

# Interim Report

31 July

# 2020

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SESA SpA, Registered office: Via Piovola no. 138 – 50053 Empoli  
(Province of Florence) - Share Capital: Euro 37,126,927; Fiscal  
Code, Florence Register of Companies and VAT no. 07116910964

**seSa** s.p.a

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## Governing and supervisory bodies of Sesa SpA

Board of Directors		Holding office until
Paolo Castellacci	Chairman	approval of the FS at 30.04.2021
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2021
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2021
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2021
Angela Oggionni	Independent Director	approval of the FS at 30.04.2021
Claudio Berretti	Non- Executive Director	approval of the FS at 30.04.2021
Maria Chiara Mosca	Independent Director	approval of the FS at 30.04.2021
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2021

To the Chairman, Paolo Castellacci, were granted all powers of ordinary administration regarding the strategic management of Vendors and suppliers, power to represent the company legally and institutional relations. To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary administration related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, human resources, carrying out banking transactions.

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

Board of Statutory Auditors		Holding office until
Cerati Giuseppe	Chairman	approval of the FS at 30.04.2021
Andrea Mariani	Standing auditor	approval of the FS at 30.04.2021
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2021
Marco Sironi	Alternative auditor	approval of the FS at 30.04.2021
Paola Carrara	Alternative auditor	approval of the FS at 30.04.2021

Supervisory Board pursuant to Law 231/2011		Holding office until
Giuseppe Cerati	Chairman	approval of the FS at 30.04.2021
Chiara Pieragnoli	Member	approval of the FS at 30.04.2021
Andrea Mariani	Member	approval of the FS at 30.04.2021

Head of the internal Auditing activity, Michele Ferri

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

Head of administrative processes and management auditing, Francesco Billi

Listing Market	
Electronic stock market (MTA), Milan (Italy)	STAR Segment
Share Capital (Euro)	37,126,927.50
Outstanding shares	15,494,590
Stake held by the controlling company ITH SpA	52.81%
Specialist operator	Intermonte Sim SpA

Head of the Investor Relations activity Conxi Palmero

## Highlights of Group results

### Consolidated income statement data at 31 July of each year (3 months)

(in thousands of euros)	2020	2019	2018	2017	2016
Revenues	484,168	437,751	347,715	314,685	293,199
EBITDA (Earnings before amortisation and depreciation, other provisions and non-monetary costs, financial charges and taxes)	28,349	21,771	15,685	13,114	12,392
EBIT	19,613	15,928	11,666	10,185	8,748
EBT	18,619	14,816	10,566	9,114	7,998
Profit (loss) for the period	13,178	10,214	7,235	6,008	5,219
Profit (loss) for the period attributable to the Group	11,844	9,122	6,422	5,501	4,882

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

(in thousands of euros)	2020	2019	2018	2017	2016
Total Net Invested Capital	257,425	238,964	218,224	211,319	197,326
Total equity	266,589	240,402	217,143	204,738	184,667
- attributable to the Group	248,138	226,963	207,206	196,416	177,160
- attributable to non-controlling interests	18,451	13,439	9,937	8,322	7,507
Net Financial Position (Net Liquidity)	(9,164)	(1,438)	1,081	6,581	12,659
Total Equity and Net Financial Position	257,425	238,964	218,224	211,319	197,326

### Consolidated profitability ratio at 31 July of each year (3 months)

	2020	2019	2018	2017	2016
EBITDA / Total revenues and other income	5.81%	4.95%	4.49%	4.17%	4.23%
Profit attributable to the Group / Total revenues and other income	4.02%	2.07%	1.85%	1.75%	1.67%

### Human Resources, amount at period-end (1)

(unit or thousands of euros)	2020	2019	2018	2017	2016
Number of employees at period-end	2,842	1,974	1,754	1,476	1,262
Average number of employees	2,695	1,736	1,698	1,451	1,182

(1) Including fixed-term contracts, excluding internships. Percentage of permanent workers equal to 99%

## Main Financial Indicators

### Financial indicators

<b>Sesa</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
(Euro)					
Trading stock Market <sup>(1)</sup>	MTA - Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock price (31 July of each year)	64.10	35.65	30.20	24.65	14.50
Dividend per share <sup>(2) (*)</sup>	Note 2	0.63	0.60	0.56	0.48
Dividend paid (in millions of euros) <sup>(3)</sup>	Note 2	9.762	9.297	8.677	7.513
Pay Out Ratio <sup>(4)</sup>	0.0%	33.3%	34.6%	34.6%	31.4%
Outstanding shares (in millions of euros at 31 July of each year)	15.49	15.49	15.49	15.49	15.65
Market capitalisation (in millions of euros at 31 July of each year)	993.2	552.4	467.9	381.9	226.9
Market to Book Value <sup>(**)</sup>	3.7	2.3	2.2	1.9	1.2
Dividend Yield (on Stock price at 31 July) <sup>(***)</sup>	Note 2	1.8%	2.0%	2.3%	3.3%
<b>Sesa Group</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
(Euro)					
Earnings per share at 30 April (base) EPS <sup>(****)</sup>	2.46	1.90	1.74	1.62	1.55
Earnings per share at 30 April (diluted) <sup>(*****)</sup>	2.46	1.89	1.73	1.62	1.54

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

(2) For the financial year ended 30 April 2020, the Ordinary Shareholders' Meeting of Sesa SpA of 28 August 2020 resolved not to distribute dividends considering the state of global crisis, investments in support of the demand for digitisation and the acceleration of the external growth path

(3) Dividend gross of treasury shares

(4) Dividend gross of treasury shares / Consolidated Net Profit attributable to shareholders

(\*) Dividends paid in the following year in respect of the profit accruing at 30 April each year

(\*\*) Market Capitalisation as of 31 July of every Fiscal Year/Consolidated Group equity at 31 July of each year

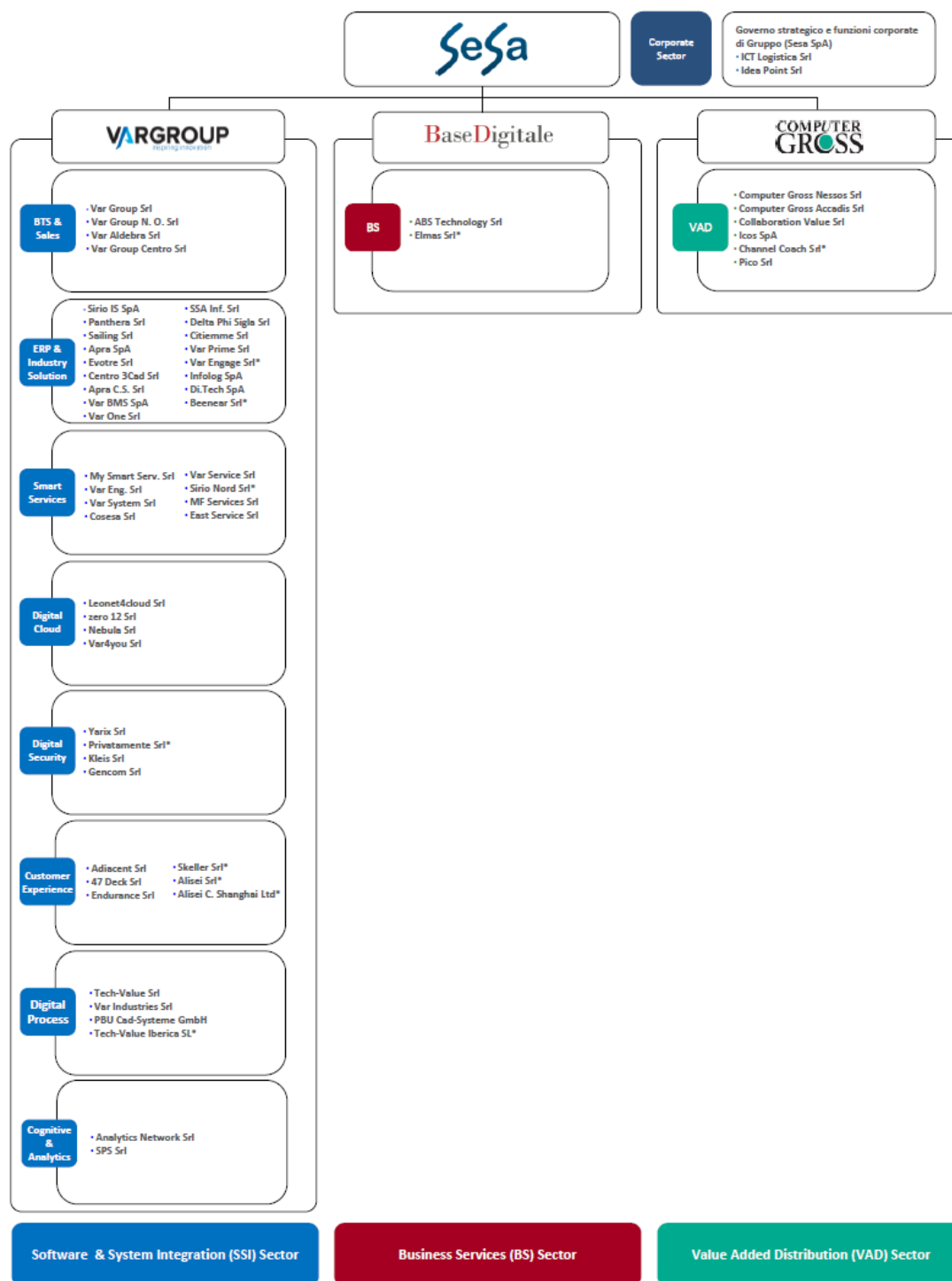
(\*\*\*) Dividend per share/market value per share as of 31 July of every Fiscal Year

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

(\*\*\*\*\*) Consolidated net profit as of 30 April relating to the last approved financial statements /average number of ordinary shares net of treasury shares in portfolio as of 30 April and including the impact of Stock Options/Grants, Warrants and/or convertible bonds, if any.

## Sesa Group Structure at 31 July 2020

The Sesa Group is organised into 4 main divisions. The VAD sector (Value-Added IT Distribution) managed through the subsidiary Computer Gross SpA, the Software and System Integration sector (SSI), managed through the subsidiary Var Group SpA, which offers digital transformation solutions and services to customers belonging to the SME and Enterprise segment, the BS (Business Services) sector led by the subsidiary Base Digitale SpA, which offers outsourcing, security and digital transformation services for the finance segment and the Corporate sector which manages corporate functions, financial and operational platform for all Group's companies through the parent company Sesa SpA.



\* Subsidiaries valued at cost

With reference to the changes in the scope of consolidation recorded in the 3-month period ended on 31 July 2020 it should be noted the entry into the SSI sector of zero 12 Srl, Infolog SpA, SPS Srl, Analytics Networks, Endurance Srl, Nebula Srl, kleis Srl and 47Deck Srl from May 2020 and Di.Tech SpA from June 2020. In the VAD sector, the following companies have entered the scope of consolidation: Clever Consulting Srl, Service Technology Srl and Pico Srl from May 2020. Compared to the structure of the Group at 31 July 2019, used in the Interim Report for comparative purposes, it should be considered as change in the scope of consolidation, in addition to the abovementioned companies, also the companies belonging to the Business Services sector (Base Digitale SpA and ABS Technology Srl), East service Srl, Citiemme Srl and SSA Srl, entered in the consolidation scope of the Sesa Group after 31 July 2019. For further details on the scope of consolidation and the shareholdings directly and indirectly controlled by Sesa SpA, as well as the shareholdings in associated companies, please refer to the schedules attached to the Annual Report at 30 April 2020.

## Foreword

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

The Interim Report at 31 July 2020 related to the first three months and represents the first quarterly report prepared by the parent Sesa SpA for the financial year ended at 30 April 2021.

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

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

## Accounting policies and standards

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

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

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

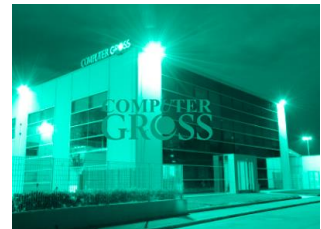
## Significant events in the period

**The first quarter of the new financial year closed with a strong growth in the Group's main economic and financial indicators, exceeding the benchmark market and the long-term track record.** In the quarter ended 31 July 2020, the Group's Revenues and Other income increased by 10.8% with an increase in operating profitability (Ebitda) of 30.2% and an Ebitda margin that reached 5.8% compared to 4.9% at 31 July 2019. The adjusted net result attributable to the Group amounted to 13.0 million (+31.9% compared to 31 July 2019). The net financial position further strengthened from a positive balance of Euro 1.4 million at 31 July 2019 to a positive balance of Euro 9.2 million at 31 July 2020, favoured by the improvement in operating cash flow and increasing efficiency in the management of net working capital, against net investments for the period in corporate acquisitions and technological infrastructure of approximately Euro 30 million.

The results of Q1 2021 confirm the resilience and validity of the Group's strategic positioning which, thanks also to recent corporate acquisitions, has strengthened its presence in the areas of technological innovation and digital transformation services in a period still characterised by the difficulties linked to the pandemic emergency and the acceleration of the demand for digitisation of clients and business partners.

**In the quarter in question, the Sesa Group accelerated its growth path through external leverage by completing six corporate acquisitions (twelve since the start of the pandemic emergency) developing skills and human capital in strategic areas for the operation and digitisation of clients and business partners.** In particular, thanks to recent acquisitions and the Sesa Group's increasing ability to attract skills, human capital exceeds the threshold of 2,800 resources at 31 July 2020 (over 3,000 including subsidiaries recognised at cost) compared to 1,900 resources at 31 July 2019.

**The Value Added Distribution (VAD) sector, which offers value-added IT solutions, achieved growth of revenue of 6%, of Ebitda of 10% and of net profit after tax of more than 16% in the first quarter of the fiscal year.** The VAD sector benefited from the strategy of focusing on the value-added business areas of the market and the expansion of solutions offered to customers in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments. The positive results achieved during the period, also the result of initiatives and investments made in recent years, strengthen the market share on the Italian market (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, September 2020). Among the development operations carried out during the period was the acquisition of 55% of **Clever Consulting Srl**, a company specialised in offering End Point Security solutions with a Vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape, as well as the acquisition in June 2020 of control (55%) of **Service Technology Srl**, a company operating in the refurbished sector that offers reverse logistics services, management and renewal of technology parks in support of environmental sustainability. The acquisition of control of Service Technology Srl together with the agreement made in August 2020 with **PM Service Srl**, a technology solutions company for energy saving, aims to strengthen its position in a market segment with a progressively growing demand, pursuing the objective of environmental sustainability of the IT infrastructure supply chain, an aspect of growing attention of its stakeholders. The company's acquisitions go hand in hand with organic investments and commercial initiatives, including the partnership agreement signed in July 2020 with **Red Hat**, the leading provider of open source enterprise software solutions, with the aim of strengthening its positioning in the value solutions of enterprise software and cloud solutions.



**The Software and System Integration Sector (SSI), active in the offer of Technological Innovation solutions and Digital Transformation services for the SME and Enterprise segments, strengthens the development trend recorded in the last four years with growth rates in the first quarter to 31 July 2020 equal to 12% of revenues, 54% of Ebitda and 68% of net profit after tax.** The development strategy in the most innovative business areas of the market, achieved through corporate acquisitions and investments in human capital and infrastructure, consolidate the role of Var Group as a reference player in the field of technological innovation. In the period May-July 2020 it further accelerates its growth path by external lines:

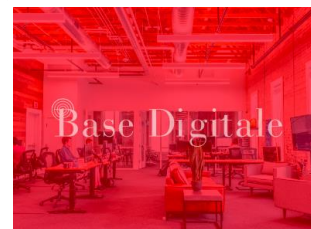
- In May 2020 the majority of the capital of **zero12 Srl** was acquired, a company based in Padua and with a human capital of about 20 resources specialised in Cloud Computing and Big Data Analysis solutions, with particular reference to application development and SaaS architectures;





- In May 2020, 51% of **Infolog SpA** was acquired, a company specialising in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, “WMS”), with over 200 customers operating in some of the main sectors of Made in Italy and a workforce of over 40 resources;
- In May 2020, a binding agreement was signed for the acquisition of a majority stake in the share capital of **Analytics Network Srl** and **SPS Srl**, which was implemented in July 2020. The companies specialise in the development of cognitive analytics solutions and services for the enterprise segment, with a human capital of around 20 resources and consolidated expertise in data analytics to support business processes, Predictive Analysis, Machine Learning and Artificial Intelligence;
- In July 2020, 100% of the share capital of **Di.Tech SpA** was acquired, a Bologna-based company with a human capital of over 250 resources specialised in the supply of software solutions and IT services for the food distribution sector, in particular in the management of logistics, supply chain and store management information systems. Di.Tech is the digital partner of reference for IT services and solutions of the Conad Group, a leading operator in Italy in the food retail sector with over 3,300 points of sale;
- Finally, in August 2020, 55% of **WSS Italia (Worldwide Software Solution Italia) Srl** was acquired, a Milan-based company with a human capital of about 50 specialised resources offering system management software solutions and remote and application management services on both the Italian and Swiss markets, through the wholly owned subsidiary WSS IT Sagl. The company will enter the scope of consolidation in Q2 (August-October 2020) of the new financial year.

The **Business Services Sector active in the offer of process outsourcing, security and digital transformation services for the finance and large enterprise segments, through its subsidiary Base Digitale SpA, contributed to the Group’s results, achieving revenues of € 11.9 million and operating profitability (Ebitda of € 0.7 million) in line with annual targets.** The Business Services Sector includes the company Base Digitale SpA, ABS Technology Srl and Elmas Srl, a recently acquired company active in physical security, video surveillance and home automation services that will be consolidated starting from Q2.



On 14 July 2020, the Board of Directors of Sesa SpA met and approved the consolidated financial statements of the Group and the financial statements as at 30 April 2020, proposing not to distribute the dividend considering the state of global crisis and the acceleration of investments and the external growth path. During this meeting, the Board of Directors adopted, among other things, the following resolutions:

- approval of the Remuneration Report pursuant to article 123-ter of Legislative Decree No. 58/1998 and the Report on Corporate Governance and Ownership Structure pursuant to article 123-bis of Legislative Decree No. 58/1998;
- proposal to the Shareholders’ Meeting to authorise the purchase (within the limits of € 3.5 million of countervalue and 10% of the share capital) and the disposal of own ordinary shares;
- allocation of 63,000 shares in ordinary shares relating only to the Three-Year Target of the 2018-2020 Stock Grant Plan, having renounced the portion relating to the Annual Target, due to the efforts made by all Group resources in the lockdown phase and the role of increasing social responsibility of the Sesa Group.

The Shareholders’ Meeting held on 28 August 2020 approved the Financial Statements as at 30 April 2020 and the related proposal not to proceed with the distribution. The Shareholders’ Meeting approved the Stock Grant Plan for the period 2021-2023 for a maximum total of 265,000 shares and the related proposal to authorise the purchase and disposal of own ordinary shares for a total of € 3.5 million. The Shareholders’ Meeting also confirmed the appointment of Mr. Claudio Berretti, as non-executive director, and appointed Mr. Andrea Mariani as standing auditor. Finally, the Extraordinary Shareholders’ Meeting resolved to introduce the increased vote following the amendment of article 6 and the introduction of article 7 of the Articles of Association, aimed at further orienting the management of the Sesa Group towards long-term objectives and attracting stakeholders oriented towards long-term sustainable growth.

## Operating conditions and business development

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

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

- the Corporate sector includes activities relating to strategic governance and the management of the Group's operating machine and financial platform, which are centralised within the parent company Sesa SpA. In particular, for the main operating companies of the Group, the Administration, Finance and Control, Human Resources and Training, Organisation, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl. The offer of marketing services in support of the ICT channel is supplied by Idea Point Srl;
- the VAD sector includes activities relating to Value Added Distribution of technological innovation solutions, with a focus on the data center, enterprise software, networking, collaboration, security and cloud computing segments. The VAD division is managed by the wholly owned subsidiary Computer Gross SpA;
- The Software and System Integration (SSI) sector offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration division is managed by the wholly-owned subsidiary Var Group SpA;
- The Business Services (BS) sector offers process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary company Base Digitale SpA.

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

### Corporate sector

#### Sesa SpA

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

#### ICT Logistica Srl

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

#### Idea Point Srl

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

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

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

#### **Var Group SpA**

The Company, wholly owned by Sesa SpA, is a Digital Services & Innovation provider, one of the reference operators in the Italian market for the SME and Enterprise segments with a turnover of Euro 396 million at 30 April 2020 (including that of the subsidiaries). Var Group SpA developed an integrated offer of digital solutions with an organisational model, also through its subsidiaries, divided into 7 business units: Business Technology Solutions, Smart Services, Digital Security, Digital Cloud, Digital Process, Customer Experience, ERP & Industry Solutions. The IoT, A.I. and Blockchain units also operate in support of the integration of the offer.

#### **Var Group Srl**

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

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

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

#### **Var Aldebra Srl**

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

#### **Var Group Centro Srl**

The Company, 97.5% owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Central and Southern Italy.

### Business Unit Digital Cloud

#### **Leonet4Cloud Srl**

The Company, a wholly owned subsidiary of Var Group SpA, offers private, public and hybrid cloud services, with a portfolio of products and services to meet business and enterprise demand.

#### **Zero12 Srl**

The Company, 55% owned by Var Group SpA, is based in Padua and has a human capital of approximately 20 resources specialised in IT solutions in the Cloud Computing and Big Data Analysis sector, with particular reference to the development of SaaS applications and architectures, Business Data Recommendation, Instant Marketing and approximately 50 customers active in the main web market places. zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, reference operators in the Cloud, Big Data and Analytics sectors. The company entered the scope of consolidation in May 2020.

#### **Nebula Srl**

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

#### **Var4you Srl**

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

### Business Unit Smart Services

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

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

**Var Service Srl**

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

**MF Services Srl**

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

**Cosesa Srl**

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

**Var Engineering Srl**

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

**Var System Srl**

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

**East Service Srl**

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

**Business Unit Digital Security****Yarix Srl**

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

**Gecom Srl**

The Company, 60% owned by Yarix Srl, operates with headquarters in Forlì in the networking and collaboration sector to support complex Digital Security projects.

**Kleis Srl**

The Company, 51% owned by Var Group SpA, specialises in Artificial Intelligence and Machine Learning services for the banking sector and in areas related to e-commerce and telematic anti-fraud.

**Business Unit ERP & Vertical solutions****Sirio Informatica e Sistemi SpA**

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

**Panthera Srl**

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

**Var BMS SpA**

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

**Var One Srl**

The Company, 65% owned by Var Group SpA through Var BMS SpA, operates in the supply of integrated solutions and services on the SAP Business One platform. Thanks to its skills and a widespread presence throughout the country, it is a leading operator in Italy in the SAP Business One sector.

**SSA Informatica Srl**

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

**Citiemme Informatica Srl**

The Bergamo-based company, controlled by Var Group SpA and Var One Srl, which hold 37% and 26% of the share capital respectively, operates in the supply of integrated solutions and services on TeamSystem platforms (Alyante and ACG) for SME customers. Citiemme Informatica Srl offers consultancy, business solutions and services to its customers concentrated in North Eastern Italy.

**Apra SpA**

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

**Centro 3Cad Srl**

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

**Apra Computer System Srl**

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

**Evotre Srl**

The Company, 56% owned by Apra SpA, offers Zucchetti HR management solutions in support of SMEs in Central Italy. It entered the scope of consolidation in April 2019.

**Sailing Srl**

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

**Var Prime Srl**

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

**Delta Phi Sigla Srl**

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

**Infolog SpA**

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

**Di.Tech SpA**

The Company, 100% owned by Var Group SpA, with a human capital of more than 250 specialised resources, of which more than 120 are employed in the subsidiary Beeneer in Romania, is a company active in the development of software and other IT services for logistics in the food distribution sector and boasts the Conad Group as one of its major clients.

The Company entered the scope of consolidation in June 2020.

#### Business Unit Digital Process

##### **Var Industries Srl**

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

##### **Tech-Value Srl**

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

##### **PBU CAD-Systeme GmbH**

The Company, 60% owned by Tech-Value Srl, operates in the design of PLM (Product Lifecycle Management, Process Transformation) and Digital Manufacturing services and solutions for engineering intensive manufacturing companies. The company, based in Aichach (Bavaria) and with branches in Filderstadt (Stuttgart) and Moers (Düsseldorf), has a qualified staff of about 50 technical resources and a historic partnership with Siemens Industry Software.

#### Business Unit Customer Experience

##### **Adiacent Srl**

The Company, 53% owned by Var Group SpA and 33% by Sesa SpA, provides IT solutions to client companies with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the SME, Enterprise and Finance segments.

##### **Endurance Srl**

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

##### **47Deck Srl**

The Company, 100% owned by Adiacent Srl, is specialized in the development and implementation of digital projects through the Adobe Marketing Cloud suite platforms. The company entered the scope of consolidation in May 2020.

#### **Business Services sector (BS)**

##### **Base Digitale SpA**

The Company, 61% owned by Sesa SpA, leads the Business Services Sector and is active in business process outsourcing, digital transformation, Fleet management and operations services. It is a recognised partner of some of the main national operators in the finance and banking sector, including BMPs, Banca Intesa and the Credit Agricole Group. It has a staff of over 250 people working in the Florence and Turin offices and in the branches of Monteriggioni (SI) and Pisa. In April 2020, the merger of Bservices Srl and Globo Informatica Srl into Base Digitale SpA was approved, the effects of which were completed in July 2020. The Company entered the scope of consolidation in March 2020.

##### **ABS Technology Srl**

The Company, 100% owned by Base Digitale SpA, is active in physical and logical security services mainly for banks and operators in the retail and large-scale retail sector. It has a staff of over 40 people working in the Florence office and in the Monteriggioni (SI) branch. The Company entered the scope of consolidation in March 2020.

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

### **Computer Gross SpA**

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

The company, with revenues of Euro 1,434 million and a net profit of Euro 30.8 million achieved in the year ended 30 April 2020, is the main subsidiary of the Sesa Group in terms of revenues and profitability.

### **Icos SpA**

Icos SpA, 81% owned by Computer Gross SpA, is a value added distributor of enterprise software and datacenter solutions on the Italian market, with offices in Ferrara, Milan and Rome, a long-standing partner of the Vendor Oracle and also a distributor of NetApp, CommVault and other Vendor software solutions.

### **Computer Gross Nessos Srl**

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

### **Collaboration Value Srl**

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

### **Clever Consulting Srl**

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

### **Service Technology Srl**

Service Technology Srl, 55% owned by Computer Gross SpA, operates in the Green IT sector and offers reverse logistics, management and reconditioning services for IT products, dealing with the regeneration and refurbishment of technology parks that have reached the end of their first life cycle, thus pursuing the sustainability of the IT infrastructure chain. The company based in Arezzo has been consolidated since May 2020.

### **Pico Srl**

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

## Performance of operations

### General economic trend

The Covid-19 pandemic emergency generated an unprecedented economic impact on the global economy, public accounts and employment. Global GDP is expected to fall by 4.9% in 2020, with the pandemic expected to be contained in the second half of 2020, with a recovery of 5.4% in 2021, which however appears slower than expected. The crisis caused by the pandemic emergency is partly mitigated by the measures implemented by governments and central banks through higher public spending and lower tax revenues on the one hand and liquidity support on the other. (Source IMF - WEO, June 2020).

Among the trends seen in developed countries, the exception is China, which was the first to withdraw social distancing measures and for which overall growth is still estimated at 1% in 2020, at the lowest level since the 1970s. In the United States, the expected contraction in 2020 is 8%, with a recovery of 4.5% in 2021. In the Eurozone, the impact of the pandemic on GDP is expected to be around 10% in 2020, with a recovery of 6% in 2021 (source IMF - WEO, June 2020).

In the global crisis scenario, the performance of the Italian economy is severely impacted with an expected reduction in GDP in 2020 of 12.8%, higher than the Eurozone average due to increased dependence on sectors such as tourism and transport and a reduced capacity for economic policy response. Thanks to the initiatives to support the economic recovery by the Italian Government, also taking advantage of the benefits provided at European level (the so-called "Recovery Fund"), a recovery in GDP is expected from the third quarter of 2020. Among the measures adopted are those supporting the digitisation of businesses and public administration. In 2021 Italian GDP is expected to recover by about 6% in line with other European economies (source IMF - WEO, June 2020).

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

Percentage Values	Change in GDP 2016	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020 (E)	Change in GDP 2021 (E)
World	+3.2%	+3.8%	+3.6%	+2.9%	-4.9%	+5.4%
Advanced Economies	+1.7%	+2.3%	+2.3%	+1.7%	-8.0%	+4.8%
Emerging Market	+4.3%	+4.8%	+4.5%	+3.7%	-3.0%	+5.9%
USA	+1.5%	+2.3%	+2.9%	+2.3%	-8.0%	+4.5%
Japan	+1.0%	+1.7%	+0.3%	+0.7%	-5.8%	+2.4%
China	+6.7%	+6.9%	+6.6%	+6.1%	+1.0%	+8.2%
Great Britain	+1.8%	+1.8%	+1.3%	+1.4%	-10.2%	+6.3%
Euro Zone	+1.8%	+2.3%	+1.9%	+1.2%	-10.2%	+6.0%
Italy	+0.9%	+1.5%	+0.8%	+0.3%	-12.8%	+6.3%



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

Since 2016, the IT market in Italy has shown growth rates that are always higher than the national Gross Domestic Product. Also in 2020, the year in which the Covid-19 virus epidemic spread, the expected market decline (-0.9%) remains significantly lower than the drop in Italian GDP (-12.8%). The IT sector therefore confirms its position as one of the markets that will be less affected by the spread of the pandemic, with prospects of a return to growth in 2021 (+4.3%) also favoured by the progressive digitisation of businesses and organisations. The demand for IT, even in the lockdown period, did not suffer significant contractions as economic operators accelerated the digital transformation both to ensure business continuity and to cope with a new market context, investing in particular in segments such as collaboration, cloud solutions and security. In 2021 and 2022, a return to growth of around 4%, higher than the historical average, is expected, fully recovering the market downturn of 2020 (Source: Sirmi, September 2020).

The growth of the IT market is mainly driven by the development of the Management Services segment, which includes digital services and solutions and reflects the evolution of how technology is used. In 2020, the Management Services segment was the only one to show positive progress (+4.0%), supporting business continuity in all business segments. This market segment, on which the Sesa Group has extensive coverage, expects further acceleration of growth in 2021 (+7.0%) (Source: Sirmi, September 2020).

The following table represents the IT market trend in Italy in the period 2016-2019 and the forecasts for the years 2020, 2021, 2022 and 2023 (Source: Sirmi, September 2020).

Italian IT market (Euro millions)	2017	2018	2019	2020E	2021E	2022E	2023E	Ch. 17/16	Ch. 18/17	Ch. 19/18	Ch. 20/19	Ch. 21/20	Ch. 22/21	Ch. 23/22
Hardware	6,044	6,025	6,172	6,012	6,192	6,366	6,532	0.6%	-0.3%	2.4%	-2.6%	3.0%	2.8%	2.6%
Software	3,833	3,845	3,861	3,746	3,820	3,862	3,890	-0.4%	0.3%	0.4%	-3.0%	2.0%	1.1%	0.7%
Project Services	3,436	3,500	3,588	3,437	3,575	3,711	3,840	0.4%	1.9%	2.5%	-4.2%	4.0%	3.8%	3.5%
Management Services	5,504	5,900	6,350	6,604	7,067	7,582	8,150	6.0%	7.2%	7.6%	4.0%	7.0%	7.3%	7.5%
<b>Total IT Market</b>	<b>18,817</b>	<b>19,270</b>	<b>19,971</b>	<b>19,799</b>	<b>20,654</b>	<b>21,521</b>	<b>22,412</b>	<b>1.9%</b>	<b>2.4%</b>	<b>3.6%</b>	<b>-0.9%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.1%</b>
<b>Cloud Computing</b>	<b>1,862</b>	<b>2,302</b>	<b>2,830</b>	<b>3,284</b>	<b>3,922</b>	<b>4,601</b>	<b>5,369</b>	<b>23.3%</b>	<b>23.6%</b>	<b>23.0%</b>	<b>16.0%</b>	<b>19.4%</b>	<b>17.3%</b>	<b>16.7%</b>
<i>Cloud (SaaS, PaaS, IaaS) Adoption %</i>	18.8%	23.3%	28.2%	32.3%	38.3%	44.2%	50.6%							

Within the IT market, the distribution segment, where the Group operates through its main subsidiary Computer Gross SpA (VAD Sector), recorded average growth of 5% in the three-year period 2017 - 2019, supported by the networking, collaboration and enterprise software (including analytics, security and cloud) segments. In 2020, thanks to the spread of the Covid-19 epidemic, the development of sales of technology and software components linked to smart working, and more generally to collaboration, favoured market growth, which is expected to be 3% compared to the previous year. This trend is confirmed also in 2021 with a recovery in growth with rates higher than the historical average (Source: Sirmi, September 2020).

The System Integrator segment recorded an average growth of about 6% in the three-year period 2017-2019, thanks to the demand for digital transformation and technological innovation of companies and organisations. In 2020, due to the spread of the pandemic emergency, a contraction in the market growth trend is expected, which remains positive overall (+0.6%) but with heterogeneous trends depending on the sectors of activity. The demand for services with innovative content (Cybersecurity, Cloud Computing, Big Data, AI/Cognitive, Analytics) together with collaboration solutions remains significant, however, with growth rates expected to be higher than average also in 2020.

## Main income statement data of the Group

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

Reclassified Income statement	31/07/2020 (3 months)	%	31/07/2019 (3 months)	%	Change 2020/19
<b>Revenues</b>	<b>484,168</b>		<b>437,751</b>		<b>10.6%</b>
Other income	3,642		2,399		51.8%
<b>Total Revenues and Other Income</b>	<b>487,810</b>	<b>100.0%</b>	<b>440,150</b>	<b>100.0%</b>	<b>10.8%</b>
Purchase of goods	(385,708)	79.1%	(357,316)	81.2%	7.9%
Costs for services and leased assets	(37,116)	7.6%	(33,253)	7.6%	11.6%
Personnel costs	(35,625)	7.3%	(26,941)	6.1%	32.2%
Other operating charges	(1,012)	0.2%	(869)	0.2%	16.5%
<b>Total Purchase of goods and Operating Costs</b>	<b>459,461</b>	<b>94.2%</b>	<b>418,379</b>	<b>95.1%</b>	<b>9.8%</b>
<b>Ebitda</b>	<b>28,349</b>	<b>5.81%</b>	<b>21,771</b>	<b>4.95%</b>	<b>30.2%</b>
Amortisation tangible and intangible assets (software)	(5,519)		(3,612)		52.8%
Amortisation client lists and technological know-how	(1,569)		(989)		58.6%
Accruals to provision for bad debts and risks and other non-monetary costs	(1,648)		(1,242)		32.7%
<b>Ebit</b>	<b>19,613</b>	<b>4.02%</b>	<b>15,928</b>	<b>3.62%</b>	<b>23.1%</b>
Net financial income and charges	(994)		(1,112)		-10.6%
<b>Ebt</b>	<b>18,619</b>	<b>3.82%</b>	<b>14,816</b>	<b>3.37%</b>	<b>25.7%</b>
Income taxes	(5,441)		(4,602)		18.2%
<b>Net profit</b>	<b>13,178</b>	<b>2.70%</b>	<b>10,214</b>	<b>2.32%</b>	<b>29.0%</b>
<i>Net profit attributable to the Group</i>	<i>11,844</i>		<i>9,122</i>		<i>29.8%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>1,334</i>		<i>1,092</i>		<i>22.2%</i>
<b>Adjusted<sup>1</sup> Ebit</b>	<b>21,182</b>	<b>4.34%</b>	<b>16,917</b>	<b>3.84%</b>	<b>25.2%</b>
<b>Adjusted Ebt</b>	<b>20,188</b>	<b>4.14%</b>	<b>15,805</b>	<b>3.59%</b>	<b>27.7%</b>
<b>Adjusted Net profit</b>	<b>14,295</b>	<b>2.93%</b>	<b>10,918</b>	<b>2.48%</b>	<b>30.9%</b>
<i>Adjusted Net profit attributable to the Group</i>	<i>12,961</i>		<i>9,826</i>		<i>31.9%</i>

The period recorded a growth acceleration in revenues (+10.8%) and operating profitability (+30.2%) compared to the Group's long-term trend (Revenues CAGR 2011-2020 +10.1%, Ebitda CAGR 2011-2020 +11.9%).

Total Revenues and Other Income increased by Euro 47.7 million (+10.8%), from Euro 440.2 million at 31 July 2019 to Euro 487.8 million at 31 July 2020, thanks to the contribution of the Group's main business sectors.

The VAD Sector consolidated its leadership in the Italian market of value added distribution of technological innovation solutions, achieving in the first quarter of the fiscal year a 6.4% growth in revenues, a 10.1% growth in Ebitda and a 16% growth in net profit after taxes. The quarterly results of the VAD Sector showed, in addition to the development of revenues, a significant acceleration in profitability which, benefiting from the operating leverage, reached an Ebitda margin of 3.7% compared to 3.6% in the period before 31 July 2019.

The Software and System Integration (SSI) sector confirms the growth trend in revenues (Revenues CAGR 2017-20: +18.2%) and profitability (Ebitda CAGR 2017-20: +36.7%) of recent years, thanks to the development strategy in the most innovative business areas of the market (ERP & Industry Solutions, Digital Cloud, Digital Security, Digital Process and Cognitive & Analytics), supported by acquisition operations and investments in human capital development.

The Business Services Sector, which has been consolidated since March 2020, has contributed to the growth of the Group's turnover and profitability with results in line with expectations in a business sector, that of process outsourcing, security and digital transformation services for the finance sector, complementary to the one already managed by the Group.

<sup>1</sup> Adjusted Ebit and Adjusted Ebt are defined before amortisation of intangible assets (Customer lists and 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 defined before amortisation of intangible assets (Customer Lists and Know-how) recorded as a result of the Purchase Price Allocation (PPA) process, net of the related tax effect.

The companies recently included in the scope of consolidation following acquisitions and the differences in the scope of consolidation contributed 47% to the growth in quarterly turnover and 42% to the increase in operating profitability.

(in thousands of euros)	Period ended at 31 July				Change
	2020	%	2019	%	
<b>Total Revenues and Other Income</b>	<b>487,809</b>	<b>100.0%</b>	<b>440,150</b>	<b>100.0%</b>	<b>10.8%</b>
<b>Gross Margin</b>	<b>102,101</b>	<b>20.9%</b>	<b>82,834</b>	<b>18.8%</b>	<b>23.3%</b>
Costs for services and leased assets	(37,116)	7.6%	(33,253)	7.6%	11.6%
Personnel costs	(35,625)	7.3%	(26,941)	6.1%	32.2%
Other operating charges	(1,012)	0.2%	(869)	0.2%	16.5%
<b>Total Operating Costs</b>	<b>(73,753)</b>	<b>15.1%</b>	<b>(61,063)</b>	<b>13.9%</b>	<b>20.8%</b>

In the period the consolidated Gross Margin grew by 23.3% (20.9% of Revenues and Other Income), rising from Euro 82,834 thousand at 31 July 2019 to Euro 102,101 thousand at 31 July 2020, despite a 20.8% increase in operating costs, generating a significant growth in Ebitda (+30.2%), which rose from Euro 21,771 thousand (4.95% of Revenues and Other Income) to Euro 28,349 thousand (5.81% of Revenues and Other Income), with an improvement of Ebitda margin of 86 basis point. The growth in Ebitda margin was generated by both of the Group's main business sectors (VAD, which rose from 3.6% at 31 July 2019 to 3.7% at 31 July 2020, and SSI, which rose from 8.6% at 31 July 2019 to 11.8% at 31 July 2020).

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

(in units)	Average number of employees in the period ended 31 July		Actual number of employees at 31 July		Actual number of employees at 30 April 2020
	2020	2019	2020	2019	
Executives	24	19	26	21	22
Middle Managers	225	172	242	173	208
Office workers	2,446	1,745	2,574	1,780	2,317
<b>Total</b>	<b>2,695</b>	<b>1,736</b>	<b>2,842</b>	<b>1,974</b>	<b>2,547</b>

The results at 31 July 2020 are supported by the growth in human capital, with the total number of employees rising from 1,974 at 31 July 2019 to 2,842 at 31 July 2020, thanks to the contribution of company acquisitions that have made it possible to add skills in business areas with growth potential and recruiting actions that have made it possible to place around 250 resources (young graduates and new graduates) within the Group.

Operating result (Ebit) amounted to Euro 19,613 thousand (Ebit margin 4.02%) increasing by 23.1% compared to Euro 15,928 thousand (Ebit margin 3.62%) at 31 July 2019 after amortisation for Euro 7,088 thousand (+54.1%) and provisions and other non-monetary costs for Euro 1,648 thousand (+32.7%). The increase in amortisation was Euro 2,487 thousand, of which Euro 580 thousand was due to higher amortisation of customer lists and know-how following company acquisitions, the remainder to investments in technological infrastructure. The increase in the item provisions and other non-monetary costs reflects the need to cover the provisions for doubtful debts together with the notional costs recorded in application of IFRS 2. Adjusted EBIT (excluding amortisation of customer lists and know-how amounting to Euro 1,569 thousand at 31 July 2020) increased by 25.2% from Euro 16,917 thousand at 31 July 2019 (EBIT Adjusted margin 3.84%) to Euro 21,182 thousand (EBIT Adjusted margin 4.34%) at 31 July 2020.

The Result before taxes at 31 July 2020 amounted to Euro 18,619 thousand, an increase of 25.7% compared to Euro 14,816 thousand in the first quarter of 2019, after a negative financial management balance of Euro 994 thousand, compared to net financial charges of Euro 1,112 thousand at 31 July 2019, a negative exchange management balance of Euro 81 thousand, compared to a negative balance of Euro 176 thousand at 31 July 2019, and a positive contribution from associated companies recorded using the equity method for Euro 433 thousand compared to Euro 353 thousand at 31 July 2019.

The item Financial income and expenses is detailed as follows:

<i>(in thousands of euros)</i>	Period ended 31 July	
	2020	2019
Interest expense for assignments of receivables	(465)	(401)
Charges and commissions for assignments of receivables with recourse	(79)	(81)
Interest expense on bank accounts and loans	(74)	(91)
Other interest expense	(329)	(367)
Commissions and other financial charges	(681)	(486)
Financial charges relating to staff severance pay (TFR)	(66)	(63)
<b>Total financial charges</b>	<b>(1,694)</b>	<b>(1,489)</b>
Interest income on other short-term receivables	191	166
Other financial income	25	17
Interest income on bank deposits	18	5
Dividends from equity investments	114	12
<b>Total financial income</b>	<b>348</b>	<b>200</b>
<b>Total financial income and charges (A)</b>	<b>(1,346)</b>	<b>(1,289)</b>
<b>Total exchange gains and losses (B)</b>	<b>(81)</b>	<b>(176)</b>
<b>Profit from companies valued at equity (C)</b>	<b>433</b>	<b>353</b>
<b>Net financial income/(charges) (A+B+C)</b>	<b>(994)</b>	<b>(1,112)</b>

The consolidated Net Profit after taxes is equal to Euro 13,178 thousand (EAT margin 2.70%) at 31 July 2020, recording a strong growth (+29.0%) compared to Euro 10,214 thousand (EAT margin 2.32%) at 31 July 2019. The Adjusted Net Profit (gross of the amortisation of client lists and know-how) grew from Euro 10,918 thousand at 31 July 2019 to Euro 14,295 thousand at 31 July 2020 (+30.9% YTD).

The consolidated Net Profit after non-controlling interests (Net Profit attributable to the Group) at 31 July 2020 is equal to Euro 11,844 thousand, up by 29.8% compared to the Net Profit of Euro 9,122 thousand at 31 July 2019. The consolidated Adjusted Net Profit after non-controlling interests (Net Profit attributable to the Group) (gross of the amortisation of client lists and know-how recorded as a result of PPA process and the related tax effect) at 31 July 2020 amounted to Euro 12,962 thousand, compared to Euro 9,826 thousand at 31 July 2019 (+31.9% YTD).

## Main balance sheet data of the Group

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

<b>Reclassified Balance Sheet</b>	<b>31/07/2020</b>	<b>31/07/2019</b>	<b>30/04/2020</b>
Intangible assets	102,285	63,702	74,273
Property, plant and equipment and rights of use	88,107	72,340	83,958
Investments valued at equity	12,147	10,338	12,158
Other non-current receivables and deferred tax assets	28,844	25,056	25,715
<b>Total non-current assets</b>	<b>231,383</b>	<b>171,436</b>	<b>196,104</b>
Inventories	102,255	96,073	91,127
Current trade receivables	393,031	408,299	393,645
Other current assets	49,560	66,005	48,646
<b>Current operating assets</b>	<b>544,846</b>	<b>570,377</b>	<b>533,418</b>
Payables to suppliers	347,081	349,533	379,066
Other current payables	108,348	110,760	99,610
<b>Short-term operating liabilities</b>	<b>455,429</b>	<b>460,293</b>	<b>478,676</b>
<b>Net working capital</b>	<b>89,417</b>	<b>110,084</b>	<b>54,742</b>
Non-current provisions and other tax liabilities	28,461	17,084	20,665
Employee benefits	34,914	25,472	31,022
<b>Non-current net liabilities</b>	<b>63,375</b>	<b>42,556</b>	<b>51,687</b>
<b>Net Invested Capital</b>	<b>257,425</b>	<b>238,964</b>	<b>199,159</b>
<b>Equity</b>	<b>266,589</b>	<b>240,402</b>	<b>253,859</b>
Medium-Term Net Financial Position	204,054	144,743	187,038
Short-Term Net Financial Position	(213,218)	(146,181)	(241,738)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(9,164)</b>	<b>(1,438)</b>	<b>(54,700)</b>
<b>Equity and Net Financial Position</b>	<b>257,425</b>	<b>238,964</b>	<b>199,159</b>

The Balance Sheet at 31 July 2020 shows a growth in Net Invested Capital, which rose from Euro 238,964 thousand to Euro 257,425 thousand, essentially as a result of:

- increase in Total non-current assets, equal to Euro 231,383 thousand at 31 July 2020 compared to Euro 171,436 thousand at 31 July 2019, essentially generated by investments in corporate acquisitions;
- improvement in Net working capital which decreased to Euro 89,417 thousand (NWC/Revenue 4.9%) at 31 July 2020 from Euro 110,084 thousand (NWC/Revenue 6.7%) at 31 July 2019.

Regarding financing sources it should be noted:

- an improvement in Net Financial Position equal to a positive balance (net liquidity) of Euro 9,164 thousand at 31 July 2020, compared to a positive balance (net liquidity) of Euro 1,438 thousand at 31 July 2019 thanks to the cash flow from the operating management and the positive change in net working capital;
- the increase in consolidated Equity reaching a total of Euro 266,589 thousand at 31 July 2020 compared to Euro 240,402 thousand at 31 July 2019 mainly thanks to the profit generated net of dividends distributed in September 2019 by the parent company Sesa SpA in the amount of Euro 9.8 million.

Total non-current assets at 31 July 2020 amounted to Euro 231,383 thousand, with an increase of Euro 59,947 thousand compared to 31 July 2019, essentially generated by investments carried out in the period supporting the growth and in particular by:

- increase in intangible assets from Euro 63,702 thousand at 31 July 2019 to Euro 102,205 thousand at 31 July 2020, following the recognition of the intangible assets (client list and know-how), following the Purchase Price Allocation (PPA) process relating to the corporate acquisitions, mainly zero12 Srl, Infolog Srl, Di.Tech SpA, Analytics Network Srl and SPS Srl and investments in software supporting the business;
- increase in tangible assets from Euro 72,340 thousand at 31 July 2019 to Euro 88,107 thousand at 31 July 2020, following the Group's investments in technology and the recognition of greater rights to use as a result of the increase in the scope of consolidation from Euro 41.9 million to Euro 51.3 million at 31 July 2020;
- increase in the item Other non-current receivables and deferred tax assets from Euro 25,056 thousand at 31 July 2019 to Euro 28,844 thousand at 31 July 2020 as a result of the higher deferred tax assets resulting from the increase in the scope of consolidation.

Details of the Group's Net Financial Position (data in thousands of euros) at 31 July 2020 are shown below. Together with the comparative data for the year ended 30 April 2020, are also included those relative to the period ended 31 July 2019 in order to provide a better analysis of the Net Financial Position trend in light of the seasonality of the business which typically characterizes sales revenues and consequently financial management during the year.

<b>Net Financial Position</b>	<b>31/07/2020</b>	<b>31/07/2019</b>	<b>30/04/2020</b>
Liquidity	(354,842)	(253,672)	(368,466)
Current financial receivables	(738)	(1,670)	(478)
Current financial debt	142,362	109,161	127,206
<b>Short-term net financial position</b>	<b>(213,218)</b>	<b>(146,181)</b>	<b>(241,738)</b>
Non-current financial debt	204,054	144,743	187,038
<b>Non-current Net financial position</b>	<b>204,054</b>	<b>144,743</b>	<b>187,038</b>
<b>Net financial position</b>	<b>(9,164)</b>	<b>(1,438)</b>	<b>(54,700)</b>

The Group's Net Financial Position was positive for Euro 9,164 thousand at 31 July 2020, an improvement of Euro 7,726 thousand compared to a positive balance of Euro 1,438 thousand at 31 July 2019, thanks to the cash flow generated by operations, the increasing efficiency in the management of working capital, net of investments in the last 12 months in corporate acquisitions and technological infrastructure for over Euro 50 million and after distributing dividends in September 2019 and repurchasing treasury shares for a total of about Euro 13 million. The change in the Net Financial Position at 31 July 2020 compared to the figure at 30 April 2020, which showed a net liquidity of Euro 54,700 thousand, reflects the seasonality of the business which is characterised by a higher absorption of net working capital at 31 July compared to 30 April of each year.

## Main income statement data of the VAD sector

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

<b>VAD sector</b> <i>(in thousands of euros)</i>	<b>2020</b>	<b>31 July</b> <b>%</b>	<b>2019</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>370,627</b>		<b>344,654</b>		<b>7.5%</b>
Inter-segment revenues	18,206		20,934		-13.0%
<b>Total Revenues</b>	<b>388,833</b>		<b>365,588</b>		<b>6.4%</b>
Other income	1,387		1,253		10.7%
<b>Total Revenues and Other Income</b>	<b>390,220</b>	<b>100.0%</b>	<b>366,841</b>	<b>100.0%</b>	<b>6.4%</b>
Consumables and goods for resale	(362,054)	-92.8%	(340,697)	-92.9%	6.3%
<b>Gross Margin</b>	<b>28,166</b>	<b>7.2%</b>	<b>26,144</b>	<b>7.1%</b>	<b>7.7%</b>
Costs for services and rent, leasing and similar costs	(8,212)	-2.1%	(8,145)	-2.2%	0.8%
Personnel costs	(4,932)	-1.3%	(4,260)	-1.2%	15.8%
Other operating costs	(611)	-0.2%	(647)	-0.2%	-5.6%
<b>Ebitda</b>	<b>14,411</b>	<b>3.7%</b>	<b>13,092</b>	<b>3.6%</b>	<b>10.1%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(1,654)		(1,645)		0.5%
<b>Ebit</b>	<b>12,757</b>	<b>3.3%</b>	<b>11,447</b>	<b>3.1%</b>	<b>11.4%</b>
Financial income and charges	(455)		(753)		-39.6%
<b>Profit before taxes</b>	<b>12,302</b>	<b>3.2%</b>	<b>10,694</b>	<b>2.9%</b>	<b>15.0%</b>
Income taxes	(3,428)		(3,072)		11.6%
<b>Net profit for the period</b>	<b>8,874</b>	<b>2.3%</b>	<b>7,622</b>	<b>2.1%</b>	<b>16.4%</b>
Net profit attributable to non-controlling interests	108		36		200.0%
<b>Net profit attributable to the Group</b>	<b>8,767</b>		<b>7,586</b>		<b>15.6%</b>

The VAD sector increased turnover and margins during the period, further strengthening its leadership in the Italian value-added IT distribution market.

Total Revenues and Other Income, equal to Euro 390,220 thousand at 31 July 2020, is up by 6.4% compared to 31 July 2019. Revenue growth in the quarter benefited from the strategy of focusing on the value-added business areas of the market and the expansion of the solutions offered to customers in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments.

Gross Margin<sup>2</sup> grew by 7.7% from Euro 26,144 thousand (7.1% of revenues and other income) at 31 July 2019 to Euro 28,166 thousand (7.2% of revenues and other income) at 31 July 2020 thanks to the increase in sales revenues.

The Ebitda in the period is equal to Euro 14,411 thousand (Ebitda margin 3.7%), up by 10.1% compared to Euro 13,092 thousand (Ebitda margin 3.6%) at 31 July 2019, achieved thanks to the Gross Margin development and the lower incidence of operating costs favoured by actions to increase the efficiency of the operational and logistic platform. The companies recently included in the VAD Sector consolidations cope, including Clever Consulting Srl, Pico Srl and Service Technology Srl contributed 2% to the Sector's profitability growth.

The Net profit for the period was equal to Euro 8,874 thousand, with an increase of 16.4% compared to Euro 7,622 thousand at 31 July 2019, thanks to the positive evolution of the operating profitability and the lower incidence of net financial charges on total revenues and other income.

<sup>2</sup> Gross Margin determined as difference between the items Total Revenues and Other income and Consumables and goods for resale

## Main income statement data of the SSI sector

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

SSI Sector (in thousands of euros)	31 July				
	2020	%	2019	%	Change
<b>Revenues from third parties</b>	<b>102,492</b>		<b>92,655</b>		<b>10.6%</b>
Inter-segment revenues	1,236		713		73.4%
<b>Total Revenues</b>	<b>103,728</b>		<b>93,368</b>		<b>11.1%</b>
Other income	2,603		1,658		57.0%
<b>Total Revenues and Other Income</b>	<b>106,331</b>	<b>100.0%</b>	<b>95,026</b>	<b>100.0%</b>	<b>11.9%</b>
Consumables and goods for resale	(38,072)	-35.8%	(35,800)	-37.7%	6.3%
Costs for services and rent, leasing and similar costs	(29,883)	-28.1%	(29,975)	-31.5%	-0.3%
Personnel costs	(25,530)	-24.0%	(20,920)	-22.0%	22.0%
Other operating costs	(343)	-0.3%	(189)	-0.2%	81.5%
<b>Ebitda</b>	<b>12,503</b>	<b>11.8%</b>	<b>8,142</b>	<b>8.6%</b>	<b>53.6%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(5,694)		(3,848)		48.0%
<b>Ebit</b>	<b>6,809</b>	<b>6.4%</b>	<b>4,294</b>	<b>4.5%</b>	<b>58.6%</b>
Financial income and charges	(472)		(361)		30.7%
<b>Profit before taxes</b>	<b>6,337</b>		<b>3,933</b>		<b>61.1%</b>
Income taxes	(2,004)		(1,349)		48.6%
<b>Net profit for the period</b>	<b>4,333</b>	<b>4.1%</b>	<b>2,584</b>	<b>2.7%</b>	<b>67.7%</b>
Net profit attributable to non-controlling interests	1,206		1,056		14.2%
<b>Net profit attributable to the Group</b>	<b>3,127</b>		<b>1,528</b>		<b>104.6%</b>

The Software and System Integration (SSI) sector continued the growth trend in revenues (CAGR Revenues 2017-20: +18.2%) and profitability (CAGR Ebitda 2017-20: +36.7%) recorded in the last years, thanks to the development strategy in the most innovative IT business areas (ERP & Industry Solutions, Digital Cloud, Digital Security and Cognitive & Analytics), supported by acquisitions and investments in human capital development.

Revenues and Ebitda in the quarter grew by 11.9% and 53.6% respectively, with the Ebitda margin growing from 8.6% at 31 July 2019 to 11.8% at 31 July 2020 (+320 basis points), supported in particular by the growing incidence of revenues in the ERP & Industry Solutions, Digital Security, Digital Cloud and Cognitive & Analytics areas.

Growth in turnover and profitability benefited from the acceleration in the use of external leverage. Approximately 50% of the quarterly growth derives from the changes in the scope of consolidation resulting from the company acquisitions made in recent months, including zero12 Srl, Infolog SpA, Di.Tech SpA, Analytics Network Srl and SPS Srl. There has been strong growth in skills and human capital in areas with high growth potential in the areas of technological innovation and digital transformation.

The sector's Net profit for the period amounted to Euro 4,333 thousand, with an improvement of 67.7% compared to 31 July 2019 thanks to the positive trend of operating profitability, net of higher amortisation and provisions which rose from Euro 3,848 thousand at 31 July 2019 to Euro 5,694 thousand at 31 July 2020 also due to higher investments in technology and corporate acquisitions.



## Results of the Business Services sector

The reclassified income statement of the Business Services sector at 31 July 2020 is shown below (data in thousands of euros). The Sector, recently established, has been part of the scope of consolidation of the Group since March 2020 and therefore no comparative data is available at 31 July 2019.

<b>Business Services Sector</b> <i>(in thousands of euros)</i>	<b>2020</b>	<b>31 July</b> <b>%</b>	<b>2019</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>10,679</b>				
Inter-segment revenues	1,111				
<b>Total Revenues</b>	<b>11,790</b>				
Other income	123				
<b>Total Revenues and Other Income</b>	<b>11,913</b>	<b>100.0%</b>			
Consumables and goods for resale	(3,903)	-32.8%			
Costs for services and rent, leasing and similar costs	(4,374)	-36.7%			
Personnel costs	(2,964)	-24.9%			
Other operating costs	(15)	-0.1%			
<b>Ebitda</b>	<b>657</b>	<b>5.5%</b>			
Amortisation, depreciation, provisions and other non-monetary costs	(513)				
<b>Ebit</b>	<b>144</b>	<b>1.2%</b>			
Net financial income and charges	(69)				
<b>Profit before taxes</b>	<b>75</b>	<b>0.6%</b>			
Income taxes	(24)				
<b>Net profit for the period</b>	<b>51</b>	<b>0.4%</b>			
Net profit attributable to non-controlling interests	20				
<b>Net profit attributable to the Group</b>	<b>30</b>				

In the period, the Business Services sector achieved a volume of turnover and a level of profitability in line with expectations, generating Total revenues and other income of Euro 11,913 thousand and an Ebitda of Euro 657 thousand (Ebitda margin 5.5%). The operating result (Ebit) amounted to Euro 144 thousand (Ebit margin 1.2%). After amortisation and depreciation of Euro 513 thousand, a negative net financial management of Euro 69 thousand and taxes for the period, the net result was Euro 51 thousand.

## Main income statement data of the Corporate sector

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

<b>Corporate sector</b> <i>(in thousands of euros)</i>	<b>2020</b>	<b>31 July</b> <b>%</b>	<b>2019</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>370</b>		<b>442</b>		<b>-16.3%</b>
Inter-segment revenues	4,191		3,872		8.2%
<b>Total Revenues</b>	<b>4,561</b>		<b>4,314</b>		<b>5.7%</b>
Other income	603		518		16.4%
<b>Total Revenues and Other Income</b>	<b>5,164</b>	<b>100.0%</b>	<b>4,832</b>	<b>100.0%</b>	<b>6.9%</b>
Consumables and goods for resale	(66)	-1.3%	(66)	-1.4%	0.0%
Costs for services and rent, leasing and similar costs	(2,064)	-40.0%	(2,420)	-50.1%	-14.7%
Personnel costs	(2,199)	-42.6%	(1,761)	-36.4%	24.9%
Other operating costs	(57)	-1.1%	(48)	-1.0%	18.8%
<b>Ebitda</b>	<b>778</b>	<b>15.1%</b>	<b>537</b>	<b>11.1%</b>	<b>44.9%</b>
Amortisation, depreciation, provisions and other non-monetary costs	(875)		(350)		150.0%
<b>Ebit</b>	<b>(97)</b>	<b>-1.9%</b>	<b>187</b>	<b>3.9%</b>	<b>-151.9%</b>
Net financial income and charges	2		2		-
<b>Profit before taxes</b>	<b>(95)</b>	<b>-2.0%</b>	<b>189</b>	<b>4.9%</b>	<b>-150.3%</b>
Income taxes	15		(181)		-108.3%
<b>Net profit for the period</b>	<b>(80)</b>	<b>-1.5%</b>	<b>8</b>	<b>0.2%</b>	<b>ns</b>
Net profit attributable to non-controlling interests	-		-		ns
<b>Net profit attributable to the Group</b>	<b>(80)</b>		<b>8</b>		<b>ns</b>

The economic results of the Corporate sector showed an increase in revenues of 6.9% as a result of the development of professional services provided by the Parent Company Sesa SpA, following the increase in the scope of consolidation of the Group companies to which Sesa SpA provides its services. Thanks to the increase in turnover and efficient management of operating activities, Ebitda increased in the first 3 months of the year by 44.9% compared to 31 July 2019.

The operating result for the period (Ebit), negative for Euro 97 thousand at 31 July 2020, reflects the pro-rata allocation of the costs included in the new Stock Grant Plan 2021 -2023 in favour of the executive directors of Sesa SpA.

After financial management and taxes, the result for the period was negative for Euro 80 thousand.

## Segment Reporting

The criteria applied to identify the business segments being reported are in line with the procedures through which the management runs the Group. In particular, the organisation of the business segments being reported corresponds to the structure of the reports that are periodically analysed by the Board of Directors for the purposes of the management of the Group's business. Specifically, the main scope of operational analysis used by the Group is that relating to the following operating segments:

- the VAD sector includes the activities related to the value-added distribution of technological innovation solutions, with a focus on the Datacenter, 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 (SSI) sector 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 company Base Digitale SpA;
- the Corporate sector includes the activities related to the strategic governance and management of the Group's operating machine and financial platform, centralised at the parent company Sesa SpA. In particular, for the main operating companies of the Group, the Administration, Finance and Control, Human Resources, Organisation, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl. Marketing services in support of the ICT Channel are provided by Idea Point Srl;

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

- revenues from third parties by operating segment;
- EBITDA defined as the profit for the period before depreciation, provisions for bad debts, accruals to provision for risks, non monetary costs related to Stock Grant Plans assigned to executive directors, financial income and charges, the profit (loss) of companies valued at equity and taxes;
- profit for the period.

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group.

The criteria in determining the Ebitda reported above and applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

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

Period ended at 31 July 2020						Period ended at 31 July 2019				
	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations
<i>(in thousands of euros)</i>										
<b>Revenues from third parties</b>	<b>370,627</b>	<b>102,492</b>	<b>10,679</b>	<b>370</b>		<b>484,168</b>	<b>344,654</b>	<b>92,655</b>	<b>442</b>	<b>437,751</b>
Inter segment revenues	18,206	1,236	1,111	4,191		24,744	20,934	713	3,872	25,519
<b>Revenues</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>	<b>365,588</b>	<b>93,368</b>	<b>4,314</b>	<b>(25,519)</b>
Other income	1,387	2,603	123	603	(1,074)	3,642	1,253	1,658	518	(1,030)
<b>Total Revenues and Other Income</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>	<b>366,841</b>	<b>95,026</b>	<b>4,832</b>	<b>(26,549)</b>
Purchase of goods	(362,054)	(38,072)	(3,903)	(66)	18,387	(385,708)	(340,697)	(35,800)	(66)	19,247
Costs for services and rent, leasing and similar costs	(8,212)	(29,883)	(4,374)	(2,064)	7,417	(37,116)	(8,145)	(29,975)	(2,420)	7,287
Personnel costs	(4,932)	(25,530)	(2,964)	(2,199)	-	(35,625)	(4,260)	(20,920)	(1,761)	-
Other operating costs	(611)	(343)	(15)	(57)	14	(1,012)	(647)	(189)	(48)	15
<b>Ebitda</b>	<b>14,411</b>	<b>12,503</b>	<b>657</b>	<b>778</b>	<b>-</b>	<b>28,349</b>	<b>13,092</b>	<b>8,142</b>	<b>537</b>	<b>-</b>
Amortisation, depreciation and write-downs	(1,654)	(5,694)	(513)	(875)	-	(8,736)	(1,645)	(3,848)	(350)	-
<b>Ebit</b>	<b>12,757</b>	<b>6,809</b>	<b>144</b>	<b>(97)</b>	<b>-</b>	<b>19,613</b>	<b>11,447</b>	<b>4,294</b>	<b>187</b>	<b>-</b>
Profit from companies valued at equity	399	34	-	-	-	433	204	149	-	-
Net financial income and charges	(854)	(506)	(69)	2	-	(1,427)	(957)	(510)	2	-
<b>Profit before taxes</b>	<b>12,302</b>	<b>6,337</b>	<b>75</b>	<b>(95)</b>	<b>-</b>	<b>18,619</b>	<b>10,694</b>	<b>3,933</b>	<b>189</b>	<b>-</b>
Income taxes	(3,428)	(2,004)	(24)	15	-	(5,441)	(3,072)	(1,349)	(181)	-
<b>Profit for the period</b>	<b>8,874</b>	<b>4,333</b>	<b>51</b>	<b>(80)</b>	<b>-</b>	<b>13,178</b>	<b>7,622</b>	<b>2,584</b>	<b>8</b>	<b>-</b>
Profit attributable to non-controlling interests	108	1,206	20	-	-	1,334	36	1,056	-	-
<b>Profit attributable to the Group</b>	<b>8,767</b>	<b>3,127</b>	<b>30</b>	<b>(80)</b>	<b>-</b>	<b>11,844</b>	<b>7,586</b>	<b>1,528</b>	<b>8</b>	<b>-</b>

## Relations with related parties and Group's companies

Economic relations between Group's companies are carried out at market prices and are eliminated in the consolidation process. The operations carried out by Group's companies with related parties were entered into at arm's length and on conditions that were to the parties' reciprocal financial benefit, pursuant to IAS 24.

No significant related party transactions are reported in the period.

## Significant events after the period-end

After the closing date of the period to 31 July 2020, the acquisition of 55% of the share capital of WSS Italia (Worldwide Software Solution Italia) Srl, a Milan-based company with a human capital of about 50 resources specialised in offering system management software solutions and remote and application management services on both the Italian and Swiss markets, was completed through the wholly-owned subsidiary WSS IT Sagl. There were no further significant events after the end of the period.

## Outlook on operations

Despite the uncertainties of the pandemic emergency, the Sesa Group will continue its management activities continuing to invest in innovative skills and technologies in order to support its stakeholders' growing demand for digital transformation.

The financial year to 30 April 2021 will benefit from the acceleration of the acquisition operations carried out since February 2020 and the continuous growth of human capital, in order to respond to a demand for digitisation by companies and organisations in constant evolution.

In light of the positive trend of the first quarter at 31 July 2020 and the trend of turnover in August, a favourable outlook for the entire financial year to 30 April 2021 was confirmed, with a growth in revenues and operating profitability higher than the Group's long-term track record, in the absence of elements of discontinuity not foreseeable today in the evolution of the pandemic.

Considering the favourable results achieved, the Group will continue its long-term sustainable investment and growth strategy, to the benefit of all stakeholders.

*The Chairman*  
Paolo Castellacci

## Annexes

## Consolidated Income Statement

<i>(in thousands of Euros)</i>	Period ended 31 July	
	2020	2019
Revenues	484,168	437,751
Other income	3,642	2,399
Consumables and goods for resale	(385,708)	(357,316)
Costs for services and rent, leasing and similar costs	(37,862)	(33,508)
Personnel costs	(35,625)	(26,941)
Other operating costs	(1,914)	(1,856)
Amortisation and depreciation	(7,088)	(4,601)
<b>EBIT</b>	<b>19,613</b>	<b>15,928</b>
Profit from companies valued at equity	433	353
Financial income	5,130	775
Financial charges	(6,557)	(2,240)
<b>Profit before taxes</b>	<b>18,619</b>	<b>14,816</b>
Income taxes	(5,441)	(4,602)
<b>Profit for the period</b>	<b>13,178</b>	<b>10,214</b>
<i>Of which:</i>		
Net profit attributable to non-controlling interests	1,334	1,092
Net profit attributable to the Group	11,844	9,122

## Consolidated Statement of Financial Position

	At 31 July	At 30 April
<i>(in thousands of Euros)</i>	2020	2020
Intangible assets	102,285	74,273
Right of use	51,395	49,617
Property, plant and equipment	36,712	34,341
Investment property	290	290
Investments valued at equity	12,147	12,158
Deferred tax assets	11,585	9,901
Other non-current receivables and assets	16,969	15,524
<b>Total non-current assets</b>	<b>231,383</b>	<b>196,104</b>
Inventories	102,255	91,127
Current trade receivables	393,031	393,645
Current tax receivables	4,077	5,307
Other current receivables and assets	46,221	43,817
Cash and cash equivalents	354,842	368,466
<b>Total current assets</b>	<b>900,426</b>	<b>902,362</b>
Non-current assets held for sale		
<b>Total assets</b>	<b>1,131,809</b>	<b>1,098,466</b>
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(17,850)	(17,763)
Profits carried forward	195,717	183,884
<b>Total Group Equity</b>	<b>248,138</b>	<b>236,392</b>
Equity attributable to non-controlling interests	18,451	17,467
<b>Total Equity</b>	<b>266,589</b>	<b>253,859</b>
Non-current loans	172,367	156,551
Non-current lease liabilities	31,687	30,487
Employee benefits	34,914	31,022
Non-current provisions	2,346	1,780
Deferred tax liabilities	26,115	18,885
<b>Total non-current liabilities</b>	<b>267,429</b>	<b>238,725</b>
Current loans	133,726	119,092
Current financial liabilities for right of use	8,636	8,114
Payables to suppliers	347,081	379,066
Current tax payables	9,796	5,812
Other current liabilities	98,552	93,798
<b>Total current liabilities</b>	<b>597,791</b>	<b>605,882</b>
<b>Total liabilities</b>	<b>865,220</b>	<b>844,607</b>
<b>Total Equity and liabilities</b>	<b>1,131,809</b>	<b>1,098,466</b>



## Consolidated Statement of Changes in Equity

<i>(in thousands of Euros)</i>	Share capital	Share premium reserve	Other Reserves	Profit for the period and Profits carried forward	Equity attributable to the Group	Equity attributable to non-controlling interests	Total Equity
<b>At 30 April 2020</b>	<b>37,127</b>	<b>33,144</b>	<b>(17,763)</b>	<b>183,884</b>	<b>236,392</b>	<b>17,467</b>	<b>253,859</b>
Profit for the year				11,844	11,844	1,334	13,178
Actuarial gain/(loss) for employee benefits - gross			-		-	-	-
<b>Comprehensive income for the year</b>			-	<b>11,844</b>	<b>11,844</b>	<b>1,334</b>	<b>13,178</b>
Purchase of treasury shares			-		-		-
Reduction of treasury shares in execution of Stock Grant Plan					-		-
Dividends distribution				-	-	(465)	<b>(465)</b>
Stock Grant Plan - shares vesting in the period			746		746		<b>746</b>
Assignment of shares in execution of Stock Grant plan			-		-		-
Allocation of profit for the year			-	-	-		-
Changes in the scope of consolidation and other changes			(833)	(11)	(844)	115	<b>(729)</b>
<b>At 31 July 2020</b>	<b>37,127</b>	<b>33,144</b>	<b>(17,850)</b>	<b>195,717</b>	<b>248,138</b>	<b>18,451</b>	<b>266,589</b>

## Consolidated Statement of Cash Flows

<i>(in thousands of Euros)</i>	Period ended 31 July	
	2020	2019
<b>Profit before taxes</b>	<b>18,619</b>	<b>14,816</b>
<b>Adjustments for:</b>		
Amortisation and depreciation	7,089	4,601
Provisions for personnel and other provisions	1,836	1,515
Net financial (income)/charges	611	739
Profit from companies valued at equity	(433)	(353)
Other non-monetary items	(1,495)	243
<b>Cash flows generated from operating activities before changes in net working capital</b>	<b>26,227</b>	<b>21,561</b>
Change in inventories	(9,230)	(13,691)
Change in trade receivables	11,730	(42,470)
Change in payables to suppliers	(40,681)	19,973
Change in other assets	6,081	(22,636)
Change in other liabilities	(13,915)	18,150
Use of provisions for risks	221	(3,541)
Payment of employee benefits	(575)	(274)
Change in deferred tax assets and liabilities	502	993
Change in current tax payables and tax receivables	5,214	2,782
Interest paid	(868)	(859)
Taxes paid	-	-
<b>Net cash flow generated from operating activities</b>	<b>(15,294)</b>	<b>(20,012)</b>
Investments in companies net of cash	(13,479)	(5,920)
Investments in property, plant and equipment	(4,004)	(3,709)
Investments in intangible assets	(6,325)	(1,815)
Disposals of property, plant and equipment and intangible assets		57
Disposal of assets held for sale		11
Investments in associated companies and other companies	(10)	(60)
Divestments of associated companies		
Investments in non-current financial assets	(1,302)	(587)
Collection of non-current financial assets	-	3,621
Dividends collected	175	117
Interest collected	209	171
<b>Net cash flow generated from/(used in) investing activities</b>	<b>(24,736)</b>	<b>(8,114)</b>
New disbursements of long-term loans and finance leases	25,000	60,000
Repayments of long-term loans	(20,071)	(46,628)
(Decrease)/increase in short-term loans	24,401	17,658
Reimbursement of financial liabilities for right of use	(2,437)	(1,630)
Financial investments/disinvestments	(22)	213
Change in Group equity	-	31
Change in equity attributable to non-controlling interests	-	85
Treasury shares		(97)
Dividends distributed	(465)	(168)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>26,406</b>	<b>32,724</b>
Translation difference on cash and cash equivalents	-	-
<b>Change in cash and cash equivalents</b>	<b>(13,624)</b>	<b>4,598</b>
Cash and cash equivalents at the beginning of the period	368,466	249,074
<b>Cash and cash equivalents at the end of the period</b>	<b>354,842</b>	<b>253,672</b>

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

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

Empoli, 14 September 2020

Alessandro Fabbroni

(Financial Reporting Manager)