

# Interim Report

31 January

# 2021

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

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## 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	Managing Director	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 Mosca 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	Supplementary Auditor	approval of financial statements 30 April 2021
Paola Carrara	Supplementary Auditor	approval of financial statements 30 April 2021

### Regulatory 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

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 January of each year (9 months)

(Euro thousands)	2021	2020	2019	2018	2017
Revenues	1,523,733	1,336,278	1,139,359	984,419	937,701
EBITDA (earnings before amortisation and depreciation, other provisions, financial charges and taxes)	92,209	69,466	53,297	45,882	42,374
EBIT (Earnings before interest and taxes)	63,878	49,223	38,370	34,347	33,581
Profit (loss) before taxes	62,511	46,776	36,016	32,611	30,585
Profit (loss) for the period	43,914	32,527	25,030	22,596	20,327
Profit (loss) for the period attributable to the Parent Company Shareholders	39,925	28,682	22,147	20,105	19,030

### Consolidated balance sheet figures as at 31 January of every year

(Euro thousands)	2021	2020	2019	2018	2017
Total Net Invested Capital	271,280	263,405	237,189	229,091	221,500
Total Shareholders' Equity	282,576	251,566	224,628	208,470	192,808
- attributable to Parent Company Shareholders	263,184	235,967	213,132	198,244	184,604
- attributable to minority investments	19,392	15,599	11,496	10,226	8,204
Net Financial Position	(11,296)	11,839	12,561	20,621	28,692
Total Shareholders' Equity and NFP	271,280	263,405	237,189	229,091	221,500

### Consolidated profitability ratio for the period ended 31 January of every year (9 months)

	2021	2020	2019	2018	2017
EBITDA / Revenues (1)	6.05%	5.20%	4.68%	4.67%	4.52%
Net Profit attributable to Parent Company Shareholders / Revenues	2.62%	2.15%	1.94%	2.04%	2.03%

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

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

(Euro units or thousands)	2021	2020	2019	2018	2017
Human Resources, at period-end	3,278	2,221	1,793	1,657	1,385
Average workforce	2,913	2,061	1,717	1,542	1,300

(2) Includes fixed-term staff (about 99% of human resources on permanent contracts), and excludes staff on internships.

## Main Group Financial Ratios

### Financial ratios

<b>Sesa</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
(Euro)					
Trading Stock Market	MTA – Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock Prices (31 January of every year)	96.9	50.6	26.25	26.80	18.68
Annual dividend per share <sup>(1) (*)</sup>	Note 2	0.63	0.60	0.56	0.48
Comprehensive Dividend (Euro millions) <sup>(2)</sup>	Note 2	9.762	9.297	8.677	7.408
Pay Out Ratio <sup>(3)</sup>	-	31%	31%	32%	30%
Shares Issued (in millions at 31 January of every year)	15.49	15.49	15.49	15.49	15.49
Stock market capitalisation (Euro millions at 31 January of every year)	1,501.4	784.0	406.7	415.3	289.4
Market to Book Value <sup>(**)</sup>	5.2	3.1	1.8	2.0	1.5
Dividend Yield (on prices at 31 January) <sup>(****)</sup>	Note 2	1.2%	2.3%	2.1%	2.6%
<b>Sesa Group</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
(Euro)					
Earnings per share at 30 April base) <sup>(****)</sup>	2.46	1.90	1.74	1.62	1.55
Earnings per share at 30 April (diluted) <sup>(*****)</sup>	2.45	1.89	1.73	1.62	1.54

(1) 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.

(2) Dividends gross of the treasury shares

(3) 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 January every year / Consolidated Shareholders' Equity at 31 January every year

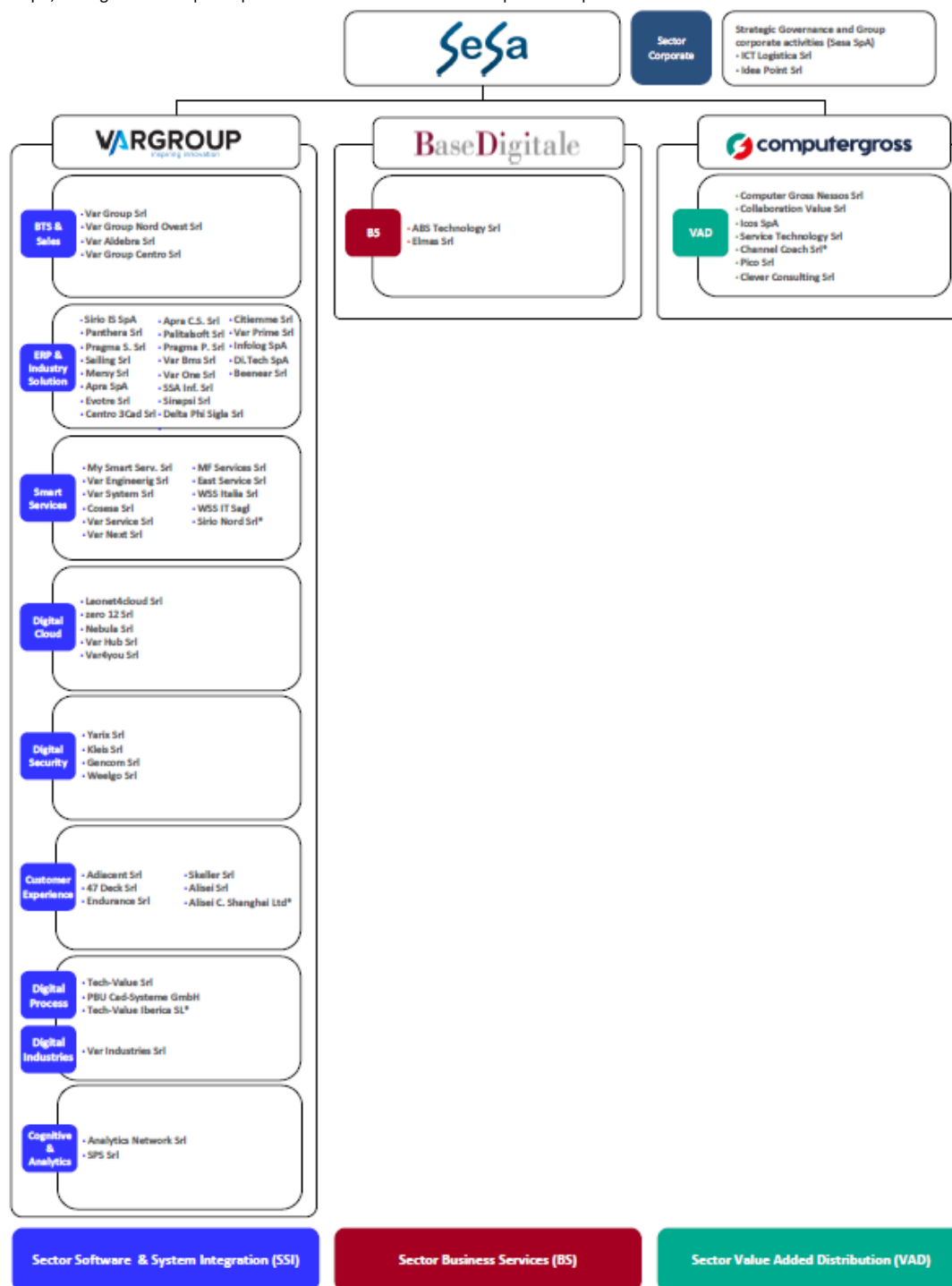
(\*\*\*) Dividend per share / Market value per share at 31 January every year

(\*\*\*\*) Consolidated 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 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 January 2021

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 since they are not significant

Changes in the scope of consolidation during the nine-month period ended 31 January 2021 include the entry into the SSI Sector of zero12 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, WSS Sagl and Elmas Srl from July 2020, Var Next Srl from August 2020, Sinapsi Srl, Pragma Progetti Srl, Pragma Solution Srl and Weelgo Srl from November 2020 and Mersy Srl and Palitalsoft Srl from January 2021. In the VAD sector, Clever Consulting Srl and Service Technology Srl joined the consolidation setting Group in May 2020. Compared to the structure of the Group at 31 January 2020, used in the Interim Report for comparative purposes, in addition to the companies listed above, further changes in the scope of consolidation concern Base Digitale SpA and ABS Technology Srl (Business Services sector), Kleis Srl (SSI sector) and Pico Srl (VAD sector), which entered the Sesa Group's consolidation setting after 31 January 2021. 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 numerical information included in this Interim Report on Operations and the comments contained therein are intended to provide an overview of the interim financial position and results of operations of the Sesa Group (referred to hereinafter also as the “Group”), of the relative changes during the reporting period, and of the significant events affecting the result for the period.

The Group's Interim Report on Operations as at 31 January 2021 is related to the first nine months of operation and represents the third financial disclosure prepared by the parent company Sesa SpA for the year ending 30 April 2021.

For a better assessment of the Group's income and financial performance, this document presents the reclassified balance sheet, cash flow statement and income statement for the period ended 31 January 2021 and for the corresponding period of the previous year, together with some alternative performance ratios.

The Group Interim Report on Operations as at 31 January 2021 is not subject to audit.

## Preparation Criteria and Accounting Standards

The Sesa Group's Interim Report on Operations (referred to hereinafter also as the “Interim Report”) has been prepared in compliance with article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 as well as the pertinent Consob regulations. The Interim Report has been prepared in compliance with the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (“IASB”), approved by the European Union and in force at the time of approval. The Group's balance sheet, cash flow statement and income statement as at 31 January 2020 are annexed hereto.

The accounting standards and the criteria adopted when preparing the Interim Report at 31 January 2021 comply with those adopted for the consolidated Group financial statements for the year ended 30 April 2020, taking into account those specifically applicable to interim situations. The Interim Report at 31 January 2021 includes the Interim Financial Report of Sesa SpA as well as the Interim Financial Reports of the subsidiaries at 31 January 2021. These interim financial reports have been adjusted, where necessary, to align them with the IFRS.

In preparing the Interim Report, certain estimates and assumptions that affect the revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the Interim Report were made. They have been applied consistently to the comparative periods and years presented in this document. In addition to the financial figures required by IFRS, certain figures originating from the latter are also illustrated, in the Interim Report, 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 IFRS.

## Significant events during the period

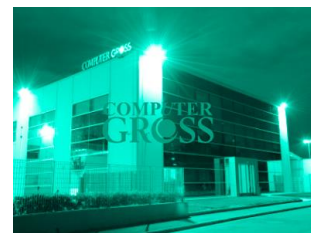
**In the first nine months of the year, the Sesa Group recorded a marked improvement in the main economic and financial ratios, well above the long-term track record.** The growth in revenues and profitability was generated by the Group's increasing focus on the segments of the market with higher added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

In the first nine months ended 31 January 2021, the Group's Revenues and Other Income rose by 14.1%, with an improvement in turnover and profitability (Ebitda) of 32.7% and an Ebitda margin of more than 6.0%, compared to 5.2% at 31 January 2020. The Group's adjusted net result<sup>1</sup> is 43.5 million (+40.8% on 31 January 2020). The net financial position continued to improve during the period, rising from a negative balance of Euro 11.8 million at 31 January 2020 to a positive balance of Euro 11.3 million at 31 January 2021, supported by improvement in operating cash flow, with investments in corporate acquisitions and technological infrastructure amounting to approximately Euro 80 million over the last 12 months, and after the purchase of treasury shares for approximately Euro 3 million. The Group's net adjusted financial position<sup>2</sup> shows a further improvement from a positive balance of Euro 1.1 million at 31 January 2020 to a positive balance of Euro 60.3 thousand at 31 January 2021.

**The results for the period confirm the 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. **The Shareholders' Meeting of Sesa SpA of 27 January 2021 introduced sustainable growth among its statutory goals, confirming the Group's commitment to proactively support the development of innovative and sustainable value creation models in favour of all its Stakeholders (human resources, customers, shareholders, suppliers, territory and ecosystems).**

**The nine-month period ended 31 January 2021 was also characterised by the acceleration of external growth. There have been 16 corporate acquisitions since January 2020 and these have added expertise to the Group in strategic areas of digital evolution to support the various areas of business.** Thanks to the recent acquisitions, the Group has exceeded the threshold of 3,200 employees with a total of 3,278 resources workforce growth of over 47% compared to 31 January 2020.

**The VAD (Value Added Distribution) sector, which provides value added IT solutions, recorded a 10.6% increase in revenues and other income, an 20.7% increase in Ebitda (Ebitda margin 4.0% compared to the 3.6% of 2020) and a 28.9% increase in net profit after taxes in the first nine months of the tax year.** The development of turnover and profitability benefited from the growth in business thanks to the considerable 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, January 2021). The consolidation of Clever Consulting Srl, of which Computer Gross acquired 55% at the beginning of the year, was launched during the period in consideration. Clever Consulting is a company specialised in offering End Point Security solutions, with a portfolio of vendors that includes Blackberry, Accellion, Wandera, TITUS and Globalscape. Strategic development transactions include the acquisition in June 2020 of 55% of the capital of **Service Technology Srl**, a company operating in the refurbished sector and offering services for the management and renovation of technology parks to support environmental sustainability. These transactions also include the acquisition of 19% of the capital of **PM Service Srl**, offering technology solutions for energy efficiency and the circular economy. The two transactions will strengthen the company's position in a market segment in which demand is growing steadily in light of the strong focus of stakeholders on environmental sustainability and the progressive convergence of environmental sustainability and digital technologies. In addition to corporate acquisitions during the period, investments were made and commercial initiatives

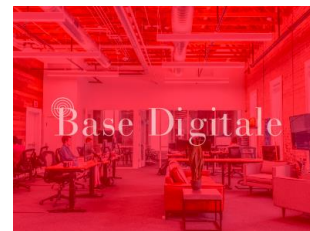


<sup>1</sup>Adjusted Ebit and Adjusted result before taxes gross of amortisation of intangible assets (client lists and know-how) recognised following the Purchase Price Allocation (PPA) process related to corporate acquisitions. The Adjusted Net Result and the Adjusted Net Result for the Group gross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

<sup>2</sup>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.



undertaken to strengthen the market share in the enterprise software, cloud and security segments. These included the partnership with **Red Hat** (the main provider of hybrid cloud solutions on an open-source platform), the integration of the **Adobe** vendor's digital media solutions into the Computer Gross offering, and the partnership agreement with the international vendor **Fortinet**, a key player in the security sector.



**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 year, with the following growth percentages in the first nine months ended at 31 January 2021: 15.1% in revenues and other income, 45.8% in Ebitda (Ebitda margin 11.2% compared to the 8.8% of 2020) and 50.7% 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 purchased 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 sectors Made in Italy and a workforce of over 40 resources, was purchased 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 Beeneer 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 purchased 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 entered the consolidation setting in the third quarter of the financial year.
- The **ERP Me.R.Sy (Merchandise Retail System) software application business unit** was acquired on 31 December 2020, along with its 19 specialised employees operating in central-northern Italy. Ownership of the ERP Me.R.Sy application software was also acquired, with a customer base of companies belonging to the Organised Distribution Retail market. The business unit was acquired through Mersy Srl, a wholly-owned subsidiary of the Group;
- In January 2021, Apra SpA acquired 55% of **Palitalsoft Srl**, a company specialised in offering software and digital transformation solutions for local public companies with a customer set of around 700 clients, including Municipal, Provincial, Regional and local authorities and multi-utilities;
- The agreement for the acquisition of 55% of **Fen Wo Shanghai Ltd**, a Shanghai-based company offering digital and marketing solutions for Italian and international companies operating on the Chinese market, was finalised in February 2021. The transaction, which will be completed by 30 June 2021, will enable the development of digital marketing and customer experience services to support products Made in Italy on the Chinese digital market.

**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 January 2021, achieving revenues and other income of Euro 33.6 million and an operating profitability (Ebitda margin 5.0%) 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 setting in the second quarter following the purchase of 60% of the capital by ABS Technology Srl.

The Shareholders' Meeting held on 28 August 2020 approved the Financial Statements for the year ended 30 April 2020 and the relative proposal not to distribute profits, considering the global crisis and the acceleration of investments and external growth. 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. The Extraordinary Shareholders' Meeting also resolved the introduction of the enhanced vote 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.

Lastly, the Extraordinary Shareholders' Meeting held on 27 January 2021 unanimously approved the integration of Article 19 of the Articles of Association, aimed at steering the directors' commitment towards pursuing success and sustainable growth to the benefit of all Stakeholders. In terms of governance, the Shareholders' Meeting finally approved the adoption of the one-tier management system and the implementation of the new legal requirements for the composition of the Board of Directors in terms of diversity and independence.

## Operating conditions and business development

The Sesa Group is a reference operator in Italy 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 Mercato Telematico Azionario. Sesa SpA holds 100% control of Computer Gross SpA and Var Group SpA, managing the functions of Administration, Finance and Audit, Human Resources, 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 reference 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 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).

#### **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.

#### **Var Hub Srl**

The company, wholly-owned by Var Group SpA, offers electronic invoicing and digital storage services. The company entered the scope of consolidation via the formation of the platform by Var Group SpA from December 2020.

#### **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 market places. Zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, reference operators in the Cloud, Big Data and Analytics sectors. The company entered the consolidation setting 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 consolidation setting 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 consolidation setting in January 2020.

### **WSS Italia Srl and WSS Sagl**

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 related to the subsidiary in Switzerland, the company entered the consolidation setting in August 2020.

### **Var Next Srl**

The Company, 85% owned by MF Service Srl, offers IT technical support and managed services, with a significant presence 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.

### **Weelgo Srl**

The company, 51% owned by Gencom Srl, is specialised in Enterprise Networking and Edge Network Security services, incorporating the expertise of the Digital Security Business Unit in the field of Cybersecurity and Collaboration. Weelgo entered the consolidation setting in November 2020.

### **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.

#### **Pragma Solution Srl**

The Company, wholly owned by Panthera Srl, operates in the field of consulting, start-up and training services for the Panthera ERP solution. The company entered the scope of consolidation from November 2020 and launched the project for merger by incorporation into Panthera Srl, expected to completely by the end of April 2021.

#### **Pragma Progetti Srl**

The company, controlled by Var Group SpA, operates in the IT consulting services sector, offering IT and ERP management solutions and digital services to medium-sized Italian enterprise. The company entered the consolidation setting in November 2020.

#### **Var BMS SpA**

The Company, 89% 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.

#### **Sinapsi Srl**

The Company, 67% owned by Var One Srl, operates in the supply of integrated solutions and services mainly on the SAP Business One platform for SME customers. Sinapsi offers a quite broad range of solutions to customers concentrated in North-East Italy. The company entered the consolidation setting in November 2020.

#### **Citiemme Informatica Srl**

The Bergamo-based Company, owned by Var Group SpA and Var One Srl, holders of 56% 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 segments Made in Italy (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.

### **Evotre Srl**

The Company, 56% controlled by Apra SpA, offers Zucchetti HR management solutions to support SME customers in Central Italy.

### **Palitalsoft Srl**

The Company, 55% owned by Apra SpA, offers software and digital transformation solutions to local public companies, in support of the digitisation of public services, with a customer set of around 700 clients, including Municipal, Provincial, Regional and local authorities and multi-utilities; Palitalsoft entered the Group setting in January 2021.

### **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.

### **Mersy Srl**

The Company, wholly-owned by Sailing Srl, operates in the field of ERP application solutions and digital services for the Organised Distribution Retail market, particularly for the Food Retail segment. The company entered the consolidation setting in January 2021, following the completion of the purchase of the ERP Me.R.Sy (Merchandise Retail System) software business unit from Diebold Nixdorf Italia.

### **Var Prime Srl**

The Company, 100% controlled by Var Group SpA, is reference 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 sectors Made in Italy, such as tiles, fashion, manufacturing and healthcare. The company entered the consolidation setting 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 Beenear, 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 consolidation setting in June 2020.

### **Beenear 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 consolidation setting 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, 61% 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 consolidation setting 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 setting 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 e-commerce skills. The company entered the consolidation setting 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. The company supports 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 consolidation setting in May 2020.

### Business Unit Cognitive & Analytics

#### **SPS Srl**

The company, controlled by Var Group SpA, is specialised in offering IBM SPSS (advanced analytics) software solutions. The company entered the consolidation setting in May 2020.

#### **Analytics Network Srl**

The company, 51% owned by Var Group SpA, is specialised in offering cognitive analytics solutions and services for the enterprise segment. The company entered the consolidation setting 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 pertinent effects in July 2020. The company entered the consolidation setting 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 consolidation setting 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 setting in July 2020.

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

### **Computer Gross SpA**

The Company, wholly owned by Sesa SpA, is the reference operator in Italy in the value added distribution of 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 and VMware. 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 reference operator 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 consolidation setting in May 2020.

**Service Technoloy Srl**

Clever Consulting 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 parks 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 consolidation setting in May 2020.

**Pico Srl**

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

## Management trend

### General economic trend

The general economic trend reflects the gradual exit from the pandemic emergency, albeit with high levels of uncertainty regarding the evolution of the macroeconomic scenario. Despite the fact that the Covid-19 pandemic continues to have an unprecedented economic impact on the global economy, since the start of the vaccination process, the outlook for the future looks brighter. After falling 3.5 % in 2020, global GDP is expected to recover by 5.5 % in 2021 and 4.2 % in 2022, estimating a gradual easing of the pandemic emergency in the second half of 2021. A return to growth in global GDP in 2021 reflects the positive effects of the start of vaccination in a number of countries, additional aid provided towards the end of 2020 in countries such as the United States and Japan, and the expected increase in activity due to an easing of the health crisis. In this context of ongoing uncertainty, Governments and central banks will continue to mitigate the effects of the pandemic with initiatives to increase public spending and provide support for liquidity

(source: IMF - WEO, January 2021).

GDP in 2020 showed negative growth rates in all advanced, emerging and developing economies; the only major exception was China, where the recovery was faster than expected and the change in GDP in 2020 remained positive (+2.3%), supporting an acceleration of GDP in 2021 of more than 8%. The contraction in GDP in the US in 2020 was limited to 3.4%, with recovery expected to reach 5.1% in 2021, supported by the Biden administration's economic plan. Japan's GDP is expected to fall 5.1% in 2020, followed by 3.1% growth in 2021 (+0.8%), again thanks to the boost guaranteed by the support measures launched by the central government at the end of the year (source: IMF - WEO, January 2021).

The Eurozone is expected to record a 7.2% reduction in GDP in 2020, with a 4.2% recovery in 2021, but this will be affected by the uncertainties linked to lockdown periods and the return of contagions. The Italian economy is expected to see a decline in GDP of around 9% in 2020. This is less severe than initially forecast, thanks partly to the incentive policies adopted by the Italian government. Italy's increased dependence on contact-intensive sectors and services, such as tourism and transport, has severely impacted economic forecasts, which are lower than the Eurozone average. The Italian economy is expected to bounce back in 2021, with GDP growing by 3.0%, thanks to the normalisation of the health situation and the stability of financial and monetary incentives, also taking advantage of European subsidies (the so-called "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, January 2021).

The following table shows the final results for 2017, 2018 and 2019 and forecast GDP trend for 2020, 2021 and 2022 (source: IMF - WEO, January 2021).

Percentage Values	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020 (E)	Change in GDP 2021 (E)	Change in GDP 2022 (E)
World	+3.8%	+3.6%	+2.8%	-3.5%	+5.5%	+4.2%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.9%	+4.3%	+3.1%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.4%	+6.3%	+5.0%
USA	+2.3%	+2.9%	+2.2%	-3.4%	+5.1%	+2.5%
Japan	+1.7%	+0.3%	+0.3%	-5.1%	+3.1%	+2.4%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.1%	+5.6%
Great Britain	+1.8%	+1.3%	+1.4%	-10.0%	+4.5%	+5.0%
Euro Zone	+2.3%	+1.9%	+1.3%	-7.2%	+4.2%	+3.6%
Italy	+1.5%	+0.8%	+0.3%	-9.2%	+3.0%	+3.6%

## 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, the market recorded a moderate downturn (-0.5%). This was significantly lower than the drop in Italian GDP (-9.2%). The demand for IT suffered no significant contraction in 2020, as economic operators accelerated investments in digital transformation both to ensure business continuity and to adopt 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, January 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, January 2021), 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, 2022 and 2023 (Source: Sirmi, January 2021).

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	6,125	6,505	6,505	7,193	0.6%	-0.3%	2.4%	-0.8%	6.2%	5.3%	5.0%
Software	3,833	3,845	3,861	3,746	3,828	3,828	3,911	-0.4%	0.3%	0.4%	-3.0%	2.2%	1.2%	1.0%
Project Services	3,436	3,500	3,588	3,363	3,520	3,659	3,780	0.4%	1.9%	2.5%	-6.3%	4.7%	3.9%	3.3%
Management Services	5,504	5,900	6,350	6,658	7,383	8,141	8,899	6.0%	7.2%	7.6%	4.8%	10.9%	10.3%	9.3%
<b>Total IT Market</b>	<b>18,817</b>	<b>19,270</b>	<b>19,971</b>	<b>19,892</b>	<b>21,236</b>	<b>22,523</b>	<b>23,783</b>	<b>1.9%</b>	<b>2.4%</b>	<b>3.6%</b>	<b>-0.4%</b>	<b>6.8%</b>	<b>5.1%</b>	<b>5.6%</b>
<b>Cloud Computing</b>	<b>1,862</b>	<b>2,302</b>	<b>2,830</b>	<b>3,654</b>	<b>4,491</b>	<b>5,373</b>	<b>6,314</b>	<b>23.3%</b>	<b>23.6%</b>	<b>23.0%</b>	<b>29.1%</b>	<b>22.9%</b>	<b>19.6%</b>	<b>17.5%</b>
<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 confirmed market growth of 5% in 2020, supported, among other things, by the acceleration in demand for collaboration, cloud computing and security 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, January 2021).

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 estimated 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, January 2021).

## Economic highlights of the Group

The reclassified consolidated income statement (in Euro thousands) at 31 January 2021 is provided below, and compared with the same period of the previous year.

Reclassified income statement	31/01/2021 (9 months)	%	31/01/2020 (9 months)	%	Change 2021/20
<b>Net revenues</b>	<b>1523733</b>		<b>1,336,278</b>		<b>14.0%</b>
Other Income	10546		8,494		24.2%
<b>Total Revenues and Other Income</b>	<b>1534279</b>	<b>100.0%</b>	<b>1,344,772</b>	<b>100.0%</b>	<b>14.1%</b>
Product purchase costs	1,207,122	78.7%	1,089,537	81.0%	10.8%
Costs for services and for the use of third-party goods	115908	7.6%	99,046	7.4%	17.0%
Payroll	116120	7.6%	83,809	6.2%	38.6%
Other operating costs	2920	0.2%	2,914	0.2%	0.2%
<b>Total product purchase costs and operating Costs</b>	<b>1.442.070</b>	<b>94.0%</b>	<b>1,275,306</b>	<b>94.8%</b>	<b>13.1%</b>
<b>Gross Operating Margin (Ebitda)</b>	<b>92,209</b>	<b>6.01%</b>	<b>69,466</b>	<b>5.17%</b>	<b>32.7%</b>
Amortisation and depreciation of tangible and intangible assets	16,907		11,884		42.3%
Amortisation of client lists and know how purchased (PPA)	4998		3,091		61.7%
Accruals and other non-monetary costs	6426		5,268		22.0%
<b>Operating result (Ebit)</b>	<b>63878</b>	<b>4.16%</b>	<b>49,223</b>	<b>3.66%</b>	<b>29.8%</b>
Company profit evaluated at equity	1718		1,226		40.1%
Net financial income and expense	(3,085)		(3,673)		-16.0%
<b>Result before taxes (Ebt)</b>	<b>62,511</b>	<b>4.07%</b>	<b>46,776</b>	<b>3.48%</b>	<b>33.6%</b>
Income taxes	18,597		14,249		30.5%
<b>Net result</b>	<b>43,914</b>	<b>2.86%</b>	<b>32,527</b>	<b>2.42%</b>	<b>35.0%</b>
<i>Net result attributable to the Group</i>	<i>39,925</i>	<i>2.60%</i>	<i>28,682</i>	<i>2.13%</i>	<i>39.2%</i>
<i>Net result attributable to minority shareholders</i>	<i>3,989</i>		<i>3,845</i>		<i>3.7%</i>
<b>Adjusted Operating Result*</b>	<b>68,876</b>	<b>4.49%</b>	<b>52,314</b>	<b>3.89%</b>	<b>31.7%</b>
<b>Adjusted Result before taxes</b>	<b>67,509</b>	<b>4.40%</b>	<b>49,867</b>	<b>3.71%</b>	<b>35.4%</b>
<b>Adjusted Net Result*</b>	<b>47,472</b>	<b>3.09%</b>	<b>34,727</b>	<b>2.58%</b>	<b>36.7%</b>
<i>Adjusted Net result attributable to the Group*</i>	<i>43,483</i>		<i>30,882</i>		<i>40.8%</i>

In the first nine months of the year ended 30 April 2020, the Sesa Group recorded a marked improvement in the main economic and financial ratios, well above the reference market and 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 period in question, the Sesa Group also benefited from recent corporate acquisitions (16 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 3,278 employees at 31 January 2021, compared to 2,221 at 31 January 2020.

Revenues and Other Income rose by 14.1%, with an improvement in turnover and profitability (Ebitda) of 32.7% and an Ebitda margin of more than 6.01%, compared to 5.17% at 31 January 2020.

At consolidated level, Revenues and Other Income amounted to Euro 1,534,279 thousand (+14.1% Y/Y) at 31 January 2021, broken down as follows:

- VAD Sector, Euro 1,213,910 thousand (+10.6% Y/Y), thanks to the expansion of solutions in the Cloud, Security, Analytics and Enterprise Software segments;
- SSI Sector, Euro 335,148 thousand (+15.1% 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;

\* 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.

- Business Services sector Euro 33,614 thousand, a new Group sector consolidated since March 2020.

Thanks to the growth in revenues and added value (Gross Margin +28.2% Y/Y), consolidated Ebitda at 31 January 2021 amounted to Euro 92,209 thousand (+32.7% Y/Y), with an Ebitda Margin of 6.01% (vs Ebitda margin 5.17% Y/Y), of which:

- VAD Sector Euro 48,200 thousand (+20.7% Y/Y), with an Ebitda Margin of 3.97% (vs Ebitda margin 3.64% Y/Y);
- SSI Sector Euro 39,810 thousand (+45.8% Y/Y), with an Ebitda Margin of 11.21% (vs Ebitda margin 8.85% Y/Y);
- Business Services sector Euro 1,669 thousand, with an Ebitda margin of 4.97%, in line with expectations.

Thanks to the recent acquisitions, the changes in the company's consolidation setting compared to 31 January 2020, contributed by about 45% to growth in revenues and operating profitability at Group level, confirming the ability to generate value in a sustainable manner that has always distinguished the Sesa Group.

(Euro thousands)	Period ended 31 January				
	2021	%	2020	%	Change
<b>Total Revenues and Other Income</b>	<b>1,534,279</b>	<b>100.00%</b>	<b>1,344,772</b>	<b>100.00%</b>	<b>14.1%</b>
<b>Consolidated Gross Margin</b>	<b>327,157</b>	<b>21.32%</b>	<b>255,235</b>	<b>18.98%</b>	<b>28.2%</b>
Costs for services and for the use of third-party goods	115,908	7.55%	99,046	7.37%	17.0%
Payroll	116,120	7.57%	83,809	6.23%	38.6%
Other operating costs	2,920	0.19%	2,914	0.22%	0.2%
<b>Total operating costs</b>	<b>234,948</b>	<b>15.31%</b>	<b>185,769</b>	<b>13.81%</b>	<b>26.5%</b>
<b>Gross Operating Margin (Ebitda)</b>	<b>92,209</b>	<b>6.01%</b>	<b>69,466</b>	<b>5.17%</b>	<b>32.7%</b>

The consolidated Operating Result (Ebit) at 31 January 2021 was Euro 63,878 thousand (+29.8% Y/Y), with an Ebit margin of 4.16% (vs. 3.66% Y/Y), after depreciation and amortisation of Euro 21,905 thousand (+46.3% 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 4,998 thousand (+61.7% Y/Y).

The Adjusted Consolidated Operating Result (Ebit) at 31 January 2021, gross of amortisation of intangible assets, client lists and know-how recorded following the PPA process, was Euro 67,509 thousand (+35.4% Y/Y), with an Adjusted Ebit margin of 4.40% (vs. 3.89% 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 January		Precise number of employees at 31 January		Precise number of employees at 30 April 2020
	2021	2020	2021	2020	
Executives	25	21	27	21	22
Middle Management	234	179	259	189	208
Office Staff	2,654	1,861	2,992	2,011	2,317
<b>Total</b>	<b>2,913</b>	<b>2,061</b>	<b>3,278</b>	<b>2,221</b>	<b>2,547</b>

The results at 31 January 2021 are supported by the growth in human capital, with total number of employees rising from 2,221 at 31 January 2020 to 3,278 at 31 January 2021, thanks to the contribution of 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 January 2021 amounted to Euro 62,511 thousand (Ebt margin 4.07%) up 33.6% compared to Euro 46,776 thousand (Ebt margin 3.48%) at 31 January 2020. The net balance of financial operations, including the profits of the carried at equity, was negative by Euro 1,367 thousand at 31 January 2021, improving in comparison to Euro 2,447 thousand at 31 January 2020.

<i>(Euro thousands)</i>	Period ended 31 January	
	2021	2020
Interest expense on sales of receivables	(1,149)	(1,182)
Expenses and commissions for sales of receivables with recourse	(137)	(104)
Bank and loan interest expense	(180)	(311)
Other interest payable	(1,519)	(1,107)
Commissions and other financial expense	(1,778)	(1,396)
Financial expense related to severance indemnities	(201)	(191)
<b>Total financial expense</b>	<b>(4,964)</b>	<b>(4,291)</b>
Interest income on other short-term receivables	246	583
Other financial income.	116	102
Bank interest income	49	18
Dividends from shareholdings	95	20
<b>Total financial income</b>	<b>506</b>	<b>723</b>
<b>Total financial management (A)</b>	<b>(4,458)</b>	<b>(3,568)</b>
<b>Exchange management (B)</b>	<b>1,373</b>	<b>(105)</b>
<b>Profit of companies evaluated using the equity method (C)</b>	<b>1718</b>	<b>1,226</b>
<b>Net financial income/(expense) (A+B+C)</b>	<b>(1,367)</b>	<b>(2,447)</b>

Consolidated net earnings after tax at 31 January 2021 amounted to Euro 43,914 thousand (EAT margin 2.86%) up 35.0% compared to Euro 32,527 thousand (EAT margin 2.42%) at 31 January 2020. The Adjusted Net Result (excluding client list and know-how amortisation) increased from Euro 34,727 thousand at 31 January 2020 to Euro 47,472 thousand at 31 January 2021 (+36.7%).

Consolidated profit after minority interest (profit attributable to the Group's shareholders) was Euro 39,925 thousand at 31 January 2021, up 39.2% compared to 31 January 2020, 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 43,483 thousand at 31 January 2021, up 40.8% compared to Euro 30,882 thousand at 31 January 2020.

## Highlights of the Group's income statement and balance sheet

The reclassified consolidated balance sheet (in Euro thousands) at 31 January 2021 is provided below. Together with the comparative figures for the year ended 30 April 2020, the figures for the period ended 31 January 2020 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.

<b>Reclassified Balance Sheet</b>	<b>31/01/2021</b>	<b>31/01/2020</b>	<b>30/04/2020</b>
Intangible assets	114,416	66,579	74,273
Tangible assets (including utilisation rights)	94,964	73,697	83,958
Investments carried at equity	13,273	11,673	12,158
Other non-current assets and prepaid taxes	28,269	25,595	25,715
<b>Total non-current assets</b>	<b>250,922</b>	<b>177,544</b>	<b>196,104</b>
Inventories	94,276	100,115	91,127
Trade receivables	550,284	542,534	393,645
Other current assets	74,373	55,120	48,646
<b>Current assets for the year</b>	<b>718,933</b>	<b>697,769</b>	<b>533,418</b>
Trade payables	481,741	451,636	379,066
Other current payables	146,840	113,556	99,610
<b>Short-term liabilities for the year</b>	<b>628,581</b>	<b>565,192</b>	<b>478,676</b>
<b>Net working capital</b>	<b>90,352</b>	<b>132,577</b>	<b>54,742</b>
Provisions and other non-current tax liabilities	30,667	17,937	20,665
Employee benefits	39,327	28,779	31,022
<b>Net non-current tax liabilities</b>	<b>69,994</b>	<b>46,716</b>	<b>51,687</b>
<b>Net Invested Capital</b>	<b>271,280</b>	<b>263,405</b>	<b>199,159</b>
<b>Shareholders' Equity</b>	<b>282,576</b>	<b>251,566</b>	<b>253,859</b>
Short-term Net Financial Position	210,567	129,126	187,038
Short-term Net Financial Position	(221,863)	(117,287)	(241,738)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(11,296)</b>	<b>11839</b>	<b>(54,700)</b>
<b>Treasury Shares and Net Financial Position</b>	<b>271,280</b>	<b>263,405</b>	<b>199,159</b>

The balance sheet at 31 January 2021 shows an increase in net invested capital, which increased from Euro 263,405 thousand at 31 January 2020 to Euro 271,280 thousand at 31 January 2021, mainly as a result of:

- increase in non-current assets, amounting to Euro 250,922 thousand at 31 January 2021 compared to Euro 177,544 thousand at 31 January 2020, generated mainly by investments in corporate acquisitions;
- improvement of the net working capital, which is reduced to Euro 90,352 thousand (NWC/Revenues<sup>3</sup> 4.6%) at 31 January 2021 from Euro 132,577 thousand (NWC/Revenues 7.6%) at 31 January 2020, 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 11,296 thousand at 31 January 2021, compared to a negative balance (net payable) of Euro 11,839 thousand at 31 January 2020, 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 282,576 thousand at 31 January 2021 compared to Euro 251,566 thousand at 31 January 2020, thanks to profits generated in the period and to self-financing.

Non-current assets at 31 January 2021 amounted to Euro 250,922 thousand with an increase of Euro 73,378 thousand compared to Euro 177,544 thousand at 31 January 2020, generated mainly by investments during the period to support growth and in particular by:

- an increase in intangible assets from Euro 66,579 thousand at 31 January 2020 to Euro 114,416 thousand at 31 January 2021, following 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, WSS Sagi, Elmas Srl, Sinapsi Srl, Pragma Progetti Srl, Pragma Solution Srl, Palitalsoft Srl and Weelgo Srl;
- increase in tangible assets from Euro 73,697 thousand at 31 January 2020 to Euro 94,964 thousand at 31 January

<sup>3</sup> Net Working Capital/Revenues determined as the simple arithmetic mean of the findings of the report at the end of the quarters ending 30 April 2020, 31 July 2020, 31 October 2020 and 31 January 2021



2021, following the Group's technological investments, as well as the recognition of additional utilisation rights in application of IFRS 16, as a consequence of the increase in the consolidation setting, up from Euro 42,555 thousand at 31 January 2020 to Euro 53,639 thousand at 31 January 2021;

- increase in the Other non-current assets and deferred tax assets item from Euro 25,595 thousand at 31 January 2020 to Euro 28,269 thousand at 31 January 2021, as a result of increased deferred tax assets following the expansion of the corporate setting.

Details of the Group's Net Financial Position (in Euro thousands) at 31 January 2021 are shown below. The figures for the period ended 31 January 2020 are also included, in addition to the comparative figures for the year ended 30 April 2020, 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.

<b>Net financial position</b>	<b>31/01/2021</b>	<b>31/01/2020</b>	<b>30/04/2020</b>
Liquidity	355,387	227,715	368,466
Current financial receivables and short-term securities	1,546	910	478
Current financial payables	126,135	105,117	119,092
Financial liabilities for current utilisation rights	8,935	6,221	8,114
<b>Current financial payables</b>	<b>(221,863)</b>	<b>(117,287)</b>	<b>(241,738)</b>
Non-current financial payables	177,410	104,153	156,551
Financial liabilities for non-current utilisation rights	33,157	24,973	30,487
<b>Non-current financial payables</b>	<b>210,567</b>	<b>129,126</b>	<b>187,038</b>
<b>Net Financial Position</b>	<b>(11,296)</b>	<b>11,839</b>	<b>(54,700)</b>
Future commitments to purchase equity investments <sup>4</sup>	49,133	12,928	17,017
<b>Adjusted Net Financial Position</b>	<b>(60,429)</b>	<b>(1,089)</b>	<b>(71,717)</b>

The Group's Net Financial Position at 31 January 2021 is positive (net cash and cash equivalents) by Euro 11,296 thousand, an improvement compared to a negative balance of Euro 11,839 thousand at 31 January 2020, thanks to the cash flow generated by operations (over Euro 100 million in the 12-month period ended 31 January 2021), net of investments in the last 12 months in corporate acquisitions and technological infrastructure totalling over Euro 80 million. The Net Financial Position at 31 January 2021 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 49,133 thousand) at 31 January 2021 is positive (net cash and cash equivalents) by Euro 60,429 thousand, a significant improvement compared to a positive balance of Euro 1,089 thousand at 31 January 2020, thanks to the cash flow generated by operations (over Euro 100 million in the 12-month period ended 31 January 2021), net of investments in the last 12 months in corporate acquisitions and technological infrastructure totalling about Euro 50 million.

Consolidated shareholders' equity at 31 January 2021 amounted to Euro 282,757 thousand, compared to Euro 251,566 thousand at 31 January 2020 and Euro 253,859 thousand at 30 April 2020. The change compared to 30 April 2020 reflects the profit for the period in progress at 31 January 2021.

<sup>4</sup> Adjusted NFP, not including commitments for non-interest-bearing deferred payments (amounting to Euro 49,133 thousand at 31 January 2021) for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

## Economic highlights of the VAD Sector

The reclassified income statement of the VAD Sector (in Euro thousands) at 31 January 2021 is provided below, and compared with the previous period ended 31 January 2020.

VAD Sector (Euro thousands)	31 January				
	2021	%	2020	%	Change
<b>Revenues from third parties</b>	<b>1,142,992</b>		<b>1,034,078</b>		<b>10.5%</b>
Inter-sector revenues	65,433		58,626		11.6%
<b>Total Revenues</b>	<b>1,208,425</b>		<b>1,092,704</b>		<b>10.6%</b>
Other income	5,485		4,658		17.8%
<b>Total revenues and other income</b>	<b>1,213,910</b>	<b>100.0%</b>	<b>1,097,362</b>	<b>100.0%</b>	<b>10.6%</b>
Consumable materials and goods	(1,124,972)	-92.7%	(1,019,871)	-92.9%	10.3%
<b>Gross Commercial Margin</b>	<b>88,938</b>	<b>7.3%</b>	<b>77,491</b>	<b>7.1%</b>	<b>14.8%</b>
Costs for services and for the use of third-party goods	(24,950)	-2.1%	(23,434)	-2.1%	6.5%
Payroll costs	(14,144)	-1.2%	(12,148)	-1.1%	16.4%
Other operating costs	(1,644)	-0.1%	(1,961)	-0.2%	-16.2%
<b>Ebitda</b>	<b>48,200</b>	<b>3.97%</b>	<b>39,948</b>	<b>3.64%</b>	<b>20.7%</b>
Amortisation, accruals and other non-monetary costs	(5,748)	-0.5%	(5,399)	-0.5%	6.5%
<b>Operating result (Ebit)</b>	<b>42,452</b>	<b>3.5%</b>	<b>34,549</b>	<b>3.1%</b>	<b>22.9%</b>
Profit of companies evaluated using the equity method	1,458	0.1%	899		62.2%
Net financial income and expense	(1,165)	-0.1%	(2,192)		-46.9%
<b>Result gross of taxes</b>	<b>42,745</b>	<b>3.5%</b>	<b>33,256</b>		<b>28.5%</b>
Income taxes	(11,898)	-1.0%	(9,326)		27.6%
<b>Net result for the period</b>	<b>30,847</b>	<b>2.54%</b>	<b>23,930</b>	<b>2.18%</b>	<b>28.9%</b>
Net result attributable to minority shareholders	330		190		73.7%
<b>Net result attributable to the Group</b>	<b>30,517</b>	<b>2.5%</b>	<b>23,739</b>	<b>2.2%</b>	<b>28.6%</b>

Results for the Sector at 31 January 2021 show an acceleration in the growth of revenues and profitability, consolidating 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 considerable 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, January 2021).

The consolidation of **Clever Consulting Srl**, of which Computer Gross acquired 55% at the beginning of the year, was launched during the period in consideration. Clever Consulting is a company specialised in offering End Point Security solutions, with a portfolio of vendors that includes Blackberry, Accellion, Wandera, TITUS and Globalscape.

Strategic development transactions include the acquisition in June 2020 of 55% of the capital of **Service Technology Srl**, a company operating in the refurbished sector and offering services for the management and renovation of technology parks to support environmental sustainability. These transactions also include the acquisition of 19% of the capital of **PM Service Srl**, offering technology solutions for energy efficiency and the circular economy. The two transactions will strengthen the company's position in a market segment in which demand is growing steadily in light of the strong focus of stakeholders on environmental sustainability and the progressive convergence of environmental sustainability and digital technologies. In addition to corporate acquisitions during the period, investments were made and commercial initiatives undertaken to strengthen the market share in the enterprise software, cloud and security segments. These included the partnership with **Red Hat** (the main provider of hybrid cloud solutions on an open source platform), the integration of the **Adobe** vendor's digital media solutions into the Computer Gross offering, and the partnership agreement with the international vendor **Fortinet**, a key player in the security sector.

Thanks to the aforementioned initiatives, Total Revenues and other income amounted to Euro 1,213.9 million at 31 January 2021, up 10.6% compared to Euro 1,097.3 million at 31 January 2020, benefiting from the expansion of the solutions offered in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments.

The Gross Margin<sup>5</sup> of the VAD Sector has grown 14.8%, from Euro 77,491 thousand (Gross Margin of 7.1% of revenues and other income) at 31 January 2020 to Euro 88,938 thousand (Gross Margin of 7.3% of revenues and other income) at 31 January 2021, thanks to a more favourable sales mix resulting from, among other things, an increase in the number of customers served and the greater diversification of sales.

The Ebitda result at 31 January 2021 amounted to Euro 48,200 thousand (Ebitda margin 3.97%), up 20.7% compared to Euro 39,948 thousand (Ebitda margin 3.6%) at 31 January 2020, achieved thanks to the development of the Gross Margin and the lower incidence of operating costs (-10 basis points), favoured by, among other things, actions to make the operating and logistics platform more efficient.

The companies recently included in the consolidation setting (Clever Consulting Srl, Pico Srl and Service Technology Srl), contributed about 5% to the growth in turnover and profitability in the period in question.

After depreciation, amortisation and provisions of Euro 5,748 thousand (a slight increase of +6.5% Y/Y), Operating profit (Ebit) at 31 January 2021 was Euro 42,452 thousand (3.5% of Revenues and other income), up 22.9% compared to Euro 34,549 thousand (3.1% of Revenues and other income) at 31 January 2020.

Net profit after tax was Euro 30,847 thousand at 31 January 2021, up 28.9% compared to Euro 23,930 thousand at 31 January 2020, thanks to the above-mentioned growth in operating profitability and the improvement in financial management, with a reduction in net financial expenses to Euro 1,165 thousand at 31 January 2021 compared to Euro 2,192 thousand at 31 January 2020.

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

## Economic highlights of the SSI Sector

The reclassified income statement of the SSI Sector (in Euro thousands) at 31 January 2021 is provided below, and compared with the previous period ended 31 January 2020.

SSI Sector (Euro thousands)	31 January				
	2021	%	2020	%	Change
<b>Revenues from third parties</b>	<b>347,027</b>		<b>300,828</b>		<b>15.4%</b>
Inter-sector revenues	2,764		2,239		23.4%
<b>Total Revenues</b>	<b>349,791</b>		<b>303,067</b>		<b>15.4%</b>
Other income	5,357		5,418		-1.1%
<b>Total revenues and other income</b>	<b>355,148</b>	<b>100.0%</b>	<b>308,485</b>	<b>100.0%</b>	<b>15.1%</b>
Consumable materials and goods	(136,153)	-38.3%	(123,424)	-40.0%	10.3%
Costs for services and for the use of third-party goods	(92,432)	-26.0%	(90,482)	-29.3%	2.2%
Payroll costs	(85,659)	-24.1%	(66,433)	-21.5%	28.9%
Other operating costs	(1,094)	-0.3%	(837)	-0.3%	30.7%
<b>Ebitda</b>	<b>39,810</b>	<b>11.21%</b>	<b>27,309</b>	<b>8.85%</b>	<b>45.8%</b>
Amortisation, accruals and other non-monetary costs	(18,303)		(12,548)		45.9%
<b>Operating result (Ebit)</b>	<b>21,507</b>	<b>6.1%</b>	<b>14,761</b>	<b>4.8%</b>	<b>45.7%</b>
Profit of companies evaluated using the equity method	251		337		-25.5%
Net financial income and expense	(1,700)		(1,479)		14.9%
<b>Result gross of taxes</b>	<b>20,058</b>	<b>5.6%</b>	<b>13,619</b>	<b>4.73%</b>	<b>47.3%</b>
Income taxes	(6,528)		(4,638)		40.8%
<b>Net result for the period</b>	<b>13,530</b>	<b>3.81%</b>	<b>8,981</b>	<b>2.91%</b>	<b>50.7%</b>
Net result attributable to minority shareholders	3,643		3,655		-0.3%
<b>Net result attributable to the Group</b>	<b>9,887</b>	<b>2.8%</b>	<b>5,327</b>	<b>1.7%</b>	<b>85.6%</b>

The Sector's consolidated results for the period in question show continued growth in revenues (+15.1% Y/Y) and profitability (Ebitda +45.8% Y/Y), accelerating from the already favourable development trend of the last five years (CAGR Revenues 2015-20): +15.8%) and CAGR Ebitda 2015-20: +31.7%). The results at 31 January 2021 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 15 since January 2020) and investments in the development of human capital (exceeding a total of 2,300 employees in the SSI Sector alone at 31 January 2021). The Ebitda result for the nine months ended at 31 January 2021 grew by 45.8%, with the Ebitda margin increasing from 8.8% at 31 January 2020 to 11.2% (+240 basis points). The growth of the Ebitda margin was achieved thanks to a solid development of the margins of all business lines including Smart Services and BTS.

The use of external leverage and the solid M&A pipeline as part of an organic business development strategy contributed significantly and accounted for around 75% of the growth in revenues and operating profitability in the nine months. Changes in the consolidation setting included important corporate acquisitions that strengthened market positioning of Var Group in all the main lines of service, such as zero12 Srl in the Cloud segment, Weelgo Srl in IT security, Infolog SpA, Di.Tech SpA, Pragma Progetti Srl, Pragma Solution Srl, Sinapsi Srl, Palitalsoft Srl and the Me.R.Sy business unit 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. It should also be noted that in February 2021, an agreement was signed for the acquisition of 55% of Fen Wo Shanghai Ltd (Fireworks), further developing the offer of digital marketing and customer experience services to support products Made in Italy on the Chinese digital market.

Consolidated net profit for the period as at 31 January 2021 amounted to Euro 13,530 thousand (3.81% of Revenue and other income), improving 50.7% compared to Euro 8,981 thousand at 31 January 2020 (2.91% of Revenue and other income), resulting from the positive development of operating profitability, which rose to Euro 21,507 thousand (6.01% of Revenues and other income) compared to Euro 14,761 thousand (4.8% of Revenues and other income), despite higher amortisation and depreciation and provisions, which increased from Euro 12,548 thousand at 31 January 2020 to Euro 18,303 thousand at 31 January 2021. In particular, amortisation of intangible assets (client lists and technological know-how) recognised following the PPA process at 31 January 2021 amounted to Euro 4,361 thousand, up 49.7% compared to Euro 2,913 thousand at 31 January 2020, due to the acceleration of corporate acquisitions to support the organic growth of the business.

## 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 year ended 31 January 2021 is provided below. The recently created Sector entered the Group's consolidation setting from March 2020 so no comparative figures are available for 31 January 2020.

Business Services Sector (Euro thousands)	2021	31 January %	2020	%	Change
<b>Revenues from third parties</b>	<b>32,645</b>				
Inter-sector revenues	462				
<b>Total Revenues</b>	<b>33,107</b>				
Other income	507				
<b>Total revenues and other income</b>	<b>33,614</b>	<b>100.0%</b>			
Consumable materials and goods	(6,571)	-19.5%			
Costs for services and for the use of third-party goods	(15,530)	-46.2%			
Payroll costs	(9,743)	-29.0%			
Other operating costs	(64)	-0.2%			
<b>Ebitda</b>	<b>1,706</b>	<b>5.08%</b>			
Amortisation, accruals and other non-monetary costs	(1,437)				
<b>Operating result (Ebit)</b>	<b>269</b>	<b>0.8%</b>			
Profit of companies evaluated using the equity method	-				
Net financial income and expense	(227)				
<b>Result gross of taxes</b>	<b>42</b>	<b>0.1%</b>			
Income taxes	(28)				
<b>Net result for the period</b>	<b>14</b>	<b>0.05%</b>			
Net result attributable to minority shareholders	16				
<b>Net result attributable to the Group</b>	<b>(2)</b>	<b>ns</b>			

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 January 2021, achieving revenues and other income of Euro 33,614 thousand and an operating profitability (Ebitda) of Euro 1,706 thousand with an Ebitda margin of 5.08% 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 setting from July 2020 following the purchase of 60% of the capital by ABS Technology Srl.

After depreciation and amortisation of Euro 1,437 thousand, net financial expenses of Euro 227 thousand and taxes for the period, the net result was Euro 14 thousand.

## Economic highlights of the Corporate Sector

The reclassified income statement of the Corporate Sector (in Euro thousands) for the year ended 31 January 2021 is provided below, and compared with the previous period ended 31 January 2020.

<b>Corporate Sector</b> <i>(Euro thousands)</i>	<b>2021</b>	<b>31 January</b> <b>%</b>	<b>2020</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>1,070</b>		<b>1,372</b>		<b>-22.0%</b>
Inter-sector revenues	12,872		11,518		11.8%
<b>Total Revenues</b>	<b>13,942</b>		<b>12,890</b>		<b>8.2%</b>
Other income	2,620		1,877		39.6%
<b>Total revenues and other income</b>	<b>16,562</b>	<b>100.0%</b>	<b>14,767</b>	<b>100.0%</b>	<b>12.2%</b>
Consumable materials and goods	(168)	-1.0%	(181)	-1.2%	-7.2%
Costs for services and for the use of third-party goods	(7,048)	-42.6%	(6,963)	-47.2%	1.2%
Payroll costs	(6,639)	-40.1%	(5,228)	-35.4%	27.0%
Other operating costs	(214)	-1.3%	(186)	-1.3%	15.1%
<b>Ebitda</b>	<b>2,493</b>	<b>15.05%</b>	<b>2,209</b>	<b>14.96%</b>	<b>12.9%</b>
Amortisation, accruals and other non-monetary costs	(2,843)		(2,296)		23.8%
<b>Operating result (Ebit)</b>	<b>(350)</b>	<b>-2.1%</b>	<b>(87)</b>	<b>-0.6%</b>	<b>302.3%</b>
Profit of companies evaluated using the equity method	9		(10)		190.0%
Net financial income and expense	7		(2)		450.0%
<b>Result gross of taxes</b>	<b>(334)</b>	<b>-2.0%</b>	<b>(99)</b>		<b>-237.4%</b>
Income taxes	(143)		(285)		-49.8%
<b>Net result for the period</b>	<b>(477)</b>	<b>-2.88%</b>	<b>(384)</b>	<b>-2.60%</b>	<b>-24.2%</b>
Net result attributable to minority shareholders	-		-		-
<b>Net result attributable to the Group</b>	<b>(477)</b>	<b>ns</b>	<b>(384)</b>	<b>-2.6%</b>	<b>-24.2%</b>

The economic results of the Corporate Sector show an increase in revenues and in the Ebitda result as at 31 January 2021, 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.

Revenues and other income increased by 12.2% in the period from Euro 14,767 thousand at 31 January 2020 to Euro 16,562 thousand at 31 January 2021. The Ebitda result at 31 January 2021 was Euro 2,493 thousand, up 12.9% from Euro 2,209 thousand at 31 January 2020.

The Net result for the period was negative by Euro 350 thousand, down compared to the previous period due to higher notional costs related to the 2021-2023 stock grant plan in progress, with charges at 31 January 2021 equating to Euro 2,443 thousand compared to Euro 1,998 thousand at 31 January 2020.

## Human resources and sustainable growth

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

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 engages young talents** and resources entering the working world, through a dedicated team and an articulate programme of activities:

- Collaborative agreements with the main universities in Italy and post-diploma professional training schools;
- Organisation of Academies and induction and training courses within the Group companies;
- Social communication campaigns aimed at strengthening the Group's brand identity and developing the job offer promoted by the Group.

Thanks to these programmes, over the last 12 months, more than 200 resources from universities and training schools have been hired through internship and apprenticeship programmes (54 interns and 264 apprentices as at 31 January 2021), which end with the assignment of permanent employment contracts with percentages close to 100%.

The Group has boosted **investments in training activities** in order to increase the skills of human resources in the following training areas:

- Technical and professional training (tutorship, seminars, academy);
- Training in key competences (soft and digital skills, project management);
- Compulsory training (L. 81/2008 Health and Safety in the Workplace, Corporate Responsibility Legislative Decree 231, GDPR regulations).

Despite the health emergency period, the number of training hours in the year ending 30 April 2021 is expected to grow further, with over 22,000 hours compared to approximately 20,000 in the previous year, covering more than 60% of the working population.

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 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 the children of employees, 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 or a voucher to support remote learning for employees' children. Measures to support housing mobility for under-35s and sustainable mobility are also planned.
- 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. These interventions are consistent with the sustainability goals pursued by the Sesa Group in the management of human capital, promoting its development, diversity within the framework of work life balance policies and loyalty in the long term.

At 31 January 2021, the Group's workforce totalled 3,278 employees, highlighting a significant growth trend compared to the previous two years, thanks both to the plans to hire young high-school leavers and recent graduates, and the acceleration of the growth path by external lines aimed in particular at developing the skills of human resources.

<i>(in units)</i>	Average number of employees for the period ended 31 January		Precise number of employees at 31 January		Precise number of employees at 30 April 2020
	2021	2020	2021	2020	
Executives	25	21	27	21	22
Middle Management	234	179	259	189	208
Office Staff	2,654	1,861	2,992	2,011	2,317
<b>Total</b>	<b>2,913</b>	<b>2,061</b>	<b>3,278</b>	<b>2,221</b>	<b>2,547</b>

Following the pandemic, the Sesa Group promptly activated measures to safeguard the health and safety of its employees and guarantee the operation of essential services. Protocols have been adopted at Group level to prevent contagion, 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 legal 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, Competent Doctor, Head of Safety), the Task Force promptly adopted protocols for the prevention of contagion and the implementation of relative procedures, including the reduction and monitoring of travel between the various Group offices (replaced by meetings in audio/videoconference mode) and the scheduling of training activities with e-learning activities. Since the beginning of the pandemic 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, operating in technological innovation and digital services that are essential to the operation of organisations and businesses.

On 27 January 2021, the Shareholders' Meeting unanimously approved (100% of the capital attending the meeting) the integration of Article 19 of the Articles of Association with the inclusion in the directors' mandate of the sustainable growth goal to the benefit of all stakeholders. This confirms the Group's commitment to proactively support the development of innovative and sustainable models for the creation of value to the benefit of its stakeholders. Thanks to the agreement with the consulting firm Nativa, the first B Corp in Italy and BLab's Italian partner, the Group has launched a process aimed at obtaining the B Corp Certification, which will allow the assessment and measurement of its impact on sustainability, with the aim of meeting the best international standards. This commitment is consistent with the strategy of long-term value creation of the Sesa Group, to the benefit of all stakeholders, particularly its human capital.



## Sector Disclosures

The criteria applied to identify the business segments reported are in line with the methods used by management to manage the Group. In particular, the structure of the business segments 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 dimension 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 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 income-related information by operating sector for the periods ended 31 January 2021 and 31 January 2020:

<i>(Euro thousands)</i>	Period ended 31 January 2021					Period ended 31 January 2020					
	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations	Value Added Distribution	Software and System Integration	Corporate	Eliminations		
<b>Revenues from third parties</b>	<b>1,142,992</b>	<b>347,027</b>	<b>32,645</b>	<b>1,070</b>	<b>1,523,734</b>	<b>1,034,078</b>	<b>300,828</b>	<b>1,372</b>	<b>1,336,278</b>		
Inter-sector revenues	65,433	2,764	462	12,872	81,531	58,626	2,239	11,518	72,383		
<b>Revenues</b>	<b>1,208,425</b>	<b>349,791</b>	<b>33,107</b>	<b>13,942</b>	<b>(81,532)</b>	<b>1,092,704</b>	<b>303,067</b>	<b>12,890</b>	<b>(72,383)</b>	<b>1,336,278</b>	
Other income	5,485	5,357	507	2,620	(3,423)	10,546	4,658	5,418	1,877	(3,459)	8,494
<b>Total revenues and other income</b>	<b>1,213,910</b>	<b>355,148</b>	<b>33,614</b>	<b>16,562</b>	<b>(84,955)</b>	<b>1,534,279</b>	<b>1,097,362</b>	<b>308,485</b>	<b>14,767</b>	<b>(75,842)</b>	<b>1,344,772</b>
Product purchase costs	(1,124,972)	(136,153)	(6,571)	(168)	60,742	(1,207,122)	(1,019,871)	(123,424)	(181)	53,939	(1,089,537)
Costs for services and for the use of third-party goods	(24,950)	(92,432)	(15,530)	(7,048)	24,052	(115,908)	(23,434)	(90,482)	(6,963)	21,833	(99,046)
Payroll costs	(14,144)	(85,659)	(9,743)	(6,639)	65	(116,120)	(12,148)	(66,433)	(5,228)		(83,809)
Other operating costs	(1,644)	(1,094)	(64)	(214)	96	(2,920)	(1,961)	(837)	(186)	70	(2,914)
<b>Ebitda</b>	<b>48,200</b>	<b>39,810</b>	<b>1,706</b>	<b>2,493</b>	<b>-</b>	<b>92,209</b>	<b>39,948</b>	<b>27,309</b>	<b>2,209</b>	<b>-</b>	<b>69,466</b>
Amortisation, depreciation and write-downs	(5,748)	(18,303)	(1,437)	(2,843)		(28,331)	(5,399)	(12,548)	(2,296)	-	(20,243)
<b>Operating result (Ebit)</b>	<b>42,452</b>	<b>21,507</b>	<b>269</b>	<b>(350)</b>	<b>-</b>	<b>63,878</b>	<b>34,549</b>	<b>14,761</b>	<b>(87)</b>	<b>-</b>	<b>49,223</b>
Profit of companies evaluated using the equity method	1,458	251		9	-	1,718	899	337	(10)	-	1,226
Net financial income and expense	(1,165)	(1,700)	(227)	7	-	(3,085)	(2,192)	(1,479)	(2)	-	(3,673)
<b>Profit before taxes</b>	<b>42,745</b>	<b>20,058</b>	<b>42</b>	<b>(334)</b>	<b>-</b>	<b>62,511</b>	<b>33,256</b>	<b>13,619</b>	<b>(99)</b>	<b>-</b>	<b>46,776</b>
Income taxes	(11,898)	(6,528)	(28)	(143)		(18,597)	(9,326)	(4,638)	(285)		(14,249)
<b>Period profit</b>	<b>30,847</b>	<b>13,530</b>	<b>14</b>	<b>(477)</b>	<b>-</b>	<b>43,914</b>	<b>23,930</b>	<b>8,981</b>	<b>(384)</b>	<b>-</b>	<b>32,527</b>
Profit attributable to minority interests	330	3,643	16	-		3,989	190	3,655	-		3,845
<b>Profit attributable to the Group</b>	<b>30,517</b>	<b>9,887</b>	<b>(2)</b>	<b>(477)</b>	<b>-</b>	<b>39,925</b>	<b>23,739</b>	<b>5,327</b>	<b>(384)</b>	<b>-</b>	<b>28,682</b>

## Transactions with related parties and Group companies

Economic transactions between group companies are conducted at market prices and are eliminated in the consolidation process. Transactions entered into by Group companies with related parties pursuant to IAS 24 were conducted on an arm's length basis and for mutual economic advantage.

There were no significant transactions with related parties during the period in question.

## Significant events occurring after the end of the quarter

After the end of the quarter, the Sesa Group's growth path continued with sustainable development goals in terms of skills and specialisations and a growing sales revenue trend in line with the trend of the first nine months of operation.

## Outlook

In a phase of considerable acceleration of the demand for digital transformation of companies and organisations, the Sesa Group continues its strategy of investment in skills and innovation, particularly in the main digital trends such as Cloud, Security, Analytics, Cognitive-A.I.

The first nine months of the fiscal year confirm the Group's solid growth, with trends exceeding the reference market and the long-term track record, thanks to the acceleration in external growth and investments in human capital that will help fuel the path of long-term sustainable value generation.

Following the acceleration of growth in revenue in the first nine months of the year, the development of human resources and related skills, as well as the favourable trend in the demand for digitisation by customers and partners, the Sesa Group confirms its favourable outlook for the ending 30 April 2021 and for the following year ending 30 April 2022, with revenue and profitability growth above that of the reference market and its own long-term historical track record.

The Group will maintain a primary role in supporting the demand for digital transformation of the country and its customers forecast for the years to come, with a constant commitment to investment policies and strategies for sustainable growth in the long term, to the benefit of all stakeholders.

*The Chairman of the Board of Directors*  
Paolo Castellacci

## Annexes

## Consolidated Statement of Income

<i>(Euro thousands)</i>	Period ended 31 January	
	2021	2020
Revenues	1,523,733	1,336,278
Other income	10,546	8,494
Consumable materials and goods	(1,207,122)	(1,089,537)
Costs for services and for the use of third-party goods	(118,351)	(101,044)
Payroll costs	(116,120)	(83,809)
Other operating costs	(6,903)	(6,184)
Amortisation, depreciation and write-downs	(21,905)	(14,975)
<b>Operating result</b>	<b>63,878</b>	<b>49,223</b>
Profit of companies evaluated using the equity method	1718	1,226
Financial income	7,527	2,589
Financial expense	(10,612)	(6,262)
<b>Profit before taxes</b>	<b>62,511</b>	<b>46,776</b>
Income taxes	(18,597)	(14,249)
<b>Period profit</b>	<b>43,914</b>	<b>32,527</b>
<i>of which:</i>		
Profit attributable to minority interests	3,989	3,845
Profit attributable to the Group	39,925	28,682

## Statement of Consolidated Financial and Equity Situation

<i>(Euro thousands)</i>	At 31 January	At 30 April
	2021	2020
Intangible assets	114,416	74,273
Utilisation right	53,639	49,617
Tangible assets	41,325	34,341
Property investments	263	290
Investments carried at equity	13,273	12,158
Receivables for deferred tax assets	11.637	9,901
Other non-current receivables and assets	16.369	15,524
<b>Total non-current assets</b>	<b>250.922</b>	<b>196,104</b>
Inventory	94.276	91,127
Current trade receivables	550.284	393,645
Current tax receivables	13.830	5,307
Other current receivables and assets	62,089	43,817
Cash and cash equivalents	355,387	368,466
<b>Total current assets</b>	<b>1,075,866</b>	<b>902,362</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>1,326,788</b>	<b>1,098,466</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(22,365)	(17,763)
Profits carried forward	215,278	183,884
<b>Total shareholders' equity attributable to the Group</b>	<b>263,184</b>	<b>236,392</b>
Shareholders' equity attributable to minority shareholders	19,392	17,467
<b>Total Shareholders' equity</b>	<b>282,576</b>	<b>253,859</b>
Non-current loans	177,410	156,551
Financial liabilities for non-current utilisation rights	33,157	30,487
Employee benefits	39,327	31,022
Non-current provisions	2,551	1,780
Deferred tax liabilities	28,116	18,885
<b>Total non-current liabilities</b>	<b>280,561</b>	<b>238,725</b>
Current loans	126,135	119,092
Financial liabilities for current utilisation rights	8,935	8,114
Trade payables	481,741	379,066
Current tax payables	18,994	5,812
Other current liabilities	127,846	93,798
<b>Total current liabilities</b>	<b>763,651</b>	<b>605,882</b>
<b>Total liabilities</b>	<b>1,044,212</b>	<b>844,607</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,326,788</b>	<b>1,098,466</b>

## Statement of Changes in Consolidated 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 minority shareholders	Total Shareholders' equity
<b>At 30 April 2020</b>	<b>37,127</b>	<b>33,144</b>	<b>(17,763)</b>	<b>183,884</b>	<b>236,392</b>	<b>17,467</b>	<b>253,859</b>
Profit for the year				39,925	39,925	3,989	43,914
Actuarial profit/loss for employee benefits - gross			(525)		(525)	(144)	(669)
<b>Comprehensive profit for the year</b>			<b>(525)</b>	<b>39,925</b>	<b>39,400</b>	<b>3,845</b>	<b>43,245</b>
Purchase of treasury shares			(3,108)		(3,108)		<b>(3,108)</b>
Reduction of treasury shares for Stock Grant plan					-		-
Dividends distributed				-	-	(510)	<b>(510)</b>
Maturation of Stock Grant plans			2,443		2,443		<b>2,443</b>
Assignment of Stock Grant plan			-		-		-
Allocation of profit for the year			11,099	(11,099)	-		-
Change in the scope of consolidation and other changes			(14,511)	2,568	(11,943)	(1,410)	<b>(13,353)</b>
<b>At 31 January 2021</b>	<b>37,127</b>	<b>33,144</b>	<b>(22,365)</b>	<b>215,278</b>	<b>263,184</b>	<b>19,392</b>	<b>282,576</b>

## Consolidated Statement of Cash Flows

<i>(Euro thousands)</i>	Period ended 31 January	
	2021	2020
<b>Profit before taxes</b>	<b>62,511</b>	<b>46,776</b>
<b>Adjustments for:</b>		
Amortisation and Depreciation	21,915	14,974
Accruals to provisions relating to payroll and other provisions	6,920	5,658
Net financial (income) expense	2,659	2,170
Profit of companies evaluated using the equity method	(1,718)	(1,226)
Other non-monetary entries	799	1,542
<b>Cash flows generated by operating assets before changes in net working capital</b>	<b>93,086</b>	<b>69,894</b>
Change in inventory	(1,754)	(17,581)
Change in trade receivables	(140,560)	(174,518)
Change in supplier payables	89,758	119,953
Change in other assets	(8,539)	(1,349)
Change in other liabilities	9,923	8,970
Use of provisions for risks	(393)	(3,623)
Employee benefits	(1,878)	(96)
Change in deferred taxes	(2,422)	(478)
Change in receivables and payables for current taxes	4739	5,060
Interest paid	(2,848)	(2,600)
Taxes paid	(8,703)	(5,610)
<b>Net cash flow generated by operating assets</b>	<b>30,409</b>	<b>(1,978)</b>
Investments in companies net of cash purchased	(4,468)	(9,099)
Investments in tangible assets	(3,609)	(8,413)
Investments in intangible assets	(13,405)	(4,123)
Disposal of tangible and intangible assets	23	131
Disposal of assets held for sale		
Investments in associated companies	(28)	(967)
Investments in non-current financial assets	(1,886)	(3,291)
	(163)	31
Dividends collected	333	293
Interest collected	295	601
<b>Net cash flow generated/(absorbed) by investment activity *</b>	<b>(22,908)</b>	<b>(24,837)</b>
Subscriptions of long-term loans and financial leases	45,000	75,000
Repayment of long-term loans	(50,593)	(75,645)
(Reduction)/increase of short-term loans	(3,005)	22,895
Repayment of financial liabilities for utilisation rights	(7,511)	(5,371)
Investments/disinvestments in financial assets	(854)	559
Change in Group shareholders' equity	-	-
Change in minority shareholders' equity	-	-
Treasury shares	(3,107)	(1,508)
Dividends distributed	(510)	(10,474)
<b>Net cash flow generated/(absorbed) by financial activity</b>	<b>(20,579)</b>	<b>5456</b>
Conversion difference on cash and cash equivalents		
<b>Change in cash and cash equivalents</b>	<b>(13,078)</b>	<b>(21,359)</b>
Opening balance of cash and cash equivalents	368,466	249,074
<b>Closing balance of cash and cash equivalents</b>	<b>355,387</b>	<b>227,715</b>

(\*) Net investments at 31 January 2021 including future payables for the purchase of equity investments (deferred prices, put options, earn-outs) amounted to Euro 51,563 thousand.



Declaration pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, “Consolidated Law on Financial Intermediation”, as amended

The Executive in charge of preparation of the corporate accounting documents declares, pursuant to article 154-bis of the Consolidated Law on Finance, that the accounting disclosure contained in the Sesa Group’s Interim Report on Operations as at 31 January 2021, corresponds to the documentary results, books and accounting entries.

Empoli, 11 March 2021

Alessandro Fabbroni

(In his capacity as Executive in charge of preparation of the corporate accounting documents)