

**seSa** s.p.a

# Interim Report

31 July 2021

# Index

Management and auditing boards of Sesa SpA.....	3
Highlights of the Group's income statement and balance sheet.....	4
Main Group financial ratios.....	5
Sesa Group Structure at 31 July 2021.....	6
Foreword .....	7
Preparation Criteria and Accounting Standards.....	7
Alternative Performance Indicators .....	8
Significant events during the period.....	9
Operating conditions and development of the Group's structure and Business.....	11
Performance of operations .....	19
Corporate Governance.....	30
Human resources and sustainable growth.....	31
Transactions with related parties and Group companies .....	36
Significant events after the end of the quarter .....	36
Business Outlook.....	36
Annexes .....	37
Consolidated Income Statement .....	38
Consolidated Statement of Changes in Equity .....	39
Consolidated Statement of Financial Position .....	40
Consolidated Statement of Cash Flows.....	41
Declaration pursuant to article 154-bis .....	42

# Management and auditing boards of Sesa SpA

## Board of Directors

### Expiry

Paolo Castellacci	Chairman	approval of financial statements 30 April 2024
Alessandro Fabbroni	Chief Executive Officer	approval of financial statements 30 April 2024
Giovanni Moriani	Executive Deputy Chairman	approval of financial statements 30 April 2024
Moreno Gaini	Executive Deputy Chairman	approval of financial statements 30 April 2024
Claudio Berretti	Non-Executive Director	approval of financial statements 30 April 2024
Angelica Pelizzari	Non-Executive Director	approval of financial statements 30 April 2024
Giuseppe Cerati	Independent Director	approval of financial statements 30 April 2024
Chiara Pieragnoli	Independent Director	approval of financial statements 30 April 2024
Giovanna Zanotti	Independent Director	approval of financial statements 30 April 2024
Angela Oggionni	Independent Director	approval of financial statements 30 April 2024

The Chief Executive Officer, Dr. Alessandro Fabbroni, is delegated the administrative powers relating to the management of equity investments and the operational and financial functions  
 To Executive Deputy Chairman, Moreno Gaini, is delegated the powers of financial management  
 To Executive Deputy Chairman, Giovanni Moriani is delegated the powers of technical management and Chief Technology Officer

## Corporate Governance Bodies

### Management Control Committee

### Expiry

Giuseppe Cerati	Chairman	approval of financial statements 30 April 2024
Giovanna Zanotti	Member	approval of financial statements 30 April 2024
Chiara Pieragnoli	Member	approval of financial statements 30 April 2024

The Management Control Committee also performs the role of the Control and Risks and Related Parties Committee and that of the Supervisory Board  
 Director assigned to Internal Control, Alessandro Fabbroni  
 Head of the Internal Auditing activity, Michele Ferri

### Remuneration Committee

### Expiry

Angela Oggionni	Chairman	approval of financial statements 30 April 2024
Giovanna Zanotti	Member	approval of financial statements 30 April 2024
Claudio Berretti	Member	approval of financial statements 30 April 2024

### Independent Auditors

### Expiry

Company appointed to independently audit the accounts	PricewaterhouseCoopers SpA	approval of financial statements 30 April 2022
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Head of Finance, Planning & Control, Francesco Billi

## Listing Market

Electronic stock market (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 and Corporate Counsel Conxi Palmero

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

### Consolidated economic and financial data for the periods ended July 31 of each year

<i>(Euro thousands)</i>	2021	2020	2019	2018	2017
Revenues	547,777	484,168	437,751	347,715	314,685
Total revenues and other income	552,755	487,810	440,150	349,642	316,869
EBITDA (Earnings before interest, tax, depreciation and amortisation)	38,460	28,349	21,771	15,685	13,114
EBIT (Earnings before interest and taxes)	27,384	19,613	15,928	11,666	10,185
Profit (loss) before taxes	26,085	18,619	14,816	10,566	9,114
Net profit for the period	18,535	13,178	10,214	7,235	6,008
Net profit for the period attributable to the Group	17,187	11,844	9,122	6,422	5,501
Adjusted EBIT <sup>1</sup>	29,833	21,181	16,917	12,440	10,670
Adjusted net profit (EAT) for the period attributable to the Group <sup>1</sup>	18,930	12,961	9,826	6,973	5,829

### Consolidated balance sheet figures as of July 31 of every year

<i>(Euro thousands)</i>	2021	2020	2019	2018	2017
Total Net Invested Capital	244,581	257,425	238,964	218,224	211,319
Total Shareholders' Equity	292,556	266,589	240,402	217,143	204,738
- attributable to owners of the parent	276,827	248,138	226,963	207,206	196,416
- attributable to non-controlling interests	15,729	18,451	13,439	9,937	8,322
Net Financial Position reported (Net liquidity)	(47,975)	(9,164)	(1,438)	1,081	6,581
Management Net Financial Position (Net liquidity) <sup>2</sup>	(137,216)	(34,037)	(11,628)	(1,124)	6,581
Total Shareholders' Equity and NFP	244,581	257,425	238,964	218,224	211,319

### Consolidated income ratios for financial years ending July 31 of every year

	2021	2020	2019	2018	2017
EBITDA / Total revenues and other income	7.0%	5.8%	4.9%	4.5%	4.2%
EBIT / Total revenues and other income (ROS)	4.9%	4.0%	3.6%	3.3%	3.2%
EAT attributable to the Group/ Total revenues and other income	3.1%	2.4%	2.1%	1.8%	1.7%

### Personnel at Group level

<i>(units or thousands)</i>	2021	2020	2019	2018	2017
Personnel at year end	3,567	2,842	1,974	1,754	1,476
Average workforce for the year	3,504	2,695	1,736	1,698	1,451

<sup>1</sup> Adjusted EBIT defined gross of amortisation of intangible assets ( client lists and know-how) recognised following the purchase price allocation (PPA) process. Adjusted net profit attributable to the Group is defined gross of amortisation of intangible assets ( client lists and know-how) recognised following the purchase price allocation (PPA) process and net of taxes.

<sup>2</sup> Adjusted NFP, not including commitments for non-interest-bearing deferred payments for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

## Main Group financial ratios

### Financial ratios

Sesa Group	2021	2020	2019	2018	2017
<i>(Euro)</i>					
Trading Stock Market	MTA – Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock Prices (July 31 of every year)	150.2	64.10	35.65	30.20	24.65
Dividend per share <sup>(2)</sup>	0.85	(1)	0.63	0.60	0.56
Comprehensive Dividend (Euro million) <sup>(3)</sup>	13.2	(1)	9.8	9.3	8.7
Pay Out Ratio <sup>(4)</sup>	25.2%	0.0%	33.3%	34.6%	34.6%
Shares Issued (in million)	15.49	15.49	15.49	15.49	15.49
Stock market capitalisation (Euro million) as of July 31	2,327.3	993.2	552.4	467.9	381.9
Market to Book Value <sup>(5)</sup>	8.0	3.7	2.3	2.2	1.9
Dividend Yield (on prices at July 31) <sup>(6)</sup>	0.6%	(1)	1.8%	2.0%	2.3%

Sesa	2021	2020	2019	2018	2017
<i>(euro)</i>					
Earnings per share (base) <sup>(7)</sup>	3,39	2,46	1,90	1,74	1,62
Earnings per share (diluted) <sup>(8)</sup>	3,37	2,46	1,89	1,73	1,62

(1) For the financial year ended 30 April 2020, the 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 pandemic emergency, investments to support the demand for digitalisation and the acceleration of the external growth path.

(2) Dividends paid in the following year to be applied to the profit for the year at 30 April of each year

(3) Dividends gross of the portion relating to treasury shares.

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

(5) Capitalisation on the basis of the price at 31 July of every year / Consolidated Shareholders' Equity 31 July of every year.

(6) Dividend per share / Market value per share at 31 July of every year.

(7) Consolidated net profit before third parties as at 30 April relating to the last approved financial statements / average number of ordinary shares net of treasury shares in the portfolio as at 30 April of each year

(8) Consolidated net profit before non-controlling interests at 30 April relating to the last approved financial statements / average number of ordinary shares net of treasury shares in portfolio and including the impact deriving from Stock Option / Grants plans (within the limit of treasury shares in portfolio), Warrants and / or Convertible Bonds. There are no warrants or convertible bonds of any kind outstanding at the date of preparation.

## Sesa Group Structure at 31 July 2021

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 three-month period ended 31 July 2021 include the entry of the following companies:

- into the SSI Sector Fen Wo Shanghai Ltd ("Fireworks"), Cadlog Group Srl and subsidiaries (Cadlog Sas, Cadlog Gmbh e Cadlog SL) and Cimtec Gmbh from May 2021. Digital Cloud Srl and VSH Srl, established in May 2021, are holding companies;
- into the VAD Sector PM Service Srl from May 2021.

Changes in the scope of consolidation compared to the structure of the Group at 31 July 2020, in addition to the companies listed above, are Alisei Srl, Skeeller Srl, Weelgo Srl, Var Next Srl, WSS Italia, WSS IT Sagl, Mersy Srl, Palitalsoft Srl, Sinapsi Srl, Pragma Progetti Srl, Beenear Srl, Elmas Srl, Tecnike Srl, IFM Infomaster Srl and Digital Storm Srl, consolidated in a subsequent period to the previous fiscal year ended April 30, 2021.

For further details on the scope of consolidation and on the subsidiaries held directly and indirectly by Sesa SpA, as well as investments in associated companies, reference should be made to the annexes to the Annual Financial Report.

## 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 July 2021 is related to the first three months of operation and represents the third financial disclosure prepared by the parent company Sesa SpA for the year ending 30 April 2022.

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 July 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 July 2021 is not subject to audit.

## Preparation Criteria and Accounting Standards

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 July 2021 are annexed hereto.

The accounting standards and the criteria adopted when preparing the Interim Report at 31 July 2021 comply with those adopted for the consolidated Group financial statements for the year ended 30 April 2021, 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 July 2021. These interim financial reports have been adjusted, where necessary, to align them with the IFRS.



## Alternative Performance Indicators

For a better assessment of the economic performance and financial position of the Group and its Sectors of activity, the management of Sesa SpA uses some alternative performance indicators that are not identified as accounting measures under IFRS. These indicators facilitate the identification of operational trends and support decisions about investments, allocation of resources and other operational decisions. Therefore, the measurement criteria applied by the Group may not be consistent with those adopted by other groups and therefore not comparable. These alternative performance indicators are made up exclusively from historical data of the Group and determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. They refer only to the performance of the accounting period in question and of the comparison periods and not to the expected performance and must not be considered as substitutes for the indicators provided for by the reference accounting standards (IFRS). Finally, they have been prepared maintaining continuity and homogeneity of definition and representation for all periods for which financial information is included in this document.

In line with the abovementioned communications, the criteria used to construct these indicators are provided below.

- **Ebitda (gross operating profit)** defined as profit for the year before depreciation and amortisation, provisions for bad debts, provisions for risks, notional costs relating to stock grant plans granted to executive directors, financial income and expenses, profit (loss) of companies accounted for using the equity method and taxes;
- **Adjusted Operating Result (Ebit)** defined as Ebitda net of depreciation and amortisation of tangible and intangible fixed assets (excluding the amortisation of customer lists and know-how recorded during the Purchase Price Allocation of the companies acquired and included in the scope of consolidation), of provisions for bad debts, of provisions for risks, of notional costs related to stock grant plans assigned to directors;
- **Operating Result (Ebit)** defined as Ebitda net of depreciation, amortisation, provisions for bad debts, provisions for risks, notional costs related to stock grant plans assigned to directors;
- **Adjusted Earnings Before Taxes** defined as Earnings Before Taxes before amortisation of customer lists and know-how recorded during the Purchase Price Allocation of the companies acquired and included in the scope of consolidation;
- **Adjusted net result** defined as net result before amortisation of customer lists and know-how recorded during the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, net of the related tax effect;
- **Adjusted net result of the Group** defined as the net result of the Group before amortisation of customer lists and know-how recorded during the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, net of the related tax effect;
- **Net working capital** is the algebraic sum of Inventories, Trade receivables, Other current assets, Trade payables and Other current liabilities;
- **Net invested capital** is the algebraic sum of "Total non-current assets", "Net working capital" and "Net non-current liabilities";
- **Total Net Financial Position (NFP) reported** is the algebraic sum of "Cash and cash equivalents", "Other current financial assets", "Current and non-current loans", "Current and non-current financial liabilities for rights of use" and "Payables to and commitments for the purchase of equity investments from minority shareholders", in accordance with Consob Communication no. 6064293 of 28 July 2006 and in compliance with Recommendation ESMA/2013/319;
- **Management Net Financial Position (NFP)** is calculated by excluding "Payables to and commitments for the purchase of investments from minority shareholders" from the Total Net Financial Position reported.



## Significant events during the period

In the first quarter of the new financial year, the Group achieved profitability growth above expectations and equal to approximately 2.5 times the long-term average annual growth (CAGR 2011-2021 Ebitda +13.9%, CAGR 2011-2021 Group EAT +17.5%). For the three months ended 31 July 2021, Group Revenue and Other Income increased by 13.3% Y/Y with operating profitability (Ebitda) growth of 35.7% Y/Y, and an Ebitda margin of 7.0% compared to 5.8% as at 31 July 2020. The Group's adjusted net result amounted to €18.9 million, an increase of 46.1% Y/Y. The Group's financial position also improved significantly<sup>3</sup>, from a surplus of €34.0 million as at 31 July 2020 to a surplus of €137.2 million as at 31 July 2021, driven by improved operating cash flow and increasing efficiency in the management of net working capital, as a result of investments in corporate acquisitions and technology infrastructure.

The results achieved in the quarter are the result of both organic growth and the use of external leverage (M&A), which contributed for about 50% to the development of profitability for the period, and continued during the quarter with the completion of three main transactions: Cadlog Group Srl, Fen Wo Ltd in the SSI Sector, and PM Service Srl in the VAD Sector, with common characteristics of high technological know-how, specialisation and consolidated presence in accelerating business areas. Consistent with the development of the business and thanks to the Sesa Group's greater ability to attract skills, investments in human resources continue, reaching the threshold of 3,567 units as at 31 July 2021 compared to 2,842 units (+25.5%) as at 31 July 2020 and 1,974 units (+80.7%) as at 31 July 2019.

**The VAD (Value Added Distribution) Sector, which offers value-added IT solutions, accelerated its growth path in the first quarter of the financial year, achieving revenue growth of 10.1%, Ebitda growth of 34.1% and net profit after tax growth of 39.4%.** Thanks to the development of the demand for digital transformation and the strategy of focusing on value-added business areas of the market with particular reference to the Security, Cloud and Digital Green segments, the market share on the Italian market was consolidated (47% of the total of the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, June 2021). The quarterly results of the VAD Sector benefited from the extension of the perimeter to include PM Service Srl, a company that offers technology for energy efficiency and the production of energy from renewable sources (Digital Green). PM Service Srl together with Service Technology Srl, the latter operating in the refurbished sector, constitute the competence pole in the field of environmental sustainability and digital green.



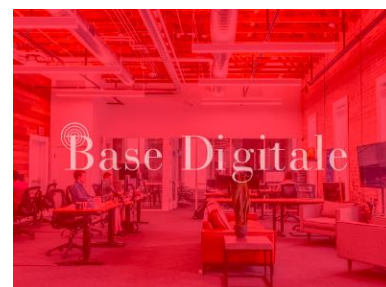
**The Software and System Integration (SSI) Sector, which offers software solutions, technological innovation and digital transformation for the SME and Enterprise segments, continued its growth trend as at 31 July 2021, achieving revenue growth of 21.8%, Ebitda increased by 33.3% (Ebitda margin up from 11.8% to 12.9%) and net profit increased by 40.7%, driven by company acquisitions and the expansion of the workforce.** During the quarter of the new financial year, important corporate acquisitions were completed in market areas of strong technological evolution, including:

- In the Customer Experience BU, the acquisition of a majority stake in Fen Wo Shanghai Ltd, a Shanghai-based company offering digital and marketing solutions for Italian and international companies operating in the Chinese market. The operation will favour the development of digital marketing and customer experience services to support Made in Italy products on the Chinese digital market;
- In the Digital Engineering BU, the acquisitions of 60% of the capital of Cadlog Group Srl and 100% of Cimtec GmbH were concluded in May 2021, expanding the pan-European platform of digital engineering software solutions and services.



<sup>3</sup> Operating NFP excludes non-interest-bearing liabilities and commitments to purchase equity investments (Earn Out, Put Option, deferred prices).

**The Business Services Sector, which offers business process outsourcing, security and digital transformation services to the finance and large enterprise segments, accelerates its growth path, achieving significant economic performance and contributing to consolidated results with profitability exceeding expectations and the Group's average.** As at 31 July 2021, the Sector's revenues grew by 16.3%, Ebitda grew by 163.9% and net profit by 460.8%, thanks to the contribution of the recent acquisitions of IFM Infomaster SpA, Digital Storm Srl and Teknikè Srl, which formed the new Digital Platform Business Unit.



The Shareholders' Meeting of Sesa SpA held on 26 August 2021 approved the Financial Statements as at 30 April 2021 as resolved in the Board meeting of 12 July 2021 and the related proposal to distribute a dividend of € 0.85 per share, up 34.9% compared to the last distribution made in September 2019. The Shareholders' Meeting also resolved to renew the authorisation to purchase and dispose of own ordinary shares for a maximum value of Euro 6 million and to appoint the Board of Directors for the next three years. The Chairman Mr Paolo Castellacci and the Managing Director Mr Alessandro Fabbroni were confirmed, as well as the Executive Vice Chairmen Mr Giovanni Moriani and Mr Moreno Gaini, in continuity with the previous management.

## Operating conditions and development of the Group's structure and Business

The Sesa Group is a reference operator in Italy in the offer of technological innovation and digital services, partnering the main international vendors in the sector and focused on the business segment, particularly SMEs and Enterprises. The Sesa Group offers a wide range of technological 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 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 Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl;
- the **VAD Sector** includes activities related to the Value Added Distribution (VAD) of technological innovation solutions and IT services, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing and Digital Green Solution segments. The VAD Sector is managed by the wholly-owned subsidiary Computer Gross SpA;
- the **Software and System Integration Sector (SSI)** offers software, technological innovation and digital transformation solutions for end user 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 business process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA.

The operating sectors are strongly focused on the market, with dedicated marketing structures organised on the basis of separate principles and the adoption of matrix organisational models. 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 organisation and management of the Group companies, dealing with administrative and financial management, organisation, planning and control, reporting systems, management of human resources, general, corporate and legal affairs, and extraordinary finance activities for the main Group companies. The shares of Sesa SpA are listed on the STAR segment of the Milan Stock Exchange. At 31 July 2021, Sesa SpA held full control of Computer Gross SpA and Var Group SpA and 71% in the capital of Base Digitale.

#### ICT Logistica Srl

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

#### Idea Point Srl

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

## Software e System Integration Sector (SSI)

### BUSINESS TECHNOLOGY SOLUTIONS & SALES (“BTS & SALES”) BUSINESS UNIT

#### **Var Group SpA**

The company, wholly owned by Sesa SpA, offers technological innovation and digital transformation software solutions for companies that are the end users of technology, mainly in the SME and Enterprise segments, with a turnover of approximately Euro 480 million as at 30 April 2021 (including that of the subsidiaries). Var Group SpA has developed an integrated offer of digital solutions with an organisational model, also through its subsidiaries, divided into business units: Managed Infrastructure Services, Digital Security, Digital Cloud, Digital Engineering, Customer Experience, ERP & Industry Solutions, Data Science.

#### **Var Group Srl**

The company, wholly owned by Var Group SpA, offers services for the sales of the Group’s technological solutions on behalf of Var Group SpA. Following the merger by incorporation of Var Group Nord Ovest Srl, Var Aldebra Srl and Var Group Centro Srl, completed on 3 June 2021, the company will operate across the whole country.

### SMART SERVICES BUSINESS UNIT

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

The company, a wholly owned subsidiary of Var Group SpA, offers managed services across the entire Italian market.

#### **VSH Srl**

The company, wholly owned by My Smart Srl, acts as an operational holding company and organises and manages the companies belonging to the Smart Services Business Unit.

#### **Var Service Srl**

The company, 72% owned by VSH Srl, is active in the supply of maintenance and technical assistance services on the domestic market.

#### **MF Services Srl**

The company, 70% owned by VSH Srl, is active in the supply of maintenance and technical assistance services in Central and Northern Italy.

#### **Var System Srl**

The company, jointly controlled by Var Group Srl and Leonet4Cloud Srl, offers system services in support of company infrastructure and for SME & Enterprise customers.

#### **East Services Srl**

The company, a wholly-owned subsidiary of Var System Srl (82%) and Var Group SpA (18%), is based in Bolzano and offers system services in support of company infrastructures in North Eastern Italy (Trentino Alto Adige, Veneto and Lombardia).

#### **Var Engineering Srl**

The company, 96% owned by Tech-Value Srl, offers digital services and solutions for intensive engineering manufacturing companies in Central and Northern Italy.

#### **WSS Italia Srl e WSS Sagl**

WSS Italia Srl, 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. The company entered the scope of consolidation in August 2020.

#### **Var Next Srl**

The company, 85% owned by VSH Service Srl, offers IT technical support and managed services in the North East of Italy.

### DIGITAL CLOUD BUSINESS UNIT

#### **Digital Cloud Srl**

The company, 79% owned by Var Group SpA, performs investment holding and organisation and management of the Business Unit Digital Cloud companies.

### **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, wholly-owned by Digital Cloud Srl, 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.

### **Nebula Srl**

The company, wholly-owned by Digital Cloud Srl, works in the management of Cloud environments and platforms, particularly on Microsoft's public cloud, using Microsoft Azure technologies.

### **Var4you Srl**

The company, 70% owned by Leonet4cloud Srl and 30% by Var Service Srl, 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.

## **DIGITAL SECURITY BUSINESS UNIT**

### **Yarix Srl**

The company, wholly 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 scope in November 2020.

### **Kleis Srl**

The company, 51% owned by Var Group SpA, is based in Turin and specialised in the development of Artificial Intelligence and software solutions in the anti-fraud sector for customers operating in finance.

## **ERP & VERTICAL SOLUTIONS BUSINESS UNIT**

### **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 ("Panthera") and proprietary applications for the SME and Enterprise market with customers operating in some of the main Italian production districts. The merger by incorporation of the subsidiary Pragma Solution Srl, which provides consulting, start-up and training services for the solution offered by Panthera ERP (which became part of the group in November 2020) was completed during the year.

### **Pragma Progetti Srl**

The company, controlled by Var Group SpA, operates in the IT consulting services sector, offering ERP management and technological solutions and digital services to the SME and Enterprise segments. The company was brought within the scope of consolidation in November 2020.

### **Var BMS SpA**

The company, 90% 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, 81% 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 and Enterprise customers. SSA Informatica offers consulting, business solutions and services in North Eastern Italy.

### **Sinapsi Srl**

The company, 67% owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME and Enterprise customers. Sinapsi offers consulting services and business solutions and services in North Eastern Italy and was included within the scope of consolidation from November 2020.

### **Var4team Srl**

The Bergamo-based company, owned by Var Group SpA and Var One Srl, holders of 61% and 14% of the capital respectively, operates in the supply of integrated solutions and services on the TeamSystem platforms (TeamSystem Enterprise e TeamSystem Enterprise Power-I) for SME customers. Var4team Srl offers consulting, business solutions and digital services in Central and Northern Italy.

### **Apra SpA**

The company, 75% owned by Var Group SpA, offers digital services, software solutions and business applications (“I-Wine” and “I-Furniture”) and SME solutions to SME and Enterprise customers in Central Northern Italy, focusing on major Made in Italy districts (including Furniture and Wine).

### **Centro 3Cad Srl**

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

### **Apra Computer System Srl**

The company, 55% owned by Apra SpA, offers IT and vertical services and solutions for SME customers.

### **Evotre Srl**

The company, 56% owned by Apra SpA, offers Zucchetti HR management solutions to support SME and Enterprise customers in Central Northern 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 scope of consolidation in June 2021.

### **Sailing Srl**

The company, 87.5% 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 solutions and digital services for Retail and Largescale Organised Distribution markets, particularly for the Food Retail segment. The company entered the consolidation area 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, wholly owned by Var Group SpA, is reference operator for solutions on the Microsoft Dynamics platform to the SME segment.

### **Delta Phi Sigla Srl**

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

### **Infolog SpA**

The company, 51% owned by Var Group SpA, has over 40 resources specialised in the design and development of software solutions for the computerised management of warehouse logistics (WMS), with over 200 customers operating in some of the main Made in Italy sectors, such as textiles, fashion, manufacturing and healthcare. The company entered the consolidation area in May 2020.

### **Di.Tech SpA**

The company, wholly-owned by Var Group SpA, with over 250 specialised human resources, about 140 of whom employed by the subsidiary Beeneer, in Romania, operates in the development of software and digital transformation services for logistics and management of the organised food distribution sector. One of its most important customers is the Conad Group. The company entered the consolidation area in June 2020.

### **Beeneer Srl**

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

## **DIGITAL ENGINEERING BUSINESS UNIT**

### **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 engineering intensive companies in the manufacturing sector, with about 1,000 customers and resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu).

### **Cadlog Group Srl and subsidiaries**

The company, 60% controlled by Var Group SpA, is focused on offering software solutions for the design and electronic production of PCBs (printed circuit boards), crucial areas of activity for the digitalisation of European industrial districts. The company, a partner of Siemens Digital Industries Software and Siemens EDA Software (formerly Mentor), operates with 50 specialised resources in 4 operating centres in Italy, France, Germany and Spain, and generates over 50% of its turnover abroad. The Company controls 100% of the companies Cadlog GmbH (Germany), Cadlog Sas (France), Cadlog SL (Spain). It entered the scope of consolidation in May 2021.

### **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 engineering intensive manufacturing companies. The company with headquarters in Aichach (Bavaria) and branches in Filderstadt (Stuttgart) and Moers (Düsseldorf) has a qualified staff of about 50 resources, and a long-standing partnership with Siemens Industry Software.

### **Cimtec GmbH**

The Company, a wholly-owned subsidiary of PBU CAD-Systeme GmbH, operates in the segment of design services and PLM (Product Lifecycle Management, Process Transformation) and Digital Manufacturing solutions for engineering-intensive mechanical manufacturing companies, with 10 professional resources operating in Germany (Großheirath). It entered the scope of consolidation in May 2021.

### **Var Industries Srl**

The company is 86% owned and operates in the field of technological innovation (IoT and Industry 4.0) with a focus on solutions for Digital Industries.



## CUSTOMER EXPERIENCE BUSINESS UNIT

### **Adiacent Srl**

The company, 53% owned by Var Group SpA and 45% 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.

### **47Deck Srl**

The company, wholly owned by Adiacent Srl, is specialised in the development and implementation of e-commerce and digital transformation projects through the Adobe Marketing Cloud platform.

### **Skeeller Srl**

The company, 51% owned by Adiacent Srl, operates in the customer experience and digital marketing sector. As the reference partner for the Magento e-commerce platform in Italy, It has been included in the consolidation area since 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 and international brands in their distribution and promotional activities in China. Thanks to the partnership with Alibaba.com, the company offers strategic consulting services for the Chinese market, from e-commerce and marketplace to communication on Chinese social networks.

### **Fen Wo Shanghai Ltd (“Fireworks”)**

The company, 55% owned by Alisei Srl, operates in the area of digital marketing and customer experience services to support Made in Italy in the Chinese market. The Company offers digital and marketing solutions for Italian and international companies operating in the Chinese market with a team of over 15 resources based in Shanghai. It owns 15 registered software patents for China and is certified as a High-Tech Enterprise by the Shanghai government. It entered the scope of consolidation in May 2021.

## DATA SCIENCE BUSINESS UNIT

### **SPS Srl**

The company, controlled by Var Group SpA, is specialised in offering IBM SPSS (advanced analytics) software solutions.

### **Analytics Network Srl**

The company, 51% owned by Var Group SpA, is specialised in offering cognitive analytics solutions and services for the enterprise segment.

## Business Services Sector (BS)

### **Base Digitale SpA**

The company, 71% owned by Sesa SpA, manages the Business Services Sector supplying business process outsourcing, digital transformation, security for large account and finance customers. Base Digitale has staff of over 250 employees working at the offices in Florence, Turin, Milan and Siena.

### **ABS Technology Srl**

The company, wholly owned by Base Digitale SpA, supplies physical and logical security services mainly for banks and operators in the retail and large-scale retail sector. Its staff of over 40 employees work at the Florence headquarters and at the branch in Monteriggioni (SI).

### **Elmas Srl**

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

### **Tecnikè Srl**

The company, 51% owned by Base Digitale SpA, is active in the development of digital Cloud platforms for the fintech and insurtech sector. The company entered the consolidation area in February 2021.

### **IFM Infomaster SpA**

The company, 60% owned by Base Digitale SpA, is a reference operator in the field of digital technologies, with a proprietary platform of Contact Management, offered to customers in cloud and pay-per-use modes and supplemented by artificial intelligence solutions. The company specialises strongly in the telecommunications, finance and outsourcing segments. The company entered the consolidation area in April 2021.

### **Digital Storm Srl**

The company, 60% owned by Base Digitale SpA, specialises in digitisation solutions for document management, corporate information and electronic invoicing, including Document Process Management and Enterprise Information Management, incorporating Abbyy OCR and OpenText CCM (Estream/StreamServe) technologies. The company is specialised in the finance and utilities segments. The company entered the consolidation area in April 2021.

## 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 15,000 customers active throughout the country, who, in turn, cover both the SME, 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 400 employees and is organised into Business Units with technical and commercial personnel dedicated to market segments (enterprise software, data center, security, networking and value solutions) and/or to strategic brands distributed. The company, with turnover of Euro 1,600 million achieved in the year ended 30 April 2021, is the main subsidiary, in terms of revenue, 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 Vendors Oracle, NetApp, CommVault and other Vendor security software.

### **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 its range. 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 vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape.

### **Service Technology Srl**

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

### **Pico Srl**

A wholly-owned subsidiary of Computer Gross SpA, the company specialises in offering Adobe digital media solutions.

### **PM Service Srl**

A 70% subsidiary of Computer Gross SpA, specialised in offering technology and specialist assistance services for energy saving with a human capital of over 25 resources. The company, based in Pontassieve, has been included in the scope of consolidation in May 2021 with the aim of developing a centre of expertise in the field of environmental sustainability and digital green.

# Performance of operations

## General economic trend

Thanks to the gradual easing of the health crisis, the international economy is going through a recovery phase, with expectations of significant growth in the next two years, supported by the progressive orientation of the most developed economies towards digitalisation and environmental sustainability and the economic and monetary stimulus actions of governments and central banks. In particular, after a 3.3% decline at global level in 2020, GDP is expected to recover by 6.0% in 2021 and by 4.9% in 2022. (source IMF - WEO, April 2021).

The GDP of all advanced, emerging and developing economies recorded negative growth rates in 2020, due to the pandemic crisis, with the exception of China (+2.3%). The contraction in GDP in the US in 2020 was 3.5%, with recovery expected to reach 7.0% in 2021. In the Eurozone, GDP fell by 6.5% in 2020, with a recovery of 4.6% in 2021 thanks to government support policies and the ECB's incentive measures.

In 2020, the Italian economy recorded a drop in GDP of approximately 8.9%, with recovery in 2021 (+4.9%) and in 2022 (+4.2%), also thanks to the envisaged benefit of facilities provided at European level (the "Next Generation EU"). The main measures envisaged by the Recovery Plan are aimed at encouraging innovation, competition, digitisation 4.0 and environmental sustainability, with expectations of triggering a greater recovery of the domestic economy than initially expected.

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

Percentage Values	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020	Change in GDP 2021 (E)	Change in GDP 2022 (E)
World	+3.8%	+3.6%	+2.8%	-3.2%	+6.0%	+4.9%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.6%	+5.6%	+4.4%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.1%	+6.3%	+5.2%
USA	+2.3%	+2.9%	+2.2%	-3.5%	+7.0%	+4.9%
Japan	+1.7%	+0.3%	+0.7%	-4.7%	+2.8%	+3.0%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.1%	+5.7%
Great Britain	+1.8%	+1.3%	+1.4%	-9.8%	+7.0%	+4.8%
Euro Zone	+2.3%	+1.9%	+1.3%	-6.5%	+4.6%	+4.3%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+4.9%	+4.2%

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

The IT market in Italy is historically characterised by growing development rates, higher than its Gross Domestic Product “GDP”. In 2020, the Italian digital market recorded a decline in growth (+2.6% Y/Y), mitigating the crisis triggered by the health emergency and significantly outperforming the negative evolution of the Italian GDP. In 2021 the demand for IT, expected growth of 7.9%, thanks to the acceleration of investments in digital transformation necessary both to ensure business continuity and to adopt technological innovation in strategic segments such as cloud, security, analytics, cognitive-A.I., blockchain (so-called Digital Enablers) (Source Sirmi, September 2021).

Thanks to 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 7.2%, compared to an average growth rate for 2018-2020 of about 2.8%. The growth in demand will be sustained by the Management Services segment (with increases of over 10%), which includes digital transformation services and solutions and reflects the evolution of the ways in which technology is used as well as the progressive penetration of Cloud Computing solutions (Source: Sirmi, September 2021).

In addition to the growth expectations for the next three years, there will be a further contribution from digital investments financed by the National Recovery and Resilience Plan (“PNRR”), which aims to increase the productivity and competitiveness of Italian companies.

The following table represents the Italian IT market trend in 2017-2020 and the forecasts for 2021, 2022 and 2023 (Source: Sirmi, September 2021).

<b>Italian IT market</b> <i>(Euro millions)</i>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	<b>Change</b>	<b>Change</b>	<b>Change</b>	<b>Change</b>	<b>Change</b>	<b>Change</b>	<b>Change</b>
								<b>17/16</b>	<b>18/17</b>	<b>19/18</b>	<b>20/19</b>	<b>21/20</b>	<b>22/21</b>	<b>23/22</b>
Hardware	6,044	6,025	6,172	6,266	6,809	7,256	7,621	0.6%	-0.3%	2.4%	1.5%	8.7%	6.6%	5.0%
Software	3,833	3,845	3,861	3,792	3,923	4,029	4,129	-0.4%	0.3%	0.4%	-1.8%	3.4%	2.7%	2.5%
Project Services	3,436	3,500	3,588	3,640	3,852	4,075	4,329	0.4%	1.9%	2.5%	1.5%	5.8%	5.8%	6.3%
Management Services	5,504	5,900	6,350	6,797	7,535	8,338	9,195	6.0%	7.2%	7.6%	7.0%	10.9%	10.6%	10.3%
<b>Total IT Market</b>	<b>18,817</b>	<b>19,270</b>	<b>19,971</b>	<b>20,496</b>	<b>22,120</b>	<b>23,697</b>	<b>25,274</b>	<b>1.9%</b>	<b>2.4%</b>	<b>3.6%</b>	<b>2.6%</b>	<b>7.9%</b>	<b>7.1%</b>	<b>6.7%</b>
Cloud Computing	1,862	2,296	2,830	3,409	4,170	5,033	5,957	23.3%	23.6%	23.0%	20.4%	22.3%	20.7%	18.4%
<i>Cloud (SaaS, PaaS, IaaS)</i> <i>Adoption%</i>	18.8%	23.3%	28.2%	33.9%	39.9%	46.5%	53.2%							

Within the IT market, the distribution segment, where the Group operates through the VAD Sector, recorded average growth of 5% in the three-year period 2017-2019, with market growth of 9% in 2020, supported, among other things, by the acceleration of the demand required to meet the changing needs of work organisation, security in data collection and management and the processes of evolution of IT infrastructures. Market growth in 2021 is also expected to be higher than the historical average (Source: Sirmi, September 2021).

After an increase in demand of approximately 6% on average per year in the three-year period 2017-2019, in 2020 the System Integration segment shows a contraction in growth (+1.6%) due to the slowdown in application development and digital transformation projects resulting from the various lockdown periods. In 2021, in a new normal scenario, market growth is expected to return to pre-covid levels (around 5%), driven by areas such as cloud, artificial intelligence and digital transformation, which will be key elements for the recovery and development of the competitiveness of companies on global markets (Source: Sirmi, September 2021).

## Economic highlights of Sesa Group

The reclassified consolidated income statement (in Euro thousands) for the period ended 31 July 2021 is provided below and compared with the previous period ended 31 July 2020.

Reclassified Income Statement	31/07/2021 (3 months)	%	31/07/2020 (3 months)	%	Change 2021/20
Revenues	547,777		484,168		13.1%
Other income	4,978		3,642		36.7%
<b>Total Revenues and Other Income</b>	<b>552,755</b>	<b>100.0%</b>	<b>487,810</b>	<b>100.0%</b>	<b>13.3%</b>
Purchase of goods	(422,117)	76.4%	(385,708)	79.1%	9.4%
Costs for services and leased assets	(43,908)	7.9%	(37,116)	7.6%	18.3%
Personnel costs	(47,044)	8.5%	(35,625)	7.3%	32.1%
Other operating charges	(1,226)	0.2%	(1,012)	0.2%	21.1%
<b>Total Purchase of goods and Operating Costs</b>	<b>514,295</b>	<b>93.0%</b>	<b>459,461</b>	<b>94.2%</b>	<b>11.9%</b>
<b>Ebitda</b>	<b>38,460</b>	<b>7.0%</b>	<b>28,349</b>	<b>5.8%</b>	<b>35.7%</b>
Amortisation tangible and intangible assets (sw)	(7,067)		(5,519)		28.0%
Accruals to provision for bad debts and risks and other non-monetary costs	(1,560)		(1,648)		-5.3%
<b>Adjusted Ebit*</b>	<b>29,833</b>	<b>5.4%</b>	<b>21,182</b>	<b>4.4%</b>	<b>40.8%</b>
Amortisation client lists and technological know-how (PPA)	(2,449)		(1,569)		56.1%
<b>Ebit</b>	<b>27,384</b>	<b>5.0%</b>	<b>19,613</b>	<b>4.0%</b>	<b>39.6%</b>
Net financial income and charges	(1,299)		(994)		30.7%
<b>Ebt</b>	<b>26,085</b>	<b>4.7%</b>	<b>18,619</b>	<b>3.8%</b>	<b>40.1%</b>
Income taxes	(7,550)		(5,441)		38.8%
<b>Net profit</b>	<b>18,535</b>	<b>3.4%</b>	<b>13,178</b>	<b>2.7%</b>	<b>40.7%</b>
<b>Net profit attributable to the Group</b>	<b>17,187</b>		<b>11,844</b>		<b>45.1%</b>
<i>Net profit attributable to non-controlling interests</i>	<i>1,348</i>		<i>1,334</i>		<i>1.0%</i>
<b>Adjusted Ebt*</b>	<b>28,534</b>	<b>5.2%</b>	<b>20,188</b>	<b>4.1%</b>	<b>41.3%</b>
<b>Adjusted Net profit*</b>	<b>20,278</b>	<b>3.7%</b>	<b>14,295</b>	<b>2.9%</b>	<b>41.9%</b>
<b>Adjusted Net profit attributable to the Group*</b>	<b>18,930</b>	<b>3.4%</b>	<b>12,961</b>	<b>2.7%</b>	<b>46.1%</b>

At 31 July 2021, the Sesa Group achieved significant growth in revenues (Euro 552.8 million +13.3% Y/Y) and consolidated profitability (Ebitda Euro 38.5 million +35.7% Y/Y, Adjusted net result Euro 18.9 million +46.1% Y/Y), thanks to business development in the main areas of technological and digital innovation.

The development of the business is also driven by the increase in the employees which at 31 July 2021 achieved 3,567 units (+25.5%) compared to 2,842 at 31 July 2020.

Consolidated Revenues and Other Income at 31 July 2021 amounted to Euro 552.8 million (+13.3% Y/Y), thanks to the contribution of all the Group's sectors:

- the VAD Sector, with Revenues and Other Income of Euro 429.5 million (+10.1% Y/Y), driven by revenue growth in the Security, Cloud and Digital Green segments;
- the SSI sector, with Revenues and Other Income of Euro 129.5 million (+21.8% Y/Y), thanks to the development of business in the fastest growing areas of digital transformation (Cloud, Digital Security, Software and Vertical Applications, Managed Services, Digital Engineering);

\* Adjusted Ebit and Adjusted Ebt before amortisation and depreciation of intangible assets (Client lists and Know-how) recorded following the Purchase Price Allocation (PPA). Adjusted Net profit and Adjusted Net profit attributable to the Group before amortisation and depreciation of intangible assets (Client lists and Know-how) recorded following the Purchase Price Allocation (PPA), net of tax effect.

- the Business Services segment, with Revenues and Other Income of Euro 13.8 million (+16.3% Y/Y), continuing to develop and expand its business in the new Digital Platforms Business Unit.

Changes in the scope of consolidation as a result of corporate acquisitions, contributed approximately 50% to the Group's period growth in operating profitability.

In the period under review, the consolidated Gross Margin<sup>4</sup> amounted to Euro 130,7 thousand (+27.9% Y/Y), against an increase in operating costs of 25.0%.

#### Period ended July 31

(Euro thousands)

	2021	%	2020	%	Change
Total Revenues and Other Income	552,757	100.0%	487,810	100.0%	13.3%
Gross Margin	130,638	23.6%	102,102	20.9%	27.9%
Costs for services and for the use of third-party goods	(43,908)	7.9%	(37,116)	7.6%	18.3%
Payroll	(47,044)	8.5%	(35,625)	7.3%	32.1%
Other operating costs	(1,226)	0.2%	(1,012)	0.2%	21.2%
Total operating costs	(92,178)	16.7%	(73,753)	15.1%	25.0%

The consolidated Ebitda was Euro 38,460 thousand (+35.7% Y/Y), with an Ebitda margin of 7.0% of Revenues and Other Income up by 120 bps compared to 5.8% at 31 July 2020 thanks to the growth in revenues and added value.

All the Group's reference sectors contributed to the consolidated Ebitda result:

- the VAD Sector, recording Ebitda of Euro 19,321 thousand, increased of 34.1% Y/Y (Ebitda Margin of 4.5% compared to the previous period's 3.7%);
- the SSI Sector, recording Ebitda of Euro 16,666 thousand, increased of +33.3 Y/Y, (Ebitda Margin of 12.9% compared to the previous period's 11.8%);
- the Business Services sector, recording Ebitda of Euro 1,734 thousand, increased of 163.9% Y/Y (Ebitda margin of 12.5%, with a significant improvement compared to 5.5% Y / Y), thanks to the significant contribution of the new Digital Platform Business Unit.

Personnel costs increased from Euro 36,625 thousand at 31 July 2020 to Euro 47,044 thousand at 31 July 2021 (+32.1%) due to the development of human capital, also as a result of the company acquisitions carried out during the period and the growing added value of the services offered. The total number of the Group's human resources grew from 2,842 at 31 July 2020 to 3,567 at 31 July 2021 as a result of both the entry into the consolidation area of the recently acquired companies and the inclusion via internal lines thanks, among other things, to hiring and training plans for young resources.

The Adjusted Operating Result (Ebit) was Euro 29,833 thousand, up 40.8% Y/Y, before amortisation of intangible assets, client lists and know-how recorded following the PPA process for Euro 2,449 thousand (+56.1% Y/Y following the acceleration of investments in company acquisitions).

The Consolidated Operating Result (Ebit) was Euro 27.384 thousand, up 39.6%, after depreciation and amortisation totalling Euro 7,067 thousand (+28.0% Y/Y) and accruals and other non-monetary costs totalling Euro 1,560 thousand (-5.3% Y/Y).

Profit before tax was Euro 26,085 thousand at 31 July 2021, up 40.1% Y/Y, after reduction in net financial income and expenses of Euro 1,299 thousand at 31 July 2021 (compared to Euro 994 thousand at 31 July 2020).

The Group's financial performance at 31 July 2021 is detailed below.

#### Period ended July 31

(Euro thousands)

	2021	2020
Interest expense on sales of receivables	(404)	(465)
Expenses and commissions for sales of receivables with recourse	(99)	(79)
Bank and loan interest expense	(72)	(74)
Other interest payable	(643)	(329)

<sup>4</sup> Consolidated gross commercial margin (Gross Margin) measured as the difference between revenues and other income and product purchase costs



Commissions and other financial expense	(674)	(681)
Financial expense related to severance indemnities	(79)	(66)
<b>Total financial expense</b>	<b>(1,971)</b>	<b>(1,694)</b>
Interest income on other short-term receivables	104	191
Other financial income.	46	25
Bank interest income	11	18
Dividends from shareholdings	43	114
<b>Total financial income</b>	<b>204</b>	<b>348</b>
<b>Total financial items (A)</b>	<b>(1,767)</b>	<b>(1,346)</b>
Foreign exchange items (B)	(170)	(81)
Share of profits of companies valued at equity (C)	638	433
<b>Net financial income/(expense) (A+B+C)</b>	<b>(1,299)</b>	<b>(994)</b>

The Adjusted Net Result (excluding client list and know-how amortisation net of the relative tax effect) increased by +41.9% Y/Y, reaching Euro 20,278 thousand at 31 July 2021, while the Consolidated Net Result at 31 July 2021 amounted to Euro 18,535 thousand (+40.7% Y/Y).

The Group's adjusted net profit for the period ended 31 July 2021 was Euro 18,930 thousand, up 46.1% Y/Y, compared to a net profit of Euro 12,961 thousand for the period ended 31 July 2020, thanks also to the percentage reduction in the minority interest shareholders on the Group's net result.

Consolidated net profit after minority interest at 31 July 2021 was Euro 17,187 thousand, up 45.1% Y/Y.

## Financial and balance sheet highlights of Sesa Group

The reclassified balance sheet (in Euro thousands) for the period ended 31 July 2021 is provided below and compared with the previous year ended 30 April 2021.

Together with the comparative figures for the year ended 30 April 2021, the figures for the period ended 31 July 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>31/07/2021</b>	<b>31/07/2020</b>	<b>30/04/2021</b>
Intangible assets	171,452	102,285	142,826
Property, plant and equipment (rights of use included)	99,712	88,107	99,942
Investments valued at equity	14,396	12,147	13,850
Other non-current receivables and deferred tax assets	29,753	28,844	27,921
<b>Total non-current assets</b>	<b>315,313</b>	<b>231,383</b>	<b>284,539</b>
Inventories	110,122	102,255	86,920
Current trade receivables	389,049	393,031	355,781
Other current assets	68,106	49,560	63,395
<b>Other Current assets</b>	<b>567,277</b>	<b>544,846</b>	<b>506,096</b>
Payables to suppliers	402,875	347,081	366,101
Other current payables	147,707	108,348	142,690
<b>Short-term operating liabilities</b>	<b>550,582</b>	<b>455,429</b>	<b>508,791</b>
<b>Net working capital</b>	<b>16,695</b>	<b>89,417</b>	<b>(2,695)</b>
Non-current provisions and other tax liabilities	46,492	28,461	38,273
Employee benefits	40,935	34,914	40,897
<b>Non-current net liabilities</b>	<b>87,427</b>	<b>63,375</b>	<b>79,170</b>
<b>Net Invested Capital</b>	<b>244,581</b>	<b>257,425</b>	<b>202,674</b>
Shareholders' Equity	292,556	266,589	297,355
Financing current and not current	(465,104)	(355,580)	(426,905)
Liquidity	285,863	281,210	229,548
IFRS 16 liabilities	42,025	40,323	43,871
<b>Management Net Financial Position</b>	<b>(137,216)</b>	<b>(34,047)</b>	<b>(153,486)</b>
Liabilities to minorities shareholders and Earn Out for M&A <sup>5</sup>	89,241	24,883	58,805
<b>Total Net Financial Position Reported</b>	<b>(47,975)</b>	<b>(9,164)</b>	<b>(94,681)</b>
<b>Total Shareholders' Equity and Net Financial Position</b>	<b>244,581</b>	<b>257,425</b>	<b>202,674</b>

The balance sheet shows a decrease in net invested capital, which moved from Euro 257,425 thousand at 31 July 2020 to Euro 244,581 thousand at 31 July 2021, mainly as a result of:

- increase in non-current assets, rising from Euro 231,383 thousand at 31 July 2020 to Euro 315,313 thousand at 31 July 2021, generated mainly by investments in corporate acquisitions.
- reduction of negative net working capital by Euro 16,695 thousand at 31 July 2021, compared to a balance of Euro 89,417 at 31 July 2020, thanks to improved efficiency in the management of working capital generated by the evolution of the business model and the progressive adoption of as-a-service and fee-based supply models at Group level.

With regard to financing, there was:

- an improvement in the Management Net Financial Position, with a positive balance (net liquidity) of Euro 137,216 thousand at 31 July 2021, compared to a positive balance of Euro 34,047 thousand at 31 July 2020, thanks to the cash flow from operations. Net of the increase in Liabilities to minorities shareholders and Earn Out for M&A, which increased from Euro 24,883 thousand at 31 July 2020 to Euro 89,241 thousand at 31 July 2021, consequent to the growth path of company

<sup>5</sup> Non-interest bearing payables and commitments to minority shareholders for the purchase of company shareholdings (deferred prices, Earn Out, Put Option)

acquisitions, the Reported Net Financial Position is positive for Euro 47,975 thousand at 31 July 2021, compared to a positive balance of Euro 9,164 thousand at 31 July 2020;

- an increase in consolidated Shareholders' equity, reaching a total of Euro 292,556 thousand at 31 July 2021 compared to Euro 266,589 thousand at 31 July 2020, thanks to profits generated in the period and to self-financing.

Details of the Group's Net Financial Position (in Euro thousands) at 31 July 2021 are shown below. The figures for the period ended 31 July 2020 are also included, in addition to the comparative figures for the year ended 30 April 2021, 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>31/07/2021</b>	<b>31/07/2020</b>	<b>30/04/2021</b>
Liquidity	(465,044)	(354,842)	(426,665)
Current financial receivables	(60)	(738)	(240)
Current financial debt	163,873	133,726	111,961
Financial liabilities for current rights of use	10,245	8,636	10,245
<b>Short-term net financial position</b>	<b>(290,986)</b>	<b>(213,218)</b>	<b>(304,699)</b>
Non-current financial payables	121,990	147,484	117,587
Financial liabilities for non-current rights of use	31,780	31,687	33,626
<b>Non-current financial debt</b>	<b>153,770</b>	<b>179,171</b>	<b>210,018</b>
<b>Management Net Financial Position</b>	<b>(137,216)</b>	<b>(34,047)</b>	<b>(153,486)</b>
Liabilities to minorities shareholders and Earn Out for M&A	89,241	24,883	58,805
<b>Total Net Financial Position Reported</b>	<b>(47,975)</b>	<b>(9,164)</b>	<b>(94,681)</b>

The Management Net Financial Position at 31 July 2021, gross of Liabilities to minorities shareholders and Earn Out for M&A, is positive (net cash and cash equivalents) by Euro 137,216 thousand, an improvement compared to a positive balance of Euro 34,047 thousand at 31 July 2020. Financial Position reflects the operational management cash flow, equal to Euro 150 million in the last 12-month, thanks to the continuous improvement in the management of net working capital, net of investments of approximately Euro 40 million.

The Group's Net Financial Position at 31 July 2021 is positive (net liquidity) by Euro 47,975 thousand, an improvement compared to a positive balance of Euro 9,164 thousand at 31 July 2020, thanks to operational cash flow of about Euro 150 million in the last 12-month, after investments of approximately Euro 110 million, of which Euro 90 million in corporate acquisition, significant part of which with deferred payments.

The quarterly change in the Total Net Financial Position Reported at 31 July 2021 compared to the figure at 30 April 2021 with a decrease of Euro 46,706 thousand, reflects both the seasonality of the business and consequently the greater absorption of net working capital at 31 July compared to 30 April of each year, that investments made in the quarter for approximately Euro 50 million, mainly relating to acquisitions with the start of consolidation in the first quarter and benefits that will be fully realized in the entire fiscal year.

## Results of the VAD Sector

The VAD (Value Added Distribution) sector, which provides value added technological solutions, recorded a 10.1% increase in revenues and other income, a 34.1% increase in Ebitda (Ebitda margin 4.5% compared to the 3.7% of 2020) and a 39.4% increase in net profit after taxes. 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, June 2021). This was thanks to the expansion of digital solutions (in particular in the areas of Security and Cloud) and of technology for energy efficiency and sustainability of businesses and organisations.

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

VAD Sector (Euro thousands)	31 July		2020	%	Change
	2021	%			
<b>Third-party revenues</b>	<b>408,885</b>		<b>370,627</b>		<b>10.3%</b>
Inter-sector revenues	18,679		18,206		2.6%
<b>Total Revenues</b>	<b>427,564</b>		<b>388,833</b>		<b>10.0%</b>
Other income	1,929		1,387		39.1%
<b>Total revenues and other income</b>	<b>429,493</b>	<b>100.0%</b>	<b>390,220</b>	<b>100.0%</b>	<b>10.1%</b>
Consumable materials and goods	(395,266)	-92.0%	(362,054)	-92.8%	9.2%
<b>Gross commercial margin</b>	<b>34,227</b>	<b>8.0%</b>	<b>28,166</b>	<b>7.2%</b>	<b>21.5%</b>
Costs for services and rent, leasing, and similar costs	(9,155)	-2.1%	(8,212)	-2.1%	11.5%
Personnel costs	(5,026)	-1.2%	(4,932)	-1.3%	1.9%
Other operating costs	(725)	-0.2%	(611)	-0.2%	18.5%
<b>Ebitda</b>	<b>19,321</b>	<b>4.5%</b>	<b>14,411</b>	<b>3.7%</b>	<b>34.1%</b>
Amortisation (depreciation, provisions and other non-monetary costs)	(1,609)		(1,654)		-2.7%
<b>Operating result (Ebit)</b>	<b>17,712</b>	<b>4.1%</b>	<b>12,757</b>	<b>3.3%</b>	<b>38.8%</b>
Net financial income and expense	(628)		(455)		38.0%
<b>Result gross of taxes</b>	<b>17,084</b>	<b>4.0%</b>	<b>12,302</b>	<b>3.2%</b>	<b>38.9%</b>
Income taxes	(4,711)		(3,428)		37.4%
<b>Net result for the year</b>	<b>12,373</b>	<b>2.9%</b>	<b>8,874</b>	<b>2.3%</b>	<b>39.4%</b>
Net result attributable to non-controlling interests	197		108		83.3%
<b>Net result attributable to owners of the parent</b>	<b>12,176</b>		<b>8,767</b>		<b>38.9%</b>

The VAD Sector closed the first quarter with increased levels of turnover and profitability compared to the period ended 31 July 2020, consolidating its leadership in the Italian market for the distribution of value-added IT solutions.

The Total Revenues and Other Income of Euro 429.5 million at 31 July 2021, up 10.1% compared to 31 July 2020. The quarter's revenue development benefits from the strategy of focusing on the value-added business areas of the market and the expansion of the solutions offered to customers.

The Gross Margin has grown 21.5%, from Euro 28.2 million (Gross Margin of 7.2% of revenues and other income) at 31 July 2020 to Euro 34.2 million (Gross Margin of 8.0% of revenues and other income) at 31 July 2021, thanks to the improve of revenues.

The Ebitda result at period end is equal to Euro 19,321 thousand (Ebitda margin 4.5%), significantly increasing (+34.1%) compared to Euro 14.4 million (Ebitda margin 3.7%) at 31 July 2020, achieved thanks to the development of the Gross Margin and the lower incidence of other operating costs. PM Service Srl, company recently included in the consolidation, contributed 50% to the growth in revenues and profitability in the period under review.

Net profit after tax for the period was Euro 12,373 thousand, up 39.4% compared to Euro 8.9 million at 31 July 2020, thanks to the positive growth in operating profitability and a reduction in depreciation and accruals.

## Results of the SSI Sector

The Software and System Integration Sector (SSI), offering software, technological Innovation and digital transformation solutions for the SME and Enterprise segments, continues the development trend at 31 July 2021, with 21.8% growth in revenues and other income, 33.3% in Ebitda (Ebitda margin increased from 11.8% to 12.9%) and profit after taxes up of 40.7%, thanks to the corporate acquisition and by the expansion of the human resources.

Growth in the Sector was favoured by the business development strategy in the most innovative areas of the market (Digital Cloud, Digital Security, Software and Vertical applications, Managed Services, Digital Engineering) supported by an acceleration of acquisitions and investments and by the expansion of the workforce, which reached 2,536 employees at 31 July 2021, of which more than 250 abroad, operating in countries such as Germany, France, Spain and China.

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

<b>SSI sector</b> <i>(Euro thousands)</i>	<b>2021</b>	<b>31 July</b> <b>%</b>	<b>2020</b>	<b>%</b>	<b>Change</b>
<b>Third-party revenues</b>	<b>125,123</b>		<b>102,492</b>		<b>22.1%</b>
Inter-sector revenues	1,009		1,236		-18.4%
<b>Total Revenues</b>	<b>126,132</b>		<b>103,728</b>		<b>21.6%</b>
Other income	3,386		2,603		30.1%
<b>Total revenues and other income</b>	<b>129,518</b>	<b>100.0%</b>	<b>106,331</b>	<b>100.0%</b>	<b>21.8%</b>
Consumable materials and goods	(42,703)	-33.0%	(38,072)	-35.8%	12.2%
Costs for services and rent, leasing, and similar costs	(34,976)	-27.0%	(29,883)	-28.1%	17.0%
Personnel costs	(34,778)	-26.9%	(25,530)	-24.0%	36.2%
Other operating costs	(395)	-0.3%	(343)	-0.3%	15.2%
<b>Ebitda</b>	<b>16,666</b>	<b>12.9%</b>	<b>12,503</b>	<b>11.8%</b>	<b>33.3%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(7,243)		(5,694)		27.2%
<b>Operating result (Ebit)</b>	<b>9,423</b>	<b>7.3%</b>	<b>6,809</b>	<b>6.4%</b>	<b>38.4%</b>
Net financial income and expense	(570)		(472)		20.8%
<b>Result gross of taxes</b>	<b>8,853</b>		<b>6,337</b>		<b>39.7%</b>
Income taxes	(2,755)		(2,004)		37.5%
<b>Net result for the year</b>	<b>6,098</b>	<b>4.7%</b>	<b>4,333</b>	<b>4.1%</b>	<b>40.7%</b>
Net result attributable to non-controlling interests	1,086		1,206		-10.0%
<b>Net result attributable to the owners of the parent</b>	<b>5,012</b>		<b>3,127</b>		<b>60.3%</b>

The SSI Sector further accelerates its revenue growth trend achieved in the last five years, with consolidated Revenue and Other Income of Euro 129.5 million (+21.8% Y/Y) and Ebitda of Euro 16,666 thousand up of 33.3% compared to Euro 12,503 thousand at 31 July 2020.

The Ebitda margin went from 11.8% at 31 July 2020 to 12.9% at 31 July 2021, benefiting from growth in business areas with higher added value (Cloud, Digital Security, Software and Vertical Applications, Digital Engineering), supported by acquisitions which contributed with a percentage profitability higher than the average for the sector.

The use of external leverage as part of an organic business development strategy contributed significantly to these results and accounted for around 30% of the growth in profitability in the period in question.

The net profit of the Sector at 31 July 2021 was Euro 6,098 thousand, improving 40.7% compared to Euro 4,333 thousand at 31 July 2020, thanks to the positive trend in operating profitability, with improvement in EAT margin at 4.7% in the quarter compared to 4.1% at 31 July 2020.

## Results of the Business Services Sector

The Business Services Sector, which offers business process outsourcing, security and digital transformation services for the finance and large enterprise segment, achieved important results in the quarter, accelerating its growth path. The Business Services Sector contributed to the Group's results at 31 July 2021, achieving Revenues and other income of Euro 13.9 thousand (+16.3 Y/Y) and an Ebitda result of Euro 1.7 million (+163.9 Y/Y) with an Ebitda margin increasing from 5.5% to 12.5%.

The Business Services sector accelerated its growth by external lines in the last quarter of the year, acquiring control of three companies, IFM Infomaster SpA, Digital Storm Srl and Tecnikè Srl, strengthening its offering of digital platforms and enterprise information management solutions.

The reclassified income statement of the Business Services Sector (in Euro thousands) for the period ended 31 July 2021 is provided below and compared with the previous period ended 31 July 2020.

<b>Business Services Sector</b> (Euro thousands)	<b>31 July</b>				
	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>Change</b>
<b>Third-party revenues</b>	<b>13,422</b>		<b>10,679</b>		<b>25.7%</b>
Inter-sector revenues	254		1,111		-77.1%
<b>Total Revenues</b>	<b>13,676</b>		<b>11,790</b>		<b>16.0%</b>
Other income	178		123		44.7%
<b>Total revenues and other income</b>	<b>13,854</b>	<b>100.0%</b>	<b>11,913</b>	<b>100.0%</b>	<b>16.3%</b>
Consumable materials and goods	(1,420)	-10.2%	(3,903)	-32.8%	-63.6%
Costs for services and rent, leasing, and similar costs	(5,753)	-41.5%	(4,374)	-36.7%	31.5%
Personnel costs	(4,872)	-35.2%	(2,964)	-24.9%	64.4%
Other operating costs	(75)	-0.5%	(15)	-0.1%	400.0%
<b>Ebitda</b>	<b>1,734</b>	<b>12.5%</b>	<b>657</b>	<b>5.5%</b>	<b>163.9%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(1,288)		(513)		151.1%
<b>Operating result (Ebit)</b>	<b>446</b>	<b>3.2%</b>	<b>144</b>	<b>1.2%</b>	<b>209.7%</b>
Net financial income and expense	(96)		(69)		39.1%
<b>Result gross of taxes</b>	<b>350</b>	<b>2.5%</b>	<b>75</b>	<b>0.6%</b>	<b>366.7%</b>
Income taxes	(64)		(24)		166.7%
<b>Net result for the year</b>	<b>286</b>	<b>2.1%</b>	<b>51</b>	<b>0.4%</b>	<b>460.8%</b>
Net result attributable to non-controlling interests	65		20		ns
<b>Net result attributable to the owners of the parent</b>	<b>221</b>		<b>30</b>		<b>636.7%</b>

The Business Services Sector accelerated its growth, achieving in the period Revenues consolidated and other income consolidated for Euro 13,854 thousand (+16.3% Y/Y) and an Ebitda result of Euro 1,734 thousand (+163.9% Y/Y), thanks to the consolidation of IFM Infomaster SpA, Digital Storm Srl e Tecnikè Srl, companies active in the new Digital Platform business line, enabling the digital transformation of companies and organizations.

The Ebitda margin went from 5.5% at 31 July 2020 to 12.5% at 31 July 2021, thanks to the aforementioned significant contribution of the new Digital Platform business unit.

Net profit after tax of the Sector at 31 July 2021 is equal to Euro 286 thousand (+460.8% Y/Y), thanks to the positive evolution of operating profitability and business development.

## Results of the Corporate Sector

The Corporate Sector, operating in strategic governance and the provision of services to the Group, strengthened its offering during the period to support the increase in companies included in the scope of consolidation and the integration processes of recent corporate acquisitions.

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

<b>Corporate Sector</b> (Euro thousands)	<b>2021</b>	<b>31 July</b> <b>%</b>	<b>2020</b>	<b>%</b>	<b>Change</b>
<b>Third-party revenues</b>	<b>347</b>		<b>370</b>		<b>-6.2%</b>
Inter-sector revenues	4,506		4,191		7.5%
<b>Total Revenues</b>	<b>4,853</b>		<b>4,561</b>		<b>6.4%</b>
Other income	609		603		1.0%
<b>Total revenues and other income</b>	<b>5,462</b>	<b>100.0%</b>	<b>5,164</b>	<b>100.0%</b>	<b>5.8%</b>
Consumables and goods for resale	(63)	-1.2%	(66)	-1.3%	-4.5%
Costs for services and rent, leasing, and similar costs	(2,207)	-40.4%	(2,064)	-40.0%	6.9%
Personnel costs	(2,391)	-43.8%	(2,199)	-42.6%	8.7%
Other operating costs	(62)	-1.1%	(57)	-1.1%	8.8%
<b>Ebitda</b>	<b>739</b>	<b>13.5%</b>	<b>778</b>	<b>15.1%</b>	<b>-5.0%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(936)		(875)		7.0%
<b>Operating result (Ebit)</b>	<b>(197)</b>	<b>-3.6%</b>	<b>(97)</b>	<b>-1.9%</b>	<b>103.1%</b>
Net financial income and expense	(5)		2		-350.0%
<b>Result gross of taxes</b>	<b>(202)</b>	<b>-3.9%</b>	<b>(95)</b>	<b>-2.0%</b>	<b>112.6%</b>
Income taxes	(20)		15		-233.3%
<b>Net result for the year</b>	<b>(222)</b>	<b>-4.1%</b>	<b>(80)</b>	<b>-1.5%</b>	<b>177.5%</b>
Net result attributable to non-controlling interests	-		-		ns
<b>Net result attributable to the owners of the parent</b>	<b>(222)</b>		<b>(80)</b>		<b>177.5%</b>

Revenues and other income of the Sector, equal to Euro 5,462 thousand, increased (+5.8% Y/Y), thanks to the development of organizational, administrative and financial management, planning and control, human resource management and IT consulting services provided by Sesa SpA to the companies of the Group, following the expansion of the Group's corporate scope.

Amortisation, depreciation, provisions and other non-monetary costs mainly include the notional cost related to the new 2021-2023 stock grant plan and mainly related to the executive directors of the parent company.

After financial management, equity investments and taxes, the result for the period is negative by Euro 222 thousand at 31 July 2021, compared to a negative result of Euro 80 thousand at 31 July 2020.



## Corporate Governance

The Corporate Governance system adopted by Sesa SpA complies with the indications contained in the Code of Conduct for Italian Listed Companies published by Borsa Italiana SpA.

On 27 January 2021, the Shareholders' Meeting approved the adoption of the one-tier system of administration and control and the implementation of the new legal requirements for the composition of the Board of Directors in terms of diversity and independence. In particular, the one-tier system of administration and control is based on the establishment of a Board of Directors comprising a number of members who in turn are also members of the Management Control Committee, as a body with control functions. The role of Supervisory Body pursuant to Legislative Decree 231/01 has been entrusted to the Management Control Committee, as allowed by the current regulatory provisions governing the matter. The corporate governance system of Sesa SpA is therefore structured as follows:

- General Meeting. The Shareholders' Meeting is competent to deliberate, in ordinary and extraordinary session, on matters reserved to it by law or by the articles of association.
- Board of Directors. The Board of Directors is vested with the broadest powers for the administration of the Company and for the implementation and achievement of the corporate purpose, within the limits allowed by law and the Articles of Association.
- Management Control Committee Control body. The Committee is currently made up of three members, all of whom meet the requirements of independence pursuant to the reference legislation. The Management Control Committee exercises the powers and functions assigned to it by current legislation and the Corporate Governance Code. The Board of Directors has also assigned the Management Control Committee the role of Supervisory Body pursuant to Legislative Decree 231/01 and the role of Risk and Control and Related Parties Committee.
- Remuneration Committee. The Remuneration Committee is an advisory and proposing body with the main task of formulating proposals to the Board of Directors for the definition of the remuneration policy for Directors and executives with strategic responsibilities.
- Auditing Company. The statutory audit of the accounts is entrusted to an auditing company registered in the Consob register.

The Shareholders' Meeting of 27 January 2021 also approved the integration of Article 19 of the Articles of Association aimed at guiding the commitment of the directors to pursue success and sustainable growth to the benefit of all Stakeholders.

On 12 July 2021, the Board of Directors approved the Report on the Company's governance system, which contains a general description of the corporate governance system adopted by the Group and provides information on the ownership structure and adherence to the Corporate Governance Code, including the main governance procedures applied and the characteristics of the internal control and risk management system, also in relation to the financial reporting process. The above-mentioned Report is available on the website [www.sesa.it](http://www.sesa.it), Corporate Governance section. The Corporate Governance Code is available on the website of Borsa Italiana SpA [www.borsaitaliana.it](http://www.borsaitaliana.it).

On 12 July 2021, the Board of Directors defined the Remuneration Policy, in accordance with the main recommendations of the Corporate Governance Code, approved the Audit Report as at 30 April 2021, prepared by the Internal Audit department, and examined and expressed a favourable opinion on the Report of the Manager responsible for preparing the company's financial reports, regarding the adequacy and effectiveness of the administrative and accounting procedures.

The Shareholders' Meeting of Sesa SpA held on 26 August 2021 proceeded to appoint the Board of Directors for the next three years, as illustrated in the Significant Events of the period. At the end of the Shareholders' Meeting, the Board of Directors of Sesa SpA met in order to assign powers and management proxies to the directors and appoint the members of the Management Control Committee and Remuneration Committee.

# Human resources and sustainable growth

## Staff

Sesa Group considers human resources one of the most important stakeholders and is committed to the development of skills and human capital dimension through training programs, hiring, welfare, work-life balance, based on distinctive values such as professionalism, inclusion, attention to diversity, sustainability.

As at 31 July 2021, the Group's workforce totalled 3,567 employees (+25.5% compared to 31 July 2020), showing a significant growth trend thanks both to the plans to hire young people from specialisation schools and universities, and to the contribution of external leverage aimed precisely at developing the skills of human resources.

<i>(in units)</i>	Average number of employees for the period ending 31 July		Number of employees as at 31 July		Number of employees as at 30 April
	2021	2020	2021	2020	2020
Managers	33	24	33	26	33
Executives	280	225	280	242	279
Employees	3,102	2,380	3,167	2,507	3,037
Workers	90	66	87	67	92
<b>Total</b>	<b>3,504</b>	<b>2,695</b>	<b>3,567</b>	<b>2,842</b>	<b>3,441</b>

Female employment represents a significant component of the business, equal to 32% as at 31 July 2021 (31% as at 30 April 2021), which reflects the intrinsic characteristics of the business in which the Group operates, strongly oriented towards resources with technical-scientific skills. For years, the Group has been implementing programmes aimed at the full achievement of gender equality which, also in light of the progressive evolution of the training orientation of young resources, are determining a progressive and further growth of the gender quota.

Human capital, as a primary value of the Group, is a strategic resource to be retained and developed through long-term professional growth paths. The Sesa Group therefore pursues policies of hiring its resources on a permanent basis, amounting to 99% of the total as at 31 July 2021. The outgoing turnover rate recorded in the last fiscal year was 6.34%, a low percentage if compared to the average of the Information Technology sector, which has a structural situation of lack of professionalism and a mobility of human resources higher than the national average.

The Group is strongly committed to balanced remuneration policies with the aim of guaranteeing equal gender opportunities and actions aimed at reducing the pay gap between women and men generated mainly by the business segment in which the Group operates. The Gender Pay Gap reported in the last financial year was 7.4%<sup>6</sup>, a positive result when compared to the Italian national average and that of the main European economies. According to the ISTAT Report "*Struttura delle retribuzioni in Italia nel 2018* [Structure of salaries in Italy in 2018]", the Gender Pay Gap in the Italian private sector is in fact 17.7%. At European level, the gender pay gap in the private sector varies from 8.9% in Belgium to 22.9% in Germany (source: Eurostat index, 2019). In this framework, Italy ranks eighth in the European ranking, with a rate of 17%.

## Hiring

The working environment, the opportunity to work on stimulating and innovative projects, where diversity is valued and each person is able to express his or her abilities and potential, together with the Group's great commitment to sustainable development, are key elements in the process of attracting talent, especially young people. In this sense, the Group systematically carries out selection and induction activities for resources entering labour market.

The Group's selection process aims to identify the best available resources through:

- Long-standing collaborations with Professional Schools, Universities and Business Schools;
- Participation in Career Days and University events;
- Organisation of highly specialised vocational training courses (ITS) and Academy;

<sup>6</sup> The figure was calculated as a weighted average based on the total number of employees by professional figure. The category of Executives is excluded from the sample as it is not representative. The index was calculated including the Group's Italian companies. The coverage of the perimeter for the reporting of the data is 94%.

- Hiring events at the Group's main offices, aimed at presenting job opportunities and professional growth for young graduates;
- Social and digital communication campaigns aimed at reinforcing the Group's brand identity and developing the job offer promoted by the Group.

Through these activities, over the last 12 months, around 200 young resources under 30 have been recruited from universities and training schools and placed on internship and apprenticeship schemes that end with confirmation on a permanent basis with percentages close to 100%. Specifically, 74 internships and 224 apprenticeships were active as of 31 July 2021.

## Training and Development of resources

The Sesa Group pursues the retention of human capital through a mix of strategic governance and development tools (training, career plans, work-life balance initiatives, team building and corporate welfare) managed for all major companies of the Group by the parent company Sesa SpA. In this sense, training plays a key role in the process of both enhancing the value and loyalty of people, representing an important tool for developing and consolidating individual skills and at the same time for disseminating the Group's values and strategy, supporting its sustainable growth and cultural and organisational evolution.

The planning of training activities is consistent with the need to adapt skills to the technological evolution processes undertaken by the Group and the need to develop personal skills in line with the new business context and new organisational models.

Despite the period of health emergency, the number of training hours in the last financial year to 30 April 2021 amounted to more than 26,300 hours provided, an increase of 30% year-on-year.

The Group intends to further increase its investment in training activities in order to enhance the skills of human resources in the following training areas:

- Technical and vocational training (tutorship, seminars, academy);
- Training in Key Competences (Soft and Digital skills, Project Management);
- Compliance training: Health and Safety in the Workplace, Corporate Responsibility Legislative Decree 231, GDPR regulations.

In line with the Group's sustainability objectives, specific sustainability programmes will be included in training plans during the year, with the aim of training key figures and the majority of workers.

The Group has in fact started a process of progressive focus on sustainability issues, in line with the long-term value creation strategy of the Sesa Group and in confirmation of the Group's commitment to proactively support innovative value creation models in favour of its stakeholders including, and in particular, its human capital.

## Health and Safety

The Sesa Group promotes the welfare of workers through policies and programmes of information and awareness on safety in the workplace, adopting the necessary measures to prevent and/or minimise accidents, injuries and occupational diseases. This overall vision translates into a business strategy aimed at pursuing the highest levels of protection and guarantee of workers through the planning and implementation of all actions aimed at ensuring the health and safety of processes and workplaces.

Control measures applied for the elimination or containment of risks include:

- health and safety training programmes, differentiated according to the risks and professional profiles present in the company;
- individual and collective protective equipment and devices;
- organisational arrangements necessary to ensure maximum safety of workers within the working environment.

Following the pandemic emergency, the Sesa Group promptly activated measures to safeguard the health and safety of its employees and ensure the operation of essential services. In particular, protocols were adopted at Group level to prevent contagion, with the use of digital temperature detection systems during access to offices and plants, digital collaboration for the management of internal meetings and meetings with stakeholders, systematic adoption of personal protective equipment (PPE) and the adoption of methods for using the canteen service in the Empoli and Milan offices through the use of digital technologies for distancing.

In order to properly manage the health emergency and implement the measures required by law, a Sesa Task Force was set up, with the task of providing guidance and issuing guidelines on health and safety in the workplace. The Task Force, with the involvement of the main corporate functions (Human Resources Office, Legal & Compliance, Competent Doctor, RSPP) promptly adopted Protocols for the prevention of contagion and the implementation of related procedures, including the reduction and monitoring of travel between the various Group offices (replaced by meetings in audio/videoconference mode)

and the planning of training activities with e-learning mode. Since the beginning of the pandemic emergency, moreover, the Sesa Group has adopted a hybrid organisation model, with the use of smart working and digital technologies for internal collaboration and with stakeholders, which has allowed the continuity of the Group's services and activities, operating in a sector such as technological innovation and digital services, which are essential for the functioning of organisations and businesses.

## Welfare

Over the years, a welfare model has been implemented that is able to contribute to the individual and family wellbeing of workers and, at the same time, take advantage of the evolutionary processes of the labour market and the company, which make it possible to improve working relations and the organisational climate, increase the organisation's level of attractiveness and generate benefits for the community in which it operates.

The Group's welfare plan, which can be used through a digital platform and is available to all workers, is divided into the following areas of intervention:

- **Flexible Benefit** for each worker to supplement family expenditure (food shopping, sport, wellness, culture), which can be used flexibly through a wide choice menu available on the Group's Welfare portal;
- **Measures** in support of workers' children (scholarships for the purchase of school books, crèche contributions, study trips abroad, summer centres, digital vouchers for the purchase of computer equipment for workers' children), contributions for sustainable mobility (reimbursements for the use of public transport, Bike Sharing and E-Car Sharing) and for the housing autonomy of resources under 35;
- **Work-life balance programmes and human capital development** (scholarships for bachelor's or master's degree courses), company microcredit for access to loans on favourable terms, social volunteering leave and solidarity holidays, as well as a digital psychological support desk aimed at promoting personal well-being and improving the organisational climate.

The Welfare Plan benefits from the contribution of the Sesa Foundation, a non-profit organization promoted by the founding partners of Sesa and oriented to carry out philanthropy events, education and assistance initiatives for the benefit of the Group's human capital and social communities. These interventions are consistent with the sustainability objectives that the Sesa Group pursues in the management of human capital, promoting its development and diversity in the context of work life balance policies and loyalty in the long term.

## 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 **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;
- 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 following table shows information about results of operations by operating sector for the period ended 31 July 2021 and 31 July 2020.

<i>(Euro thousands)</i>	Period ended 31 July 2021					Period ended 31 July 2020						
	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations		
<b>Third-party revenues</b>	<b>408,885</b>	<b>125,123</b>	<b>13,422</b>	<b>347</b>	<b>547,777</b>	<b>370,627</b>	<b>102,492</b>	<b>10,679</b>	<b>370</b>	<b>484,168</b>		
Inter-sector revenues	18,679	1,009	254	4,506	24,448	18,206	1,236	1,111	4,191	24,744		
<b>Revenues</b>	<b>427,564</b>	<b>126,132</b>	<b>13,676</b>	<b>4,853</b>	<b>(24,448)</b>	<b>547,777</b>	<b>388,833</b>	<b>103,728</b>	<b>11,790</b>	<b>4,561</b>	<b>(24,744)</b>	<b>484,168</b>
Other income	1,929	3,386	178	609	(1,124)	4,978	1,387	2,603	123	603	(1,074)	3,642
<b>Total revenues and other income</b>	<b>429,493</b>	<b>129,518</b>	<b>13,854</b>	<b>5,462</b>	<b>(25,572)</b>	<b>552,755</b>	<b>390,220</b>	<b>106,331</b>	<b>11,913</b>	<b>5,164</b>	<b>(25,818)</b>	<b>487,810</b>
Consumables and goods for resale	(395,266)	(42,704)	(1,420)	(63)	17,336	(422,117)	(362,054)	(38,072)	(3,903)	(66)	18,387	(385,708)
Costs for services and rent, leasing, and similar costs	(9,155)	(34,977)	(5,753)	(2,207)	8,184	(43,908)	(8,212)	(29,883)	(4,374)	(2,064)	7,417	(37,116)
Personnel costs	(5,026)	(34,778)	(4,872)	(2,391)	23	(47,044)	(4,932)	(25,530)	(2,964)	(2,199)	-	(35,625)
Other operating costs	(725)	(393)	(75)	(62)	29	(1,226)	(611)	(343)	(15)	(57)	14	(1,012)
<b>Ebitda</b>	<b>19,321</b>	<b>16,666</b>	<b>1,734</b>	<b>739</b>	<b>-</b>	<b>38,460</b>	<b>14,411</b>	<b>12,503</b>	<b>657</b>	<b>778</b>	<b>-</b>	<b>28,349</b>
Amortisation, depreciation, write-downs and other non-monetary costs	(1,609)	(7,243)	(1,288)	(936)	-	(11,076)	(1,654)	(5,694)	(513)	(875)	-	(8,736)
<b>Operating Result (Ebit)</b>	<b>17,712</b>	<b>9,423</b>	<b>446</b>	<b>(197)</b>	<b>-</b>	<b>27,384</b>	<b>12,757</b>	<b>6,809</b>	<b>144</b>	<b>(97)</b>	<b>-</b>	<b>19,613</b>
Net financial income and expense	(628)	(570)	(96)	(5)	(1,299)	(455)	(472)	(69)	2	-	(994)	
<b>Profit before taxes</b>	<b>17,084</b>	<b>8,853</b>	<b>350</b>	<b>(202)</b>	<b>-</b>	<b>26,085</b>	<b>12,302</b>	<b>6,337</b>	<b>75</b>	<b>(95)</b>	<b>-</b>	<b>18,619</b>
Income taxes	(4,711)	(2,755)	(64)	(20)	-	(7,550)	(3,428)	(2,004)	(24)	15	-	(5,441)
<b>Profit for the period</b>	<b>12,373</b>	<b>6,098</b>	<b>286</b>	<b>(222)</b>	<b>-</b>	<b>18,535</b>	<b>8,874</b>	<b>4,333</b>	<b>51</b>	<b>(80)</b>	<b>-</b>	<b>13,178</b>
Profit attributable to non-controlling interests	197	1,086	65	-	1,348	108	1,206	20	-	-	-	1,334
<b>Profit attributable to the Group</b>	<b>12,176</b>	<b>5,012</b>	<b>221</b>	<b>(222)</b>	<b>-</b>	<b>17,187</b>	<b>8,767</b>	<b>3,127</b>	<b>30</b>	<b>(80)</b>	<b>-</b>	<b>11,844</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 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 after the end of the quarter

On 13 September 2021 the subsidiary Computer Gross SpA acquired the corporate control of Kolme Srl, a leading operator in the offering of ICT solutions and services with an annual turnover of approximately Euro 45 million. The acquisition was performed based on prices in line with the valuation parameters of reference generally applied by Sesa Group, with the involvement of the founding partners and key people who will retain shares in the capital and top management roles in the management of Kolme Srl, based on long-term sustainable growth objectives.

There are no further significant events after the end of the quarter to 31 July 2021.

## Business Outlook

For the remaining part of the financial year, Sesa Group will continue to invest in innovative skills and technologies in order to support the growing demand for digital transformation of businesses and organisations.

The Group will also continue to develop key sustainability programmes in the areas of governance, human resources development and management, environmental protection and social responsibility, with a strong commitment to supporting the generation of sustainable value for all stakeholders.

In light of the positive results achieved in the quarter in all business sectors, the expected contribution from external leverage and expectations of growth in demand for digitalisation in the markets in which it operates, the Group confirms its favourable outlook for the financial year to 30 April 2022 with a guidance of profitability growth of approximately +30% compared to the previous year, continuing to invest in long-term sustainable development, also to the benefit of the years following the current one.

The Chairman of the Board of Directors  
Paolo Castellacci



# Annexes

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## Consolidated Income Statement

<i>(Euro thousands)</i>	Period ended 31 July	
	2021	2020
Revenues	547,777	484,168
Other income	4,978	3,642
Consumables and goods for resale	(422,117)	(385,708)
Costs for services and rent, leasing, and similar costs	(44,702)	(37,862)
Personnel costs	(47,044)	(35,625)
Other operating costs	(1,992)	(1,914)
Amortisation and Depreciation	(9,516)	(7,088)
<b>Operating result</b>	<b>27,384</b>	<b>19,613</b>
Share of profits of companies valued at equity	638	433
Financial income	624	5,130
Financial expenses	(2,561)	(6,557)
<b>Profit before taxes</b>	<b>26,085</b>	<b>18,619</b>
Income taxes	(7,550)	(5,441)
<b>Profit for the period</b>	<b>18,535</b>	<b>13,178</b>
<i>of which:</i>		
Profit attributable to non-controlling interests	1,348	1,334
Profit attributable to the Group	17,187	11,844

## Consolidated Statement of Changes in Equity

(Euro thousands)

	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interests	Total Shareholders' equity
<b>At 30 April 2021</b>	<b>37,127</b>	<b>33,144</b>	<b>(19,421)</b>	<b>227,776</b>	<b>278,626</b>	<b>18,729</b>	<b>297,355</b>
Profit for the year				17,187	17,187	1,348	18,535
Actuarial gain/(loss) for employee benefits – net effect							
<b>Comprehensive income for the year</b>				<b>17,187</b>	<b>17,187</b>	<b>1,348</b>	<b>18,535</b>
<b>Transactions with shareholders</b>							
Purchase of treasury shares							
Sale of treasury shares							
Distribution of dividends						(617)	(617)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plans - shares vesting in the period			793		793		793
Allocation of profit for the period							
Change in the scope of consolidation and other changes			(19,710)	(69)	(19,799)	(3,731)	(23,510)
<b>At 31 July 2021</b>	<b>37,127</b>	<b>33,144</b>	<b>(38,338)</b>	<b>244,894</b>	<b>276,827</b>	<b>15,729</b>	<b>292,555</b>

# Consolidated Statement of Financial Position

<i>(Euro thousands)</i>	As of 31 July	As of 30 April
	2021	2021
Intangible assets	171,452	142,826
Right of use	53,598	55,220
Property, plant and equipment	46,114	44,722
Investment property	290	290
Investments valued at equity	14,396	13,850
Deferred tax assets	13,426	12,987
Other non-current receivables and assets	16,037	14,644
<b>Total non-current assets</b>	<b>315,313</b>	<b>284,539</b>
Inventories	110,122	86,920
Current trade receivables	389,049	355,781
Current tax receivables	6,348	6,001
Other current receivables and assets	61,818	57,634
Cash and cash equivalents	465,044	426,665
<b>Total current assets</b>	<b>1,032,381</b>	<b>933,001</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>1,347,694</b>	<b>1,217,540</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(38,338)	(19,421)
Profits carried forward	244,894	227,776
<b>Total Group Equity</b>	<b>276,827</b>	<b>278,626</b>
Equity attributable to non-controlling interests	15,729	18,729
<b>Total Equity</b>	<b>292,556</b>	<b>297,355</b>
Non-current loans	121,990	117,587
Non-current financial liabilities for right of use	31,780	33,626
Liabilities to minorities shareholders and Earn Out for M&A <sup>7</sup>	89,241	58,806
Employee benefits	40,935	40,897
Non-current provisions	2,458	2,284
Deferred tax liabilities	44,034	35,989
<b>Total non-current liabilities</b>	<b>330,438</b>	<b>289,188</b>
Current loans	163,873	111,961
Current financial liabilities for right of use	10,245	10,245
Payables to suppliers	402,875	366,101
Current tax payables	14,284	7,403
Other current liabilities	133,423	135,287
<b>Total current liabilities</b>	<b>724,700</b>	<b>630,997</b>
<b>Total liabilities</b>	<b>1,055,138</b>	<b>920,185</b>
<b>Total Equity and liabilities</b>	<b>1,347,694</b>	<b>1,217,540</b>

<sup>7</sup> For the purposes of a better representation of the Group's balance sheet, starting from 31 July 2021, payables and commitments for the purchase of shareholdings from minority shareholders have been recorded in a specific item of the balance sheet, separating this amount from non-current loans. Payables and commitments for the purchase of equity investments with minority shareholders include non-interest bearing payables and commitments for deferred payments for company acquisitions (Earn Out, Put Option, deferred prices). For a comparative analysis of meaning, the balance sheets at 31 July 2020 and 30 April 2020 have been reclassified consistently.

# Consolidated Statement of Cash Flows

<i>(Euro thousands)</i>	Period ended 31 July	
	2021	2020
<b>Profit before taxes</b>	<b>26,085</b>	<b>18,619</b>
<b>Adjustments for:</b>		
Amortisation and Depreciation	9,516	7,089
Accruals to provisions relating to personnel and other provisions	1,812	1,836
Net financial (income) expense	1,040	611
Profit of companies valued using the equity method	(638)	(433)
Other non-monetary entries	733	(1,495)
<b>Cash flows generated by operating activities before changes in net working capital</b>	<b>38,548</b>	<b>26,227</b>
Change in inventory	(18,665)	(9,230)
Change in trade receivables	(15,413)	11,730
Change in payables to suppliers	15,534	(40,681)
Change in other assets	2,390	6,081
Change in other liabilities	(18,074)	(13,915)
Use of provisions for risks	(282)	221
Employee benefits	(1,004)	(575)
Change in deferred taxes	859	502
Change in receivables and payables for current taxes	6,247	5,214
Interest paid	(1,119)	(868)
Taxes paid	-	-
<b>Net cash flow generated by operating activities</b>	<b>9,021</b>	<b>(15,294)</b>
Investments in companies net of cash acquired	(8,294)	(13,479)
Investments in property, plant and equipment	(3,871)	(4,004)
Investments in intangible assets	(2,448)	(6,325)
Disposal of property, plant and equipment and intangible assets		
Disposal of investment property		
Disposal of assets held for sale		
Investments in associated companies	(99)	(10)
Disposals of associated companies	-	
Non-current equity investments in other companies	(570)	(1,302)
Disposals of non-current equity investments in other companies		
Dividends collected	234	175
Interest collected	115	209
<b>Net cash flow generated by/(used in) by investment activity</b>	<b>(14,933)</b>	<b>(24,736)</b>
Subscription of long-term loans	21,500	25,000
Repayment of long-term loans	(19,347)	(20,071)
(Reduction)/increase in short-term loans	45,912	24,401
Repayment of financial liabilities for rights of use	(3,155)	(2,437)
Investments/disinvestments in financial assets		(22)
Capital increase		
Change in Group equity		
Change in equity attributable to non-controlling interests		
Treasury shares		
Dividends distributed	(619)	(465)
<b>Net cash flow generated by/(used in) financial activities</b>	<b>44,291</b>	<b>26,406</b>
Translation difference on cash and cash equivalents		
<b>Change in cash and cash equivalents</b>	<b>38,379</b>	<b>(13,624)</b>
Opening balance of cash and cash equivalents	426,665	368,466
<b>Closing balance of cash and cash equivalents</b>	<b>465,044</b>	<b>354,842</b>

## 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 July 2021, corresponds to the documentary results, books and accounting entries.

Empoli, 14 September 2021

Alessandro Fabbroni

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

**Sesa** s.p.a

Sesa SpA Via Piovola, 138 50053 Empoli (FI)  
Share capital Euro 37,126,927  
Tax code and Registration no. in the Companies Register  
of Florence and VAT number 07116910964

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