



PRESS RELEASE

APPROVAL OF THE CONSOLIDATED INTERIM REPORT FOR THE NINE-MONTH PERIOD AT 31 JANUARY 2020

Strong growth in Group results (+17.3% in Revenues, +30.3% in Ebitda, +29.5% in Net Profit attributable to the Group) thanks to the success of the development strategy in high value-added business areas, supporting the customers' demand for digital transformation

- **Total Revenues and Other Income: Euro 1,344.8 million (+17.3% Y/Y)**
- **Consolidated Ebitda: Euro 69.5 million (+30.3% Y/Y) with Ebitda margin equal to 5.17% compared to 4.65% at 31 January 2019**
- **Consolidated Net profit: Euro 32.5 million (+30.0% Y/Y). Adjusted¹ consolidated Net profit: Euro 34.7 million (+31.0% Y/Y)**
- **Consolidated Net profit attributable to the Group: Euro 28.7 million (+29.5% Y/Y). Adjusted¹ consolidated Net profit attributable to the Group: Euro 30.9 million (+30.7% Y/Y)**
- **Net Financial Position (net debt): Euro 11.8 million vs negative NFP (net debt) for Euro 12.6 million at 31 January 2019. Excluding the effect of IFRS 16 adoption, positive NFP at 31 January 2020 for Euro 1.3 million, with an improvement of Euro 13.9 million vs 31 January 2019**
- **Total Equity: Euro 251.6 million vs Euro 224.6 million at 31 January 2019**
- **Continuous investments supporting the sustainable growth and human capital, reaching 2,221 employees at 31 January 2020**

Empoli, 12 March 2020

The Board of Directors of Sesa S.p.A., reference operator in Italy in the sector of value-added IT solutions for the business segment, today examined and approved the consolidated Interim Report for the nine-month period as of 31 January 2020, prepared in compliance with EU-IFRS accounting standards².

In the first 9 months of the fiscal year 2020 (1 May 2019 - 30 April 2020) Sesa Group achieved a strong improvement in the main consolidated economic and financial indicators, with Revenues and Other Income growing by 17.3% and an Ebitda up by 30.3%, confirming the growth trend already recorded in the first six months of the year, much higher than the reference market and the Group's long-term track record (Revenues CAGR 2011-2019 +9.6%, Ebitda CAGR 2011-2019 +10.1%).

¹Adjusted EBIT and Adjusted EBT are gross of the amortisation of intangible fixed assets (client lists and know-how) recorded as a result of the Purchase Price Allocation (PPA) process in relation to corporate acquisitions. Adjusted Net Profit and Adjusted Net Profit attributable to the Group are gross of the amortisation of intangible fixed assets (client lists and know-how) recorded as a result of the Purchase Price Allocation (PPA) process in relation to corporate acquisitions, net of the related tax effect.

²The Consolidated Interim Report at 31 January 2020 reflects the application of the standard IFRS 16 adopted starting from 1 May 2019 without any restatement in the comparative data.



The Group's growth is supported by the positive results achieved by both main business sectors, thanks to the success of the development strategy in the high value-added IT business areas and the investments in human capital, also achieved through the recent corporate acquisitions.

At consolidated level, **Revenues and Other Income grew by 17.3% from Euro 1,146,273 thousand at 31 January 2019 to Euro 1,344,772 thousand at 31 January 2020.**

The VAD ("Value Added Distribution") sector further strengthened its leadership in the Italian value-added IT distribution market, achieving in the period at 31 January 2020 Revenues and Other Income equal to Euro 1,097,362 thousand with a 13.7% growth compared to the same period of the previous year, favored by the development of the portfolio of solutions offered to customers with greater innovative content in security, analytics, enterprise software and collaboration segments.

The SSI ("Software and System Integration") sector recorded in the first nine months of the fiscal year Revenues and Other Income equal to Euro 308,485 thousand, up by 21.6% compared to 31 January 2019, thanks to the development strategy in the most innovative IT business areas, including Digital Cloud, Digital Security and Digital Process. The changes in the scope of consolidation resulting from the recent corporate acquisitions contributed for about 13% to the Groups' growth in revenues during the period, totally related to the SSI sector.

The consolidated Ebitda grew by 30.3%, from Euro 53,297 thousand at 31 January 2019 (Ebitda margin 4.65%) to Euro 69,466 thousand at 31 January 2020 (Ebitda margin 5.17%).

To the growth in Ebitda contributed both the VAD sector (+19.9% Y/Y), from Euro 33,329 thousand at 31 January 2019 (Ebitda margin 3.45%) to Euro 39,948 thousand at 31 January 2020 (Ebitda margin 3.64%) and the SSI sector, which recorded an Ebitda equal to Euro 27,309 thousand at 31 January 2020 (+42.2% Y/Y), compared to Euro 19,202 thousand at 31 January 2019 (with Ebitda margin increasing from 7.57% at 31 January 2019 to 8.85% at 31 January 2020).

The positive Ebitda trend is essentially due to an organic growth, with a contribution from acquisitions (changes in the scope of consolidation since the beginning of the fiscal year) equal to approximately 22%, totally related to the SSI sector. The application of the new standard IFRS 16 from 1 May 2019 determined a positive effect for Euro 3,805 thousand on Ebitda and a substantially neutral impact on Ebit and Net profit.

The consolidated Ebit grew by 28.3%, from Euro 38,370 thousand (Ebit margin 3.35%) at 31 January 2019 to Euro 49,223 thousand (Ebit margin 3.66%) at 31 January 2020, thanks to the above-mentioned increase in Ebitda and despite the increase in the amortisation of tangible and intangible assets from Euro 6,285 thousand at 31 January 2019 to Euro 11,884 thousand at 31 January 2020 (of which Euro 3,688 thousand resulting from the amortisation of the rights of use pursuant to the application of IFRS 16 from May 2019) and the higher amortisation of client lists and technological know-how from Euro 2,086 thousand at 31 January 2019 to Euro 3,091 thousand at 31 January 2020. The Adjusted Ebit gross of the amortisation of client lists and technological know-how recorded as a result of PPA process, at 31 January 2020 is equal to Euro 52,314 thousand (Adj Ebit margin 3.89%) up by 29.3% compared to Euro 40,456 thousand at 31 January 2019 (Adj Ebit margin 3.53%).

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

The consolidated Net Profit after taxes is equal to Euro 32,527 thousand (EAT margin 2.42%) at 31 January 2020, up by 30.0% compared to Euro 25,030 thousand (EAT margin 2.18%) at 31 January 2019. The consolidated Net Profit after non-controlling interests (Net Profit attributable to the Group) at 31 January 2020 is equal to Euro 28,682 thousand, up by 29.5% Y/Y (the consolidated Adjusted Net Profit after non-controlling interests is equal to Euro 30,882 thousand, up by 30.7% Y/Y).



The consolidated Net Financial Position at 31 January 2020 is negative (net debt) for Euro 11,839 thousand, with an improvement compared to a negative NFP of Euro 12,561 thousand at 31 January 2019, thanks to the operating *cash flow* on an annual basis for approximately Euro 60 million, after investments in corporate acquisitions and technological infrastructure for over Euro 40 million (including the recognition of Euro 13.2 million of rights of use pursuant to IFRS 16), as well as after the distribution of dividends and the treasury shares buyback for a total in the period of approximately Euro 12 million.

Excluding the effect of the IFRS 16 adoption, the NFP at 31 January 2020 is positive for Euro 1,293 thousand, with an improvement of Euro 13.9 million compared to 31 January 2019. The change in the NFP at 31 January 2020 compared to 30 April 2019, which showed a net liquidity equal to Euro 41,754 thousand, mainly reflects the seasonality of the business, characterized by a greater absorption of net working capital at 31 January compared to 30 April of each year.

During the period, the consolidated Equity further strengthened and amounted to Euro 251,566 thousand at 31 January 2020, increasing compared to Euro 224,628 thousand at 31 January 2019.

After the excellent results achieved at 31 January 2020, much higher than the reference market and the long-term track record, following the diffusion of Coronavirus globally and in Italy, the Sesa Group is managing the effects on its operations by working for the continuity of its services and the protection of its workers' health. Despite the impact of the diffusion of the virus on the global economy and on the IT market, the results obtained in the first nine months as of 31 January 2020 and the positive trend in turnover and orders for February 2020 lead Sesa Group to operate by continuing the strategy of sustainable growth. The Group will strengthen a primary support role in the digital transformation of the country, its customers and partners during a phase of particular need such as the current one following the above-mentioned diffusion of the COVID virus, pursuing policies aimed at sustainability for the benefit of all stakeholders.

The Chairman Paolo Castellacci and the Chief Executive Officer Alessandro Fabbroni commented the results for the period at 31 January 2020 as follows:

"In a phase of market transformation in which the demand for IT solutions is further growing, we continued to invest in areas with higher innovation content, in partnership with the international Vendors of the sector and their customers, developing skills and specialization of our human capital", stated **Paolo Castellacci, Chairman and founder of Sesa.**

"In the first nine months of the fiscal year the Group showed a growth trend higher than the reference market and the long-term track record, thanks to the success of investments in human capital and the integration of the recent corporate acquisitions in strategic development areas. The Group will strengthen a primary support role in the digital transformation of the country, its customers and partners during a phase of particular need such as the current one following the above-mentioned diffusion of the COVID virus, pursuing policies aimed at sustainability for the benefit of all stakeholders", stated **Alessandro Fabbroni, CEO of Sesa.**

Here attached you can find the following exhibits (in thousand of Euros):

- Exhibit n. 1 - Reclassified Consolidated Income Statement of Sesa Group as of 31 January 2020
- Exhibit n. 2 - Reclassified Consolidated Balance Sheet of Sesa Group as of 31 January 2020
- Exhibit n. 3 - Consolidated Income Statement of Sesa Group as of 31 January 2020
- Exhibit n. 4 - Consolidated Statement of Financial Position of Sesa Group as of 31 January 2020
- Exhibit n. 5 - Segment Information as of 31 January 2020



This press release is also available on the company's website www.sesa.it, as well as on the authorized storage mechanism *eMarket Storage* consultable at the website www.emarketstorage.com.

The manager responsible for drawing up the company's accounts - Alessandro Fabbroni - declares, pursuant to Paragraph 2 of Article 154 bis of the Consolidated Finance Act, that the accounting information contained in this press release matches the information included in the accounting books and records.

Sesa S.p.A., based in Empoli (Florence) and activities throughout the Italian territory and some European areas such as Germany, is the head of a Group leader in Italy in the sector of value-added IT solutions for the business segment, with consolidated revenues of about Euro 1,550 million, an Ebitda equal to Euro 74.3 million, a consolidated net profit of Euro 33.4 million and around 2,000 employees at 30 April 2019. The Group has the mission of bring the most advanced technological solutions of major international Vendors of IT in the districts of the Italian and European economies, leading companies in the path of technological innovation. Thanks to the partnership with the global leading player in the sector, the skills and consultancy capabilities of its human resources and the vertical solutions developed for Made in Italy districts, the Group offers ICT services and solutions (design, education, Managed Services, Digital Security Services, ERP & Vertical Solutions, Digital Transformation Services) to support the competitiveness and the digital transformation of customers.

Sesa Group operates through three main business sectors: the VAD sector with revenues for Euro 1,301.3 million, an Ebitda equal to Euro 46.6 million, a net profit of Euro 23.9 million; the SSI sector with revenues for Euro 342.8 million, an Ebitda equal to Euro 26.2 million, a net profit of Euro 9.6 million; the Corporate sector with revenues for Euro 17.1 million and an Ebitda equal to Euro 1.7 million. At a consolidated level, Sesa recorded at 30 April 2019 Total Revenues and Other Income for Euro 1,550.6 million, an Ebitda equal to Euro 74.3 million, a consolidated net profit of Euro 33.4 million (source: consolidated financial statements at 30 April 2019).

Sesa Group pursues a sustainable growth policy towards all Stakeholders and recorded in the period 2011-2019 a track record of continuous growth in employment and revenues (revenues CAGR 2011-2019 +9.6%) and profitability (Ebitda CAGR 2011-2019 +10.1%). Sesa shares are listed in the MTA Italian Stock Exchange (STAR segment). ISIN Code: IT0004729759.

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Exhibit 1 – Reclassified Consolidated Income Statement of Sesa Group as of 31 January 2020 (in thousand of Euros). Results at 31/01/2020 approved by the Board of Directors held on 12 March 2020, not audited

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

The Consolidated Interim Report at 31 January 2020 reflects the application of the standard IFRS 16 adopted starting from 1 May 2019 without any restatement in the comparative data.

Adjusted Ebit and Adjusted Ebt are gross of the amortisation of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process. Adjusted Net profit and Adjusted Net profit attributable to the Group are gross of the amortisation of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process, both net of the related tax effects.



Exhibit 2 – Reclassified Consolidated Balance Sheet of Sesa Group as of 31 January 2020 (in thousand of Euros). Results at 31/01/2020 approved by the Board of Directors held on 12 March 2020, not audited

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

The Consolidated Interim Report at 31 January 2020 reflects the application of the standard IFRS 16 adopted starting from 1 May 2019 without any restatement in the comparative data.



**Exhibit 3 - Consolidated Income Statement of Sesa Group as of 31 January 2020 (in thousand of Euros).
Results at 31/01/2020 approved by the Board of Directors held on 12 March 2020, not audited**

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



Exhibit 4 - Consolidated Statement of Financial Position of Sesa Group as of 31 January 2020 (in thousand of Euros). Results at 31/01/2020 approved by the Board of Directors held on 12 March 2020, not audited

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



Exhibit 5 – Segment Information (VAD, SSI, Corporate) as of 31 January 2020 (in thousand of Euros). Results at 31/01/2020 approved by the Board of Directors held on 12 March 2020, not audited

Segment Information Euro/thousand	Nine-month period as of 31 January 2020				Nine-month period as of 31 January 2019			
	VAD	SSI	Corporate	Group	VAD	SSI	Corporate	Group
Revenues and Other Income	1,097,362	308,485	14,767	1,344,772	965,435	253,707	12,443	1,146,273
<i>Change YoY</i>	13.7%	21.6%	18.7%	17.3%				
Ebitda	39,948	27,309	2,209	69,466	33,329	19,202	1,048	53,297
<i>Ebitda margin</i>	3.6%	8.9%	15.0%	5.2%	3.4%	7.6%	8.4%	4.6%
<i>Change YoY</i>	19.9%	42.2%	111%	30.3%				
Ebit	34,549	14,761	(87)	49,223	26,057	12,248	347	38,370
<i>Ebit margin</i>	3.1%	4.8%	(0.6%)	3.7%	2.7%	4.8%	2.8%	3.3%
<i>Change YoY</i>	32.6%	20.5%	(125%)	28.3%				
Net profit	23,930	8,981	(384)	32,527	17,745	7,537	3	25,030
<i>EAT margin</i>	2.2%	2.9%	(2.6%)	2.4%	1.8%	3.0%	0.0%	2.2%
<i>Change YoY</i>	34.9%	19.2%	n.s.	30.0%				
Net profit attributable to the Group	23,739	5,327	(384)	28,682	17,639	4,748	3	22,147
<i>Change YoY</i>	34.6%	12.2%	n.s.	29.5%				
Adjusted Net profit attributable to the Group	23,864	7,401	(383)	30,882	17,764	6,107	4	23,632
<i>Change YoY</i>	34.3%	21.2%	n.s.	30.7%				