)	2,300,000	100.0%	100.0%
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ALISEI SRL	Empoli (FI)	10,000	60.4%	60.4%
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	51.0%	n.a.
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	75.0%	75.0%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	55.0%
SESA SPA	BASE DIGITALE SRL	Florence (FI)	4,000,000	60.6%	50.0%
DI.TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	n.a.
BASE DIGITALE SRL	B.SERVICES SRL	Florence (FI)	500,000	merger into Base Digitale	100.0%
BEENEAR SRL	DI VALOR SOLUÇÕES EM TECNOLOGIA E CONSULTORIA LTDA	Jardim Das Perdizes	375,000 Reais	10.0%	n.a.
DI.TECH SPA				90.0%	n.a.
VAR GROUP SPA	CITIEPME INFORMATICA SRL	Bergamo (BG)	135,000	37.4%	37.4%
VAR ONE SRL				26.7%	26.7%
COMPUTER GROSS SPA	CHANNEL COACH SRL	Empoli (FI)	50,000	90.0%	90.0%
COMPUTER GROSS SPA	CLEVER CONSULTING SRL	Milan (MI)	34,860	55.0%	n.a.
VAR GROUP SPA	VAR BMS SPA	Milan (MI)	1,562,500	85.8%	84.3%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
LEONET4CLOUD SRL	CLOUD FORCE SRL	Empoli (FI)	10,000	75.0%	75.0%
COMPUTER GROSS SPA	COMPUTER GROSS ACCADIS SRL	Rome (RM)	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS SPA	Empoli (FI)	40,000,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS NESSOS SRL	Empoli (FI)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa (GE)	10,000	100.0%	100.0%
VAR GROUP SPA	COSESA SRL	Empoli (FI)	15,000	100.0%	100.0%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	100.0%	100.0%
VAR GROUP SPA	DI.TECH SPA	Bologna (BO)	2,575,780	100.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	18.0%	18.0%
VAR SYSTEM SRL				82.0%	82.0%
ABS TECHNOLOGY SPA				60.0%	n.a.
VAR GROUP SPA	ELMAS SRL	Empoli (FI)	41,600	7.5%	n.a.
YARIX SRL				7.5%	n.a.
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	51.0%
YARIX SRL	GENCOM SRL	Forlì (FO)	82,000	60.0%	60.0%
BASE DIGITALE SRL	GLOBO INFORMATICA SRL	Druento (TO)	10,200	Merger into Base Digitale	100.0%
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	510,200	79.4%	81.0%
COMPUTER GROSS SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	66.7%	66.7%

VAR GROUP SPA				33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (FI)	10,000	100.0%	100.0%
ALISEI SRL	ALISEI CONSULTING LDT	Shanghai	200,000 CNY	100.0%	n.a.
VAR GROUP SPA	INFOLOG SPA	Modena (MO)	300,000	51.0%	n.a.
VAR GROUP SPA	KLEIS SRL	TURIN (TO)	10,400	51.0%	51.0%
LEONET4CLOUD SRL	NEBULA SRL	Empoli	22,000	51.0%	n.a.
MY SMART SERVICES SRL				57.4%	57.4%
M.F. SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	2.8%	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
VAR GROUP SPA	LEONET4CLOUD SRL	Empoli (FI)	60,000	100.0%	100.0%
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
SIRIO INFORMATICA E SISTEMI SPA				80.4%	80.4%
VAR GROUP SPA	PANTHERA SRL	Empoli (FI)	300,000	9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbgH	Aichach	26,100	60.0%	60.0%
COMPUTER GROSS SPA	PICO SRL	Reggio Emilia (RE)	50,000	100.0%	100.0%
YARIX SRL				91.0%	51.0%
VAR GROUP SPA	PRIVATAMENTE SRL	Empoli (FI)	12,500	9.0%	9.0%
PANTHERA SRL	SOFTHARE	Tunisi	250,000 TND	99.0%	n.a.
LEONET4CLOUD SRL				31.8%	31.8%
ADIACENT SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	31.8%
VAR INDUSTRIES SRL				31.8%	31.8%
SESA SPA				33.5%	33.1%
VAR GROUP SPA				53.1%	53.1%
BASE DIGITALE SRL	ADIACENT SRL	Empoli (FI)	1,019,200	2.5%	2.5%
APRA SPA				7.4%	7.4%
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	75.0%	75.0%
COMPUTER GROSS SPA	ABS Technology Srl	Arezzo (AR)	12,350	55.0%	n.a.
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	67.0%	n.a.
VAR ONE SRL	SSA INFORMATICA SRL	Pordenone (PN)	30,000	100.0%	100.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan (MI)	1,020,000	51.0%	51.0%
VAR SERVICE SRL	SIRIO NORD SRL	Rome (RM)	10,400	51.1%	51.1%
ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	51.0%	n.a.
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	30.0%	n.a.
TECH VALUE SRL	TECH IN NOVA SRL	Roncade (TV)	12,000	Merger into Tech Value	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 (MI)	308,504	51.0%	51.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milan (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	50.0%
LEONET4CLOUD SRL				0.3%	0.3%
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	59.4%	59.4%
VAR PRIME SRL	VAR ENGAGE SRL	Empoli (FI)	20,000	100.0%	100.0%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	95.6%	93.1%

VAR GROUP SRL	VAR GROUP CENTRO SRL	Empoli (FI)	41,053	95.0%	97.5%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	251,464	64.9%	64.9%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	100.0%
APRA SPA				2.5%	2.5%
SAILING SRL				2.5%	2.5%
SIRIO INFORMATICA E SISTEMI SPA	VAR INDUSTRIES SRL	Milan (MI)	214,286	45.0%	45.0%
VAR ENGINEERING SRL				10.0%	10.0%
VAR GROUP SPA				21.0%	21.0%
M.F. SERVICES SRL	VAR NEXT SRL	Treviso (TV)	10,000	85.0%	n.a.
LEONET4CLOUD SRL				50.0%	50.0%
VAR GROUP NORD OVEST SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	50.0%	50.0%
LEONET4CLOUD SRL				70.0%	n.a.
VAR SERVICE SRL	VAR4YOU SRL	Empoli (FI)	30,000	30.0%	n.a.
VAR GROUP SPA	VAR HUB SRL	Empoli (FI)	10,000	100.0%	n.a.
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	50.0%	n.a.
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	100.0%	100.0%
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	n.a.
VAR GROUP SPA	WSS ITALIA SRL	Milan (MI)	35,000	55.0%	n.a.
VAR GROUP SPA	ZERO12 SRL	Padua (PD)	10,000	55.0%	n.a.

Associated Companies

Held by	Company	Registered office	Share capital	Percentage held at	
				31/10/2020	30/04/2020
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR BMS SPA	B.I.T. SRL	Milan (MI)	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan (MI)	100,000	47.5%	47.5%
LEONET4CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	n.a.	50.0%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
GENCOM SRL	GENDATA SRL	Forli	50,000	20.0%	20.0%
ADIACENT SRL	G.G. SERVICES SRL	Pontedera (PI)	10,200	33.3%	33.3%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (MI)	150,000	30.0%	30.0%
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	28.6%	28.6%
VAR BMS SPA	INNORG SRL	TURIN (TO)	12,000	50.0%	50.0%
VAR BMS SPA	ISO SISTEMI SRL	Genoa (GE)	63,000	25.0%	25.0%
VAR PRIME SRL	J.D.I. SRL	Udine (UD)	10,000	20.0%	20.0%
COMPUTER GROSS SPA	KOLME SRL	Milan (MI)	150,000	33.3%	33.3%
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (FI)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	20.0%	20.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	20.0%	20.0%
LEONET4CLOUD SRL	S.A. CONSULTING SRL	Milan (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI)	10,400	25.0%	25.0%
PANTHERA SRL	SOFTHARE	Tunisi	250,000 TND	n.a.	49.0%
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome (RM)	18,504	50.0%	50.0%
GENCOM SRL	T-STATION ACADEMY SRL	Forli (FO)	25,000	40.0%	n.a.
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	50.0%	50.0%
VAR GROUP SPA	ZERO12 SRL	Padua (PD)	10,000	n.a.	20.0%

Certification of the Condensed
Consolidated Half-year Financial
Statements pursuant to article
154 bis of Legislative Decree
58/98

Certification of the Condensed Consolidated Half-Year Financial Statements pursuant to article 154 bis of Legislative Decree 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Financial Reporting Manager of Sesa SpA, taking into account that envisaged by article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, hereby certify:
 - the adequacy in relation to the characteristics of the business, and
 - the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 31 October 2020.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Condensed Consolidated Half-Year Financial Statements at 31 October 2020 was carried out in compliance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a framework of reference generally accepted at international level.

3. It is also certified that:
 - 3.1 The Condensed Consolidated Half-Year Financial Statements:
 - a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the results of the accounting books and records;
 - c) provide a true and fair representation of the financial position, results of operations and cash flows of the issuer and of all the companies included within the scope of consolidation.

 - 3.2 The Report on Operations includes a reliable analysis of the significant events that took place during the first six months of the current year and the impact of these events on the Company's Condensed Consolidated Half-Year 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, 17 December 2020

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
Chief Executive Officer
Financial Reporting Manager

Independent Auditor's Report



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 2020, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' 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: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Belotti 5 Tel. 035 229691 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Acosta 28 Tel. 030 3697501 - Catania 05129 Corso Italia 302 Tel. 095 7332311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Poscolle 43 Tel. 0432 25789 - Varese 21100 Via Albuizi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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 2020 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, 17 December 2020

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers