

Sesà s.p.a

Half-Year
Financial
Report

31 October 2021

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Interim
Report on
operations

Management and auditing boards of Sesa SpA

Board of Directors

Expiry

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

The Chief Executive Officer, Mr. Alessandro Fabbroni, is delegated the administrative powers relating to the corporate functions and management of equity investments

The Executive Deputy Chairman, Moreno Gaini, is delegated powers of financial management

The Executive Deputy Chairman, Giovanni Moriani is delegated powers of technical management and as Chief Technology Officer

Corporate Governance Bodies

Management Control Committee

Expiry

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

The Management Control Committee also performs the role of the Control and Risks and Related Parties Committee and that of the Supervisory Board

Director assigned to Internal Control. Alessandro Fabbroni. Head of the Internal Auditing activity, Michele Ferri

Remuneration Committee

Expiry

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

Independent Auditors

Expiry

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

Listing Market

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

Head of the Investor Relations activity and Corporate Counsel Conxi Palmero

Highlights of the Group's income statement and balance sheet

Consolidated earnings and financial data for the periods ended 31 October of each year

(Euro thousands)	2021	2020	2019	2018	2017
Revenues	1,024,779	883,159	764,960	643,770	560,557
Total revenues and other income	1,036,700	889,280	770,202	648,208	564,912
EBITDA (Earnings before interest, tax, depreciation and amortisation)	73,272	53,566	40,034	30,144	25,846
Adjusted Operating Result (EBIT) ¹	56,183	39,075	29,764	22,681	20,297
EBIT (Operating Result)	50,532	35,725	27,766	21,462	19,380
Profit (loss) before taxes	47,326	34,286	25,967	19,638	17,971
Net profit	33,968	24,392	18,076	13,684	12,429
Net profit attributable to the Group	31,811	21,817	16,000	11,996	10,853
Adjusted Earnings After Tax (EAT) attributable to the Group ¹	35,833	24,202	17,422	12,864	11,506

Consolidated balance sheet figures as of 31 October of each year

(Euro thousands)	2021	2020	2019	2018	2017
Total Net Invested Capital	253,055	249,246	234,516	211,810	203,776
Total Shareholders' Equity	286,627	272,326	236,465	213,612	201,650
- attributable to the Group	267,159	253,089	222,580	203,249	192,699
- attributable to non-controlling interests	19,468	19,237	13,885	10,363	8,951
Net Financial Position Reported (Net Liquidity)	(33,572)	(23,080)	(1,949)	(1,802)	2,126
Net Financial Position (Net Liquidity) ²	(170,868)	(101,653)	(43,649)	(23,446)	(14,023)

Consolidated income ratios for financial periods ending 31 October of each year

	2021	2020	2019	2018	2017
EBITDA / Total revenues and other income	7.1%	6.0%	5.2%	4.7%	4.6%
EBIT / Total revenues and other income (ROS)	4.9%	4.0%	3.6%	3.3%	3.5%
EAT attributable to the Group/ Total revenues and other income	3.1%	2.7%	2.3%	2.0%	2.0%

Personnel at Group level

(units or thousands)	2021	2020	2019	2018	2017
Personnel at period end	3,714	3,073	2,054	1,756	1,479
Average workforce for the period	3,578	2,810	1,977	1,618	1,453

¹ Adjusted Ebit before amortisation and depreciation of Client lists and Know-how recorded following the Purchase Price Allocation (PPA). Adjusted Net profit attributable to the Group gross of amortisation and depreciation of Client lists and Know-how recorded following the Purchase Price Allocation (PPA), net of tax effect

² Adjusted NFP, not including payables and commitments for non-interest-bearing deferred payments for corporate acquisitions (Earn Outs, Put Options, deferred prices) and liabilities recorded in accordance to IFRS 16.

Main Group financial ratios

Financial ratios

Sesa Group	2021	2020	2019	2018	2017
<i>(Euro)</i>					
Trading Stock Market	Euronext Star	Euronext Star	Euronext Star	Euronext Star	Euronext Star
Stock Prices (31 October of every year)	169.6	80.5	39.9	24.0	27.2
Dividend per share ⁽²⁾	0.85	(1)	0.63	0.60	0.56
Comprehensive Dividend (Euro million) ⁽³⁾	13.2	(1)	9.8	9.3	8.7
Pay Out Ratio ⁽⁴⁾	25.2%	(1)	33.3%	34.6%	34.6%
Shares Issued (in million)	15.49	15.49	15.49	15.49	15.49
Stock market capitalisation (Euro million) as of 31 October	2,627.9	1,247.3	618.2	371.9	421.3
Market to Book Value ⁽⁵⁾	9.1	4.6	2.6	1.7	2.1
Dividend Yield (on prices at 31 October) ⁽⁶⁾	0.5%	(1)	1.6%	2.5%	2.10%

Sesa	2021	2020	2019	2018	2017
<i>(euro)</i>					
Earnings per share (base) ⁽⁷⁾	3.39	2.46	1.90	1.74	1.62
Earnings per share (diluted) ⁽⁸⁾	3.37	2.45	1.89	1.73	1.62
Earnings per share adjusted (base) ⁽⁹⁾	3.75	2.67	2.03	1.85	1.69

(1) For the financial year ended 30 April 2020, the Shareholders' Meeting of Sesa SpA resolved not to distribute any dividends in view of the state of global crisis due to the pandemic emergency

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

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

(4) Dividends gross of the portion relating to treasury shares / Consolidated net profit attributable to shareholders at 30 April

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

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

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

(8) Consolidated net profit attributable to the Group as at 30 April relating to the last approved financial statements / average number of ordinary shares net of treasury shares in the portfolio and including the impact deriving from Stock Grant plans (within the limit of treasury shares in portfolio)

(9) Consolidated Adjusted net profit attributable to the Group as at 30 April relating to the last approved financial statements / average number of ordinary shares net of treasury shares in the portfolio and including the impact deriving from Stock Grant plans (within the limit of treasury shares in portfolio)

Sesa Group Structure as of 31 October 2021

Sesa Group is organised into 4 business Sectors.

- VAD (Distribution of Value-Added Information Technology solutions), managed through the subsidiary Computer Gross SpA
- SSI (Software and System Integration), which offers digital transformation solutions and services to end users belonging to the SME and Enterprise segments, managed through the subsidiary Var Group SpA;
- Business Services, which offers business process outsourcing, security and digital transformation services for finance and large account segments, through the subsidiary Base Digitale Group Srl;
- Corporate which, through the parent company Sesa SpA, manages the Group's corporate functions, strategic and financial governance and operational platform.



* Subsidiaries valued at cost since they are not significant and/or immaterial from an accounting viewpoint

Changes in the scope of consolidation during the six-month period ended 31 October 2021 include the entry of the following companies:

- into the SSI Sector Fen Wo Shanghai Ltd ("Fireworks"), Cadlog Group Srl and subsidiaries (Cadlog Sas, Cadlog Gmbh and Cadlog SL), Cimtec Gmbh, Superresolution Srl from May 2021 and Pegaso Srl from August 2021;
- into the VAD Sector PM Service Srl from May 2021 and Kolme Srl from September 2021.

Changes in the scope of consolidation compared to the structure of the Group as of 31 October 2020 in addition to the companies listed above, are Weelgo Srl, WSS IT Sagl, Mersy Srl, Palitalsoft Srl, Sinapsi Srl, Pragma Progetti Srl into the SSI Sector and Tecnike Srl, IFM Infomaster Srl and Digital Storm Srl into the Business Services Sector. For further details on the scope of consolidation please refer to the annexes attached to the Notes.

Foreword

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

The Half-Year Financial Report as of 31 October 2021 of the Sesa Group (hereinafter also the “Half-Year Report”) was drawn up in accordance with Legislative Decree 58/1998 and subsequent amendments, as well as the Issuers’ Regulations issued by Consob (Italian Stock Exchange Regulator), and comprises the Interim Report on Operations, the Condensed Consolidated Half-Year Financial Statements and the Certification in accordance with art. 154-bis, paragraphs 2 and 3 of Legislative Decree 58/1998. This Half-Year Report was drawn up in compliance with International Financial Reporting Standards (“IFRS”) endorsed by the European Union and in force as of 31 October 2021, and particularly in observance of IAS 34 – Interim Financial Reporting.

The Interim Report on Operations includes the statement of financial position and the income statement in reclassified form, together with several alternative performance ratios. The aim is to allow a better evaluation of the Group’s financial performance and results of operations.

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

Alternative Performance Indicators

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

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

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

Significant events during the period

In the period considered, Sesa Group accelerated its development path with growth rates well above its long-term track record (CAGR Revenues 2011-21 +10.6%, CAGR Ebitda 2011-21 +13.9%). For the six months ended 31 October 2021, the Group's Revenues and Other Income were up by 16.6% Y/Y, with operating profitability (Ebitda) up by 36.8% Y/Y and an Ebitda margin of 7.1% compared to 6.0% as of 31 October 2020. The Group's adjusted net profit was equal to Euro 35.8 million, up by 48.1% Y/Y. The improvement in the Group's Net Financial Position³ was also significant, rising from a surplus of Euro 101.7 million as of 31 October 2020 to a surplus of Euro 170.9 million as of 31 October 2021, driven by the improvement in operating cash flow and increasing efficiency in the management of net working capital, as a result of investments in corporate acquisitions and technological infrastructure.

The positive trend in revenues and consolidated profitability was favoured by the increasing focus on business segments that enable technological innovation (security, business applications, digital green, cloud, digital platforms) and that polarise the demand for digitalisation, characterised by a progressive acceleration with an expected growth in the Information Technology market for the three-year period 2021-23 of 6.5% on average per year (source: Sirmi, November 2021).

The contribution of corporate acquisitions (15 from January 2021 to date) amounted to approximately 50% of the growth in operating profitability for the period. The ability to attract skills and human resources was also confirmed with 3,714 employees at 31 October 2021 (+20.9% Y/Y), compared to 3,073 resources at 31 October 2020.

The Value Added Distribution (VAD) Sector active in the provision of value-added technology solutions in the reporting period achieved a growth in Revenues and Other income of 15.5%, Ebitda of 35.7% (Ebitda margin of 4.5% compared to 3.9% Y/Y) and net profit after tax of 35.7%.

Thanks to the development of demand for digital transformation and the strategy of focusing on value-added business areas of the market, with particular reference to the Security, Cloud and Digital Green segments, the market share on the Italian market was consolidated (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, November 2021).

The half-year results of the VAD Sector benefited from the contribution of the recently acquired companies in the Digital Green segment, with **PM Service Srl**, active in offering technology for energy efficiency and the production of energy from renewable sources, and **Service Technology Srl**, operating in the Refurbished Technology sector. On the corporate front, in September 2021, the Group acquired a majority stake in **Kolme Srl**, a leading operator in the provision of ICT solutions and telecommunications services on the Italian market, with a customer base of over 2,500 business partners throughout the country. In addition, investments in technologies and skills continued for the expansion of value solutions in the cloud and enterprise software segment, with the implementation of the SolutionUp platform, a proprietary marketplace for the provision of as a service software solutions.



The Software and System Integration (SSI) Sector, which offers software solutions, technological innovation and digital transformation for the SME and Enterprise segments, increased Revenues and Other Income by 18.5%, EBITDA by 34.5% (EBITDA margin 12.7% compared to 11.2% Y/Y) and net profit by 41.4% during the period.

During the period, several bolt-on acquisitions were made of companies with skills and expertise in areas of strong technological evolution, such as Fen Wo Shanghai Ltd ('Fireworks') based in Shanghai, which offers digital marketing solutions on the Chinese market, and Cadlog Group Srl and Cimtec GmbH, which expand the pan-European platform of software solutions and digital engineering services.

On 8 November 2021 the acquisition of 51% of **Datef SpA** was completed. Datef SpA is a company based in Bolzano with approximately Euro 12.5 million in annual revenues and 60 resources specialised in digital services, cloud and IT security, with over 100 enterprise customers mainly located in German-speaking areas where the Sesa Group continues to expand its customer base.



³ Net financial position before non-interest-bearing payables and commitments to purchase equity investments from non-controlling interests (earn-outs, put options, deferred prices) and right-of-use liabilities in accordance with IFRS 16

The Business Services Sector, which offers business process outsourcing, security and digital platform services to the finance and large enterprise segments, accelerated its growth path, contributing to consolidated results with double-digit margins above the Group average.

As at 31 October 2021, the Sector's Revenues and Other Income increased by 23.2%, Ebitda increased by 148.1% (Ebitda margin of 11.6% compared to 5.8% Y/Y), thanks to the organic development of the business and the contribution of the recent acquisitions in the Digital Platform BU of IFM Infomaster SpA, Digital Storm Srl and Teknikè Srl. As mentioned in the section on subsequent events, 13 December 2021 saw the completion of the acquisitions of 67% of **Citel SpA**, a company specialising in the integrated management of security through digital platforms offered as a service and modular, with a broad customer set in finance and utilities, and of 51% of **A Plus Srl**, active in the design of access control systems, presence detection and building automation. Thanks to these two transactions, the Base Digitale Security Solutions Business Unit has become a leading operator in Italy in the provision of IT management solutions for the entire physical solution chain, with annual revenues of around Euro 30 million and over 100 human resources.



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

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

The Sesa Group is a reference player in Italy in the offer of technological innovation and digital services for the Business segment, with a wide range of technological solutions, digital services and business applications in support of the demand for digital transformation.

The Group's activities are divided into four sectors:

- the **Corporate Sector** comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform. For the main operating companies of the Group in particular, the Administration, Finance and Audit, Human Resources, Organisation, Information Technology, Investor Relations, Corporate Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA.
- the **Value Added Distribution (VAD) Sector** includes activities related to the Value Added Distribution (VAD) of technological innovation solutions and integration services, with focus on the Datacenter, Enterprise Software, Networking and Collaboration, Security and Cloud Computing and Digital Green segments. The VAD Sector is managed by the wholly-owned subsidiary Computer Gross SpA;
- the **Software and System Integration (SSI) Sector** offers software, technological innovation and digital transformation solutions for end user companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly-owned subsidiary Var Group SpA;
- the **Business Services (BS) Sector** offers business process outsourcing, security solutions, digital transformation and digital platform services for the finance and large account segment. The BS Sector is managed by the subsidiary Base Digitale Group Srl.

The operating sectors are strongly focused on the market, with dedicated marketing structures organised on the basis of separate principles and the adoption of matrix-based organisational models. The table below provides an overview of the companies belonging to the Sesa Group (consolidated on a line-by-line basis), broken down by business sector.

Corporate Sector

Sesa SpA

The parent company Sesa SpA performs investment holding and organisation and management of the Group companies, dealing with administrative and financial management, organisation, planning and control, reporting systems, management of human resources, general, corporate and legal affairs, and extraordinary finance activities for the main Group companies. The shares of Sesa SpA are listed on the STAR segment of the Euronext Milan Stock Exchange. As of 31 October 2021, Sesa SpA held full control of Computer Gross SpA and Var Group SpA and 81% in the share capital of Base Digitale.

ICT Logistica Srl

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

Idea Point Srl

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

Software and System Integration (SSI) Sector

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

Var Group SpA

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

Var Group Srl

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

SMART SERVICES BUSINESS UNIT

Var4you Srl

The company, 100% owned, 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.

My Smart Services Srl

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

Var System Srl

The company, 100% owned by Var Group SpA through My Smart Services, offers system services in support of company infrastructures and for SME & Enterprise customers.

East Services Srl

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

Var Engineering Srl

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

WSS Italia Srl and WSS Sagl

WSS Italia Srl, 55% owned by Var Group SpA, offers system management software solutions and remote and application management services on both the Italian and Swiss markets through its wholly-owned subsidiary WSS IT Sagl. The company entered the scope of consolidation in August 2020.

Var Next Srl

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

VSH Srl

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

Var Service Srl

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

MF Services Srl

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

DIGITAL CLOUD BUSINESS UNIT**Digital Cloud Srl**

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

Leonet4Cloud Srl

The company, 100% owned by Digital Cloud Srl, offers private, public and hybrid cloud services, with a portfolio of products and services to meet business and enterprise demand.

Var Hub Srl

The company, wholly-owned by Var Group SpA, offers electronic invoicing and digital storage services.

Zero12 Srl

The company, wholly-owned by Digital Cloud Srl, is based in Padua, with about 20 human resources, specialised in IT solutions in the Cloud Computing and Big Data Analysis sector, with particular reference to application development and SaaS architectures, Business Data Recommendation, Instant Marketing and about 50 customers operating in the main web market places. Zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, reference operators in the Cloud, Big Data and Analytics sectors.

Nebula Srl

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

DIGITAL SECURITY BUSINESS UNIT**Yarix Srl**

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

Gencom Srl

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

Weelgo Srl

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

Kleis Srl

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

ERP & VERTICAL SOLUTIONS BUSINESS UNIT**Sirio Informatica e Sistemi SpA**

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

Panthera Srl

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

Pragma Progetti Srl

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

Var BMS SpA

The company, 91% controlled by Var Group SpA, is active mainly in Northern Italy, operating in the SAP ERP consulting and services sector with reference to Enterprise customers.

Var One Srl

The company, 81% owned by Var Group SpA through Var BMS SpA, operates in the supply of integrated solutions and services on the SAP Business One platform. Thanks to its skills and a widespread presence throughout the country, it is a leading operator in Italy in the SAP Business One sector.

SSA Informatica Srl

The company, 100% owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME and Enterprise customers. SSA Informatica offers consulting, business solutions and services in North Eastern Italy.

Sinapsi Srl

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

Pegaso Srl

The company, 51% controlled by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform with a strong specialization and verticalization in the agri-food industry. It entered the consolidation scope since August 2021.

Var4team Srl

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

Apra SpA

The company, 88% owned by Var Group SpA, offers digital services, software solutions and business applications ("I-Wine" and "I-Furniture") and SME solutions to SME and Enterprise customers in Central Northern Italy, focusing on major Made in Italy districts (including Furniture and Wine).

Centro 3Cad Srl

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

Apra Computer System Srl

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

Evotre Srl

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

Palitalsoft Srl

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

Polymatic Srl

The company, 68% controlled by Apra SpA, specialized in ERP and Infrastructural solutions, oversees the territory of the Marche and Abruzzo regions. The company entered the Group scope of consolidation in May 2021.

Sailing Srl

The company, 87.5% owned by Var Group SpA, operates in the production and marketing of software ("Arethè") and IT services for the large-scale retail/retail market.

Mersy Srl

The company, wholly owned by Sailing Srl, operates in the field of ERP solutions and digital services for Retail and Largescale Organised Distribution markets, particularly for the Food Retail segment. The company entered the consolidation area in January 2021.

Var Prime Srl

The company, wholly owned by Var Group SpA, is reference operator for solutions on the Microsoft Dynamics platform to the SME segment.

Delta Phi Sigla Srl

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

Infolog SpA

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

Di.Tech SpA

The company, 100% owned by Var Group SpA, with over 150 specialised human resources, operates in the development of software and digital transformation services for logistics and management of the organised food distribution sector. One of its most important customers is the Conad Group. The company entered the consolidation area in June 2020.

Beenear Srl

The company, based in Iasi in Romania and 100% owned by Var Group SpA through Di.Tech Srl, operates in the design and development of software applications. With a human capital of about 140 resources, it offers services to some of the main Italian and international players in IT consulting for the Retail sector, including Xtel, Di.Tech, Dgroove and Prometeia. The company entered the consolidation area in June 2020.

DIGITAL ENGINEERING BUSINESS UNIT**Tech-Value Srl**

The company, 61% owned by Var Group SpA, is specialised in the supply of IT services and Product Lifecycle Management (PLM) solutions for engineering intensive companies in the manufacturing sector, with about 1,000 customers and resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu).

Cadlog Group Srl and subsidiaries

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

PBU CAD-Systeme GmbH

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

Cimtec GmbH

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

Var Industries Srl

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

CUSTOMER EXPERIENCE BUSINESS UNIT

Adiacent Srl

The company, 55% owned by Var Group SpA and 45% by Sesa SpA and other companies of the Group, supplies IT solutions to corporate customers, with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the SME, Enterprise and Finance segments.

Endurance Srl

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

47Deck Srl

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

Skeeller Srl

The company, 51% owned by Adiacent Srl, operates in the customer experience and digital marketing sector. As the reference partner for the Magento e-commerce platform in Italy.

Alisei Srl

The company, 61% controlled by Adiacent Srl, operates in the B2C e-commerce sector with China, also through its subsidiary Alisei Consulting (Shanghai) Co. Ltd., based in Shanghai. The company supports Italian and international brands in their distribution and promotional activities in China. The company offers strategic consulting services for the Chinese market, from e-commerce and marketplace to communication on Chinese social networks.

Fen Wo Shanghai Ltd (“Fireworks”)

The company, 55% owned by Alisei Srl, operates in the area of digital marketing and customer experience services to support Made in Italy in the Chinese market. The company offers digital and marketing solutions for Italian and international companies operating in the Chinese market with a team of over 45 resources based in Shanghai. It entered the scope of consolidation in May 2021.

Superresolution Srl

The company, 51% controlled by Adiacent Srl, operates in the services of creating 3D design projects and interactive virtual environments to create immersive and innovative user experiences. The company entered the scope of consolidation in May 2021.

DATA SCIENCE BUSINESS UNIT

SPS Srl

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

Analytics Network Srl

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

Business Services (BS) Sector

Base Digitale Group Srl

The company, 81% owned by Sesa SpA, is active as operating holding of equity stakes and organization and management of companies belonging to the Business Services Sector, organized into 3 vertical business units (Base Digitale Security Solutions, Base Digitale Business Process Management and Base Digital Platform).

BUSINESS PROCESS MANAGEMENT BUSINESS UNIT

Base Digitale SpA

The company, 100% controlled by Base Digitale Group Srl, is active in Business Process Outsourcing and Business Process Engineering services, in particular back office processes and services for credit institutions, insurance companies and large companies, with a workforce of over 250 resources working in the offices of Florence, Turin, Milan, Siena.

SECURITY SOLUTIONS BUSINESS UNIT

ABS Technology Srl

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

Elmas Srl

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

DIGITAL PLATFORM BUSINESS UNIT

Tecnikè Srl

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

IFM Infomaster SpA

The company, 67% owned by Base Digitale SpA, is a reference player in the field of digital technologies, with a proprietary platform of Contact Management, offered to customers in cloud and pay-per-use modes and supplemented by artificial intelligence solutions. The company specialises strongly in the telecommunications, finance and outsourcing segments. The company entered the consolidation area in April 2021.

Digital Storm Srl

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

Value Added Distribution (VAD) Sector

BUSINESS UNIT VALUE ADDED TECHNOLOGY SOLUTIONS

Computer Gross SpA

The company, wholly owned by Sesa SpA, is the reference player in Italy in the value-added distribution of technological innovation solutions with a customer set of over 15,000 business partners (software houses, system integrators, managed service providers, resellers) active throughout the country who, in their turn, cover both the SME, Enterprise and Public Administration markets. Computer Gross SpA is a reference player in Italy in the retail of products and solutions provided by major international vendors including Citrix, Cisco, DellEMC, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, VMware, Adobe and Fortinet. Computer Gross SpA has about 400 employees and is organised into Business Units with technical and commercial personnel dedicated to market segments and/or to strategic brands. The company, with turnover of Euro 1,600 million achieved in the year ended 30 April 2021, is the main subsidiary, in terms of revenues, of the Sesa Group.

Icos SpA

Icos SpA, 79% owned by Computer Gross SpA, is a value-added distributor of enterprise software and datacenter solutions on the Italian market, with offices in Ferrara, Milan and Rome, a long-standing partner of the Vendors Oracle, NetApp, CommVault and other security software Vendors.

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.

Collaboration Value Srl

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

Clever Consulting Srl

Clever Consulting Srl, 55% owned by Computer Gross SpA, provides End Point Security and Mobility solutions and services, with a vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape.

Kolme Srl

Company 66% controlled by Computer Gross SpA, is a reference player in the offer of ICT solutions and telecommunications services on the Italian market, with a customer set of over 2,500 business partners throughout the country. It entered the consolidation area in September 2021.

DIGITAL GREEN BUSINESS UNIT

PM Service Srl

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

Service Technology Srl

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

Performance of operations

General economic trend

The gradual exit from the health crisis favours the acceleration of global GDP with expectations of significant growth in the 2021-2023 period, supported by the progressive orientation of the most developed economies towards digitalisation and sustainability and by the economic and monetary stimulus measures of governments and central banks. In particular, after a 3.1% decline at global level in 2020, world GDP is expected to grow by 5.9% in 2021 and by 4.9% in 2022. However, the international context shows elements of uncertainty linked to the shortage of productive factors and the related risks of rising energy, raw material and transport prices (source IMF - WEO, October 2021).

GDP growth in 2021 and 2022 is expected to be positive and above pre-pandemic averages in the major world economies. In the US, the GDP contraction in 2020 was 3.4%, with an expected recovery of 6.0% in 2021. In the Eurozone, the GDP decline in 2020 was 6.3%, with an expected recovery of 5.0% in 2021 and 4.3% in 2022.

In Italy, GDP is expected to grow by 5.8% in 2021, higher than the European average and with favourable prospects for 2022 as well, benefiting from the Next Generation EU programmes, aimed at stimulating technological innovation, competitiveness, digitalisation 4.0 and environmental sustainability.

The following table represents the actual results for 2017-2020 and the forecasts of GDP trends for 2021 and 2022 (source IMF - WEO, October 2021).

Percentage Values	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020	Change in GDP 2021 (E)	Change in GDP 2022 (E)
World	+3.8%	+3.6%	+2.8%	-3.1%	+5.9%	+4.9%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.5%	+5.2%	+4.5%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.1%	+6.4%	+5.1%
USA	+2.3%	+2.9%	+2.2%	-3.4%	+6.0%	+5.2%
Japan	+1.7%	+0.3%	+0.7%	-4.6%	+2.4%	+3.2%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.0%	+5.6%
Great Britain	+1.8%	+1.3%	+1.4%	-9.8%	+6.8%	+5.0%
Euro Zone	+2.3%	+1.9%	+1.3%	-6.3%	+5.0%	+4.3%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+5.8%	+4.2%

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

The Italian Information Technology (“IT”) market expects growth rates in the three-year period 2021-2023 higher than those of the pre-pandemic period and national GDP. In 2021, IT demand will grow by 6.5%, with positive dynamics in all business segments, benefiting from the acceleration of investments in digital transformation as a result of the increasingly strategic role of technological innovation in the management of businesses and organisations. The main technological drivers of the recovery continue to be the Digital Enablers segments such as cloud, security, analytics, cognitive-A.I. (Source: Sirmi, November 2021).

Thanks to the acceleration of the demand for digitalisation by businesses and organisations, the development of the Italian IT market is expected to grow for the three-year period 2021-2023 with an average annual growth rate of 6.5%, compared to an average annual growth rate in the period 2018-2020 of 2.9%. Demand will be sustained by the Management Services segment (with annual growths of over 10%), which includes digital transformation services and solutions and reflects the evolution of the ways in which technology is used as well as the progressive penetration of Cloud Computing solutions (Source Sirmi, November 2021).

In addition to the growth expectations for the next three years, there is a further contribution from the National Recovery and Resilience Plan (“PNRR”) programmes.

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

Italian IT market (Euro millions)	2017	2018	2019	2020	2021E	2022E	2023E	Var. 17/16	Var. 18/17	Var. 19/18	Var. 20/19	Var. 21/20	Var. 22/21	Var. 23/22
Hardware	6,044	6,025	6,172	6,266	6,511	6,800	7,131	0.6%	-0.3%	2.4%	1.5%	3.9%	4.4%	4.9%
Software	3,833	3,845	3,861	3,792	3,923	4,029	4,129	-0.4%	0.3%	0.4%	-1.8%	3.4%	2.7%	2.5%
Project Services	3,436	3,500	3,588	3,640	3,852	4,075	4,329	0.4%	1.9%	2.5%	1.5%	5.8%	5.8%	6.3%
Management Services	5,504	5,900	6,350	6,797	7,535	8,338	9,195	6.0%	7.2%	7.6%	7.0%	10.9%	10.6%	10.3%
Total IT Market	18,817	19,270	19,971	20,496	21,821	23,242	24,784	1.9%	2.4%	3.6%	2.6%	6.5%	6.5%	6.6%
Cloud Computing	1,862	2,296	2,830	3,409	4,170	5,033	5,957	23.3%	23.6%	23.0%	20.4%	22.3%	20.7%	18.4%
<i>Cloud (SaaS, PaaS, IaaS)</i> <i>Adoption%</i>	18.8%	23.3%	28.2%	33.9%	40.0%	46.5%	52.9%							

For the IT distribution segment, the growth of the last three years is expected to continue, thanks to the acceleration in demand needed to meet the changing needs of work organisation, security, big data and infrastructure evolution (Source: Sirmi, November 2021).

The System Integration segment, after an increase in demand in the three-year period 2017-2019 of about 6% on average per year and about 1.3% in the year 2020, due to the pandemic crisis, in the year 2021 confirms a return to growth rates equal to pre-pandemic ones, thanks to the contribution of the areas of greatest innovative content such as cloud, security, cognitive-A.I. and digital transformation (Source: Sirmi, November 2021).

Economic highlights of Sesa Group

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

Reclassified Income Statement	31/10/2021 (6 months)	%	31/10/2020 (6 months)	%	Change 2021/20
Revenues	1,024,779		883,159		16.0%
Other income	11,921		6,121		94.8%
Total Revenues and Other Income	1,036,700	100.0%	889,280	100.0%	16.6%
Purchase of goods	(781,840)	75.4%	(687,488)	77.3%	13.7%
Costs for services and rent, leasing, and similar costs	(88,261)	8.5%	(73,614)	8.3%	19.9%
Personnel costs	(90,781)	8.8%	(72,944)	8.2%	24.5%
Other operating charges	(2,546)	0.2%	(1,668)	0.2%	52.6%
Total Purchase of goods and Operating Costs	(963,428)	92.9%	(835,714)	94.0%	15.3%
Ebitda	73,272	7.07%	53,566	6.02%	36.8%
Amortisation and depreciation of tangible and intangible assets	(13,847)		(10,571)		31.0%
Accruals and other non-monetary costs	(3,242)		(3,920)		-17.3%
Adjusted Ebit*	56,183	5.4%	39,075	4.4%	43.8%
Amortisation client lists and technological know-how (PPA)	(5,651)		(3,350)		68.7%
Ebit	50,532	4.9%	35,725	4.0%	41.4%
Net financial income and charges	(3,206)		(1,439)		122.8%
Ebt	47,326	4.6%	34,286	3.9%	38.0%
Income taxes	(13,358)		(9,894)		35.0%
Net profit	33,968	3.3%	24,392	2.7%	39.3%
Net profit attributable to the Group	31,811	3.1%	21,817	2.5%	45.8%
<i>Net profit attributable to non-controlling interests</i>	<i>2,157</i>		<i>2,575</i>		<i>-16.2%</i>
Adjusted Ebt*	52,977	5.1%	37,636	4.2%	40.8%
Adjusted Net profit*	37,990	3.7%	26,777	3.0%	41.9%
Adjusted Net profit attributable to the Group*	35,833	3.5%	24,202	2.7%	48.1%

At 31 October 2021 the Sesa Group accelerated its development path thanks to the significant growth in consolidated revenues and other income equal to Euro 1,036.7 million (+16.6% Y/Y) and in consolidated profitability (Ebitda) equal to Euro 73.3 million, up by 36.8% Y/Y, with growth rates significantly above the long-term track record (CAGR revenue 2011-21 +10.6%, CAGR Ebitda 2011-21 +13.9%).

The Group focused on business segments enabling technological innovation (security, business applications, cloud, digital green, digital platforms) and attracting digitalization demand, characterized by an acceleration with an annual average growth expected from the Information Technology market for the 2021-23 three-year period equal to 6.5% (source Sirmi, November 2021).

In the half-year in question, recent corporate acquisitions (15 since January 2021) contributed approximately 50% to the Group's period growth in operating profitability.

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

It is confirmed the ability to attract skills and human resources for a total 3,714 employees at 31 October 2021 (+20.9% Y/Y), compared to 3,073 employees at 31 October 2020.

The consolidated Revenues and Other income at 31 October 2021 were equal to Euro 1,036.7 million (+16.6% Y/Y), thanks to the contribution of each Group segment:

- VAD sector, with Revenues and Other income of Euro 801.4 million (+15.5% Y/Y) thanks to the contribution and development of Digital Green and Security Business Units;
- SSI sector, with Revenues and Other income of Euro 250.6 million (+18.5% Y/Y) thanks to the development of the area characterized by the highest growth in digital transformation (Cloud, Digital Security, Software and Vertical Applications, Managed Services, Digital Engineering);
- Business Services sector, with Revenues and Other income of Euro 27.1 million (+23.2% Y/Y), thanks to the significant contribution of the new Digital Platform and Digital Security Business Unit.

The consolidated EBITDA amounted to Euro 73,272 thousand, increased thanks to the growth of Revenues and Other income (+16.6% Y/Y) and to the operating profitability (+36.8% Y/Y), achieving an Ebitda margin equal to 7.1% (vs 6% at 31 October 2020). All Group sectors contributed to the consolidated Ebitda result:

- VAD Sector, with an Ebitda of Euro 36,404 thousand, up 35.7% Y/Y (Ebitda margin 4.5% compared to 3.9% Y/Y);
- SSI Sector, with an Ebitda of Euro 31,922 thousand, up 34.5% Y/Y (Ebitda margin 12.7% compared to 11.2% Y/Y);
- Business Services Sector, with an Ebitda of Euro 3,161 thousand, up 148.1% Y/Y (Ebitda margin 11.6% significantly increased compared to 5.8% Y/Y).

The Consolidated Operating Result (Ebit) is Euro 50,532 thousand, up 41.4%, after amortisation and depreciation of Euro 19,498 thousand (+40.1% Y/Y) and provisions and other non-monetary costs of Euro 3,242 thousand (-17.3% Y/Y).

The Adjusted Consolidated Operating Result (Ebit), gross of amortisation of intangible assets, client lists and know-how recorded following the PPA process equal to Euro 5,651 thousand (+68.7% Y/Y following the acceleration of investments for corporate acquisitions) amounted to Euro 56,183 thousand, with an increase of 43.8% Y/Y.

Earnings before tax at 31 October 2021 was equal to Euro 47,326 thousand, up by 38% Y/Y, after net financial charges equal to Euro 3,206 thousand at 31 October 2021, increasing compared to Euro 1,439 thousand at 31 October 2021 following the unfavourable trend in foreign exchange management and the development of the Group's scope of consolidation.

Period ended at 31 October

(Euro thousands)

	2021	2020
Total financial items (A)	(3,609)	(2,851)
Foreign exchange items (B)	(268)	450
Share of profits of companies valued at equity (C)	671	962
Net financial income/(expense) (A+B+C)	(3,206)	(1,439)

The Adjusted Net Result (excluding client lists and know-how amortisation, net of the relative tax effect) increased by 41.9% Y/Y, reaching Euro 37,990 thousand at 31 October 2021, while the Consolidated Net Result at 31 October 2021 amounted to Euro 33,968 thousand (+39.3% Y/Y).

The Group's adjusted net profit for the period ended 31 October 2021 is Euro 35,833 thousand, up 48.1% Y/Y thanks also to the lower incidence of the minority interests on the Group's net result. Consolidated net profit after non-controlling-interests at 31 October 2021 was Euro 31,811 thousand, up 45.8% Y/Y.

Highlights of the Group's income statement and balance sheet

The reclassified balance sheet (in Euro thousands) for the period ended 31 October 2021 is provided below and compared with the comparative period of the previous year ended 30 April 2021, the figures for the period ended 31 October 2020 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2021	31/10/2020	30/04/2021
Intangible assets	179,019	106,188	142,826
Property, plant and equipment (rights of use included)	100,348	92,350	99,942
Investments valued at equity	12,893	12,612	13,850
Other non-current assets and deferred tax assets	28,595	27,270	27,921
Total non-current assets	320,855	238,420	284,539
Inventories	119,060	84,060	86,920
Current trade receivables	328,651	392,694	355,781
Other current assets	70,867	57,729	63,395
Current assets	518,578	534,483	506,096
Payables to suppliers	359,133	350,297	366,101
Other current payables	135,375	107,495	142,690
Short-term operating liabilities	494,508	457,792	508,791
Net working capital	24,070	76,691	(2,695)
Non-current provisions and other tax liabilities	49,070	29,334	38,273
Employee benefits	42,800	36,531	40,897
Non-current net liabilities	91,870	65,865	79,170
Net Invested Capital	253,055	249,246	202,674
Shareholders' Equity	286,627	272,326	297,355
Liquidity and other financial assets	(400,657)	(340,417)	(426,905)
Current and non-current loans	229,789	238,764	229,548
Net Financial Position	(170,868)	(101,653)	(197,357)
Financial liabilities for rights of use under IFRS 16	41,297	41,332	43,871
Liabilities to minority shareholder for equity investments ⁴	95,999	37,241	58,805
Total Net Financial Position Reported	(33,572)	(23,080)	(94,681)

The balance sheet shows an increase in net invested capital, which went from Euro 249,246 thousand at 31 October 2020 to Euro 253,055 thousand at 31 October 2021, mainly as a result of:

- the increase in non-current assets, rising from Euro 238,420 thousand at 31 October 2020 to Euro 320,855 thousand at 31 October 2021, generated mainly by investments in corporate acquisitions.
- the reduction of net working capital to Euro 24,070 thousand at 31 October 2021 compared to Euro 76,691 thousand at 31 October 2020, thanks to improved efficiency in the management of working capital generated by the evolution of the business model and the progressive adoption of as-a-service and cloud supply models.

With regard to sources of financing, the following is worth noting:

- a significant improvement in the Net Financial Position, with a positive balance (net liquidity) of Euro 170,868 thousand at 31 October 2021, compared to a positive balance of Euro 101,653 thousand at 31 October 2020 thanks to cash flow from operations net of investments of the period. The Net Financial Position Reported, net of (i) Liabilities and commitments to minority shareholders for M&A transactions equal to Euro 95,999 thousand at 31 October 2021, a significant increase compared to Euro 37,241 thousand at 31 October 2020, thanks to the acceleration of the corporate acquisitions, and of (ii) financial liabilities for rights in use under IFRS 16 (Euro 41,297 thousand at 31 October 2021 compared to Euro 41,332

⁴ Non-interest bearing payables and commitments to minority shareholders for the purchase of company shareholdings (deferred prices, Earn Out, Put Option)

thousand at 31 October 2020), is positive for Euro 33,572 thousand at 31 October 2021, an improvement compared to the positive balance of Euro 23,080 thousand at 31 October 2020;

- the increase in the Consolidated Shareholders' equity equal to Euro 286,627 thousand at 31 October 2021 compared to Euro 272,326 thousand at 31 October 2020, thanks to the profits generated in the period net of dividends for Euro 13.2 million (Euro 0.85 per share) distributed in September 2021.

Details of the Group's Net Financial Position (in Euro thousands) at 31 October 2021 are shown below. The figures for the period ended 31 October 2020 are also included, in addition to the comparative figures for the year ended 30 April 2021, in order to provide a better analysis of the net financial position, in consideration of the seasonality of the business that typically characterises sales revenues and consequently financial management during the year.

Net Financial Position	31/10/2021	31/10/2020	30/04/2021
Liquidity	(399,555)	(339,757)	(426,665)
Current financial receivables and short-term securities	(1,102)	(660)	(240)
Current loans	105,468	92,418	100,994
Short-term net financial position	(295,189)	(247,999)	(325,911)
Non-current loans	124,321	146,346	128,554
Non-current net financial position	124,321	146,346	128,554
Net Financial Position	(170,868)	(101,653)	(197,357)
Financial liabilities for rights of use under IFRS 16	41,297	41,332	43,871
Liabilities to minority shareholders for equity investments ⁵	95,999	37,241	58,805
Total Net Financial Position Reported	(33,572)	(23,080)	(94,681)

The Net Financial Position at 31 October 2021, gross of Liabilities and commitments to minority shareholders for deferred payments related to M&A transactions and Financial liabilities for rights of use under IFRS 16, is positive (net liquidity) by Euro 170,868 thousand, an improvement compared to a positive balance of Euro 101,653 thousand at 31 October 2020, thanks to the positive trend of the operating cash flows, equal to about Euro 130 million in the last 12 months, net of investments of approximately Euro 70 million in the same period, mainly related to the corporate acquisitions.

The Total Net Financial Position Reported at 31 October 2021 is positive (net liquidity) and equal to Euro 33,572 thousand, an improvement compared to a positive balance of Euro 23,080 thousand at 31 October 2020, thanks to the positive trend of the operating cash flows, equal to Euro 130 million in the last 12 months, net of investments of about Euro 100 million in the same period, of which around Euro 70 million for corporate acquisitions, a significant part of which with deferred payments.

The change in Net Financial Position in the half year at 31 October 2021 compared to 30 April 2021 reflects the business seasonality and the higher absorption of working capital at 31 October compared to 30 April of each year.

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

Results of the VAD Sector

The Value Added Distribution (VAD) Sector active in the provision of value-added technology solutions in the period under review achieved a growth in Revenues and Other income of 15.5%, Ebitda of 35.7% (Ebitda margin of 4.5% compared to 3.9% Y/Y) and net profit after tax of 35.7%.

Thanks to the development of demand for digital transformation and the strategy of focusing on value-added business areas of the market, with particular reference to the Security, Cloud and Digital Green segments, the market share on the Italian market was consolidated (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, November 2021).

The half-year results of the VAD Sector benefited from the contribution of the recently acquired companies in the Digital Green segment, with **PM Service Srl**, active in offering technology for energy efficiency and the production of energy from renewable sources, and **Service Technology Srl**, operating in the Refurbished Technology sector. On the corporate front, in September 2021, the Group acquired a majority stake in **Kolme Srl**, a leading operator in the provision of ICT solutions and telecommunications services on the Italian market, with a customer base of over 2,500 business partners throughout the country. In addition, investments in technologies and skills continued for the expansion of value solutions in the cloud and enterprise software segment, with the implementation of the SolutionUp platform, a proprietary marketplace for the provision of as a service software solutions.



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

VAD Sector (Euro thousands)	31 October		2020	%	Change
	2021	%			
Third-party revenues	755,842		656,122		15.2%
Inter-sector revenues	39,297		34,509		13.9%
Total Revenues	795,139		690,631		15.1%
Other income	6,249		3,490		79.1%
Total revenues and other income	801,388	100.0%	694,121	100.0%	15.5%
Consumable materials and goods	(734,325)	-91.6%	(641,268)	-92.4%	14.5%
Gross commercial margin	67,063	8.4%	52,853	7.6%	26.9%
Costs for services and rent, leasing, and similar costs	(19,964)	-2.5%	(15,873)	-2.3%	25.8%
Personnel costs	(9,460)	-1.2%	(9,057)	-1.3%	4.4%
Other operating costs	(1,235)	-0.2%	(1,095)	-0.2%	12.8%
Ebitda	36,404	4.54%	26,828	3.87%	35.7%
Amortisation, depreciation, provisions and other non-monetary costs	(3,621)		(3,582)		1.1%
Operating result (Ebit)	32,783	4.1%	23,246	3.3%	41.0%
Net financial income and expense	(1,929)		(433)		345.5%
Result gross of taxes	30,854	3.9%	22,813	3.3%	35.2%
Income taxes	(8,293)		(6,190)		34.0%
Net result for the period	22,561	2.8%	16,623	2.4%	35.7%
Net result attributable to non-controlling interests	296		175		69.1%
Net result attributable to the Group	22,265		16,448		35.4%
Adjusted Net Result	22,854	2.9%	16,788	2.4%	36.1%
Adjusted Net Result attributable to the Group	22,558	2.8%	16,613	2.4%	35.8%

The Total Revenues and Other Income amounted to Euro 801.4 million at 31 October 2021, up 15.5% compared to 31 October 2020. The increase in revenues in the half year is due to the strategy focused on the value-added business areas of the market and the expansion of the solutions offered to customers.

The Gross Margin has grown 26.9% from Euro 52.8 million (7.6% of revenues and other income) at 31 October 2020 to Euro 67.1 million (8.4% of revenues and other income) at 31 October 2021, thanks to the development of revenues from sales and to the favourable sales mix that reflects, among other things, the contribution of the companies belonging to the new Digital Green business unit.

The Ebitda result at period-end was equal to Euro 36,404 thousand (Ebitda margin 4.5%), significantly increasing (+35.7%) compared to Euro 26.8 million (Ebitda margin 3.9%) at 31 October 2020, achieved thanks to the development of the Gross Margin and the lower incidence of other operating costs. PM Service Srl and Kolme Srl, companies recently included in the scope of consolidation, the first one since May 2021 and the second one since September 2021, contributed with about 70% to the growth in revenues and profitability in the period.

Net profit after tax for the period is Euro 22,561 thousand, up 35.7% compared to Euro 16,623 million at 31 October 2020, thanks to the positive growth in operating profitability and a lower incidence of amortisation/depreciation and accruals. Gross of amortisation of intangible assets (client lists and know how) recorded following the PPA process, the Group's Adjusted Net Result was equal to Euro 22,558 thousand (+35.8%) compared to Euro 16,613 thousand at 31 October 2020.

The reclassified balance sheet of the VAD Sector (in Euro thousands) at 31 October 2021 is provided below. Together with the comparative figures for the year ended 30 April 2021, the figures for the period ended 31 October 2020 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2021	31/10/2020	30/04/2021
Intangible assets	16,943	7,313	7,800
Property, plant and equipment (rights of use included)	45,210	43,118	43,122
Investments carried at equity	10,140	9,917	10,981
Other non-current receivables and assets and deferred tax assets	10,004	10,437	9,784
Total non-current assets	82,297	70,785	71,687
Inventories	91,381	65,941	69,345
Trade receivables	223,722	292,635	243,969
Other current assets	23,081	14,359	18,691
Current assets for the period	338,184	372,935	332,005
Trade payables	278,255	278,098	280,653
Other current payables	31,675	21,543	30,916
Short-term liabilities for the period	309,930	299,641	311,569
Net working capital	28,254	73,294	20,436
Provisions and other non-current tax liabilities	7,910	4,354	4,894
Employee benefits	2,896	2,707	2,689
Net non-current liabilities	10,806	7,061	7,583
Net Invested Capital	99,745	137,018	84,540
Shareholders' Equity	238,685	209,889	233,419
Liquidity and other financial assets	(261,301)	(188,607)	(264,020)
Current and non-current loans	94,279	93,210	92,966
Net Financial Position (Net Liquidity)	(167,022)	(95,397)	(171,054)
Financial liabilities for rights of use under IFRS 16	19,500	20,050	19,074
Liabilities to minority shareholders for equity investments	8,582	2,476	3,101
Net Financial Position Reported	(138,940)	(72,871)	(148,879)

Thanks to the reduction in Net Working Capital and to the generation of current cash, the Net Financial Position showed a significant improvement, going from a positive balance of Euro 95,397 thousand at 31 October 2020 to a positive balance of Euro 167,022 thousand at 31 October 2021. In the period under analysis Shareholders' Equity further strengthened and

posted a total value of Euro 238,685 thousand at 31 October 2021, compared to Euro 209,889 thousand at 31 October 2020.

Results of the SSI Sector

The Software and System Integration (SSI) Sector, which offers software solutions, technological innovation and digital transformation for the SME and Enterprise segments, increased revenues and other income by 18.5%, EBITDA by 34.5% (EBITDA margin 12.7% compared to 11.2% Y/Y) and net profit by 41.4% during the period.



During the period, the Sector benefited from human capital development and organic growth generated by the accelerating demand for digitisation. Several bolt-on acquisitions were made of companies with skills and expertise in areas of strong technological evolution, such as Fen Wo Shanghai Ltd ('Fireworks') based in Shanghai, which offers digital marketing solutions on the Chinese market, and Cadlog Group Srl and Cimtec GmbH, which expand the pan-European platform of software solutions and digital engineering services.

On 8 November 2021 the acquisition of 51% of Datef SpA was completed. **Datef SpA** is a company based in Bolzano with approximately Euro 12.5 million in annual revenues and 60 resources specialised in digital services, cloud and IT security, with over 100 enterprise customers mainly located in German-speaking areas where the Sesa Group continues to expand its customer base.

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

SSI Sector <i>(Euro thousands)</i>	31 October				
	2021	%	2020	%	Change
Third-party revenues	241,903		206,112		17.4%
Inter-sector revenues	2,396		1,966		21.9%
Total Revenues	244,299		208,078		17.4%
Other income	6,318		3,394		86.2%
Total revenues and other income	250,617	100.0%	211,472	100.0%	18.5%
Consumable materials and goods	(81,373)	-32.5%	(74,391)	-35.2%	9.4%
Costs for services and rent, leasing, and similar costs	(69,046)	-27.6%	(59,424)	-28.1%	16.2%
Personnel costs	(67,142)	-26.8%	(53,459)	-25.3%	25.6%
Other operating costs	(1,134)	-0.5%	(461)	-0.2%	146.0%
Ebitda	31,922	12.74%	23,737	11.22%	34.5%
Amortisation/depreciation, provisions and other non-monetary costs	(14,981)		(11,579)		29.4%
Operating result (Ebit)	16,941	6.8%	12,158	5.7%	39.3%
Net financial income and expense	(1,073)		(866)		23.9%
Result gross of taxes	15,868	6.3%	11,292	5.3%	40.5%
Income taxes	(4,701)		(3,392)		38.6%
Net result for the period	11,167	4.5%	7,900	3.7%	41.4%
Net result attributable to non-controlling interests	1,766		2,381		-25.8%
Net result attributable to the Group	9,401		5,519		70.3%
Adjusted Net Result	14,145	5.6%	9,982	4.7%	41.7%
Adjusted Net Result attributable to the Group	12,379	4.9%	7,601	3.6%	62.9%

At 31 October 2021 total Revenues and Other income were equal to Euro 250,617 million with a growth of 18.5% Y/Y, while the Ebitda figure achieved Euro 31,922 thousand, up by 34.5% Y/Y.

The Ebitda margin went from 11.2% at 31 October 2020 to 12.7% at 31 October 2021, benefiting from the growth in profitability in the most important business units such as Digital Security ERP&Vertical, Managed Services, Digital Engineering, Customer Experience, sustained also by recent corporate acquisitions. The use of external leverage as part of an organic business development strategy contributed to these results for around 30% of the growth in profitability in the period in question.

The net profit of the Sector at 31 October 2021 is Euro 11,167 thousand, improving 41.4% compared to Euro 7,900 thousand at 31 October 2020, thanks to the positive trend in operating profitability, with an increase in EAT margin to 4.5% in the half year compared to 3.7% Y/Y.

The Adjusted Net Result of the Group was equal to Euro 12,379 thousand gross of amortisation of intangible assets (client lists and know-how) recorded following the PPA process and Euro 2,978 thousand net of fiscal effect, up by 62.9% compared to Euro 7,691 thousand at 31 October 2020.

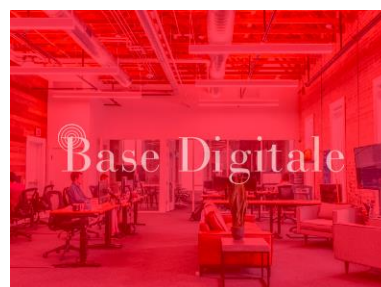
The reclassified balance sheet of the SSI Sector (in Euro thousands) at 31 October 2021 is provided below. Together with the comparative figures for the year ended 30 April 2020, the figures for the period ended 31 October 2020 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2021	31/10/2020	30/04/2021
Intangible assets	126,427	91,891	114,329
Property, plant and equipment (rights of use included)	47,790	42,654	47,699
Investments carried at equity	2,934	2,857	3,050
Other non-current receivables and assets and deferred tax assets	12,315	12,608	10,807
Total non-current assets	189,466	150,010	175,885
Inventories	26,069	17,250	16,105
Trade receivables	123,653	118,625	137,081
Other current assets	43,916	34,173	42,465
Current assets for the period	193,638	170,048	195,651
Trade payables	111,254	97,631	115,920
Other current payables	85,518	66,312	97,655
Short-term liabilities for the period	196,772	163,943	213,575
Net working capital	(3,134)	6,105	(17,924)
Provisions and other non-current tax liabilities	31,589	23,375	27,994
Employee benefits	34,361	29,841	33,329
Net non-current liabilities	65,950	53,216	61,323
Net Invested Capital	120,382	102,899	96,638
Shareholders' Equity	20,775	34,140	36,988
Liquidity and other financial assets	(113,241)	(116,789)	(136,160)
Current and non-current loans	122,800	136,057	125,098
Net Financial Position (Net Liquidity)	9,559	19,268	(11,062)
Financial liabilities for rights of use under IFRS 16	16,620	16,032	17,752
Liabilities to minority shareholders for equity investments	73,428	33,459	52,960
Total Net Financial Position Reported	99,607	68,759	59,650

The Net Financial Position at 31 October 2021 is negative for Euro 9,559 thousand, lower compared to Euro 19,268 thousand at 31 October 2020 thanks to the operating cash flows and to the further improvement of the working capital management determined by the increasing positioning in the value-added business areas of the business applications and of solutions as a service.

Results of the Business Services Sector

The Business Services Sector, which offers business process outsourcing, security and digital platform services to the finance and large enterprise segments, accelerated its growth path, contributing to consolidated results with double-digit margins above the Group average. As at 31 October 2021, the Sector's Revenues and Other income increased by 23.2%, Ebitda increased by 148% (Ebitda margin of 11.6% compared to 5.8% Y/Y), thanks to the organic development of the business and the contribution of the recent acquisitions in the Digital Platform BU of IFM Infomaster SpA, Digital Storm Srl and Tecnikè Srl. As mentioned in the section on subsequent events, 13 December 2021 saw the completion of the acquisitions of 67% of **Citel SpA**, a company specialising in the integrated management of security through digital platforms offered as a service and modular, with a broad customer set in finance and utilities, and 51% of **A Plus Srl**. Thanks to these two transactions, the Base Digitale Security Solutions Business Unit has become a leading operator in Italy in the provision of IT management solutions for the entire physical solution chain, with annual revenues of around Euro 30 million and over 100 human resources.



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

Business Services Sectors (Euro thousands)	31 October				
	2021	%	2020	%	Change
Third-party revenues	26,393		20,203		30.6%
Inter-sector revenues	398		1,567		-74.6%
Total Revenues	26,791		21,770		23.1%
Other income	343		252		36.1%
Total revenues and other income	27,134	100.0%	22,022	100.0%	23.2%
Consumable materials and goods	(2,255)	-8.3%	(4,784)	-21.7%	-52.9%
Costs for services and rent, leasing, and similar costs	(11,905)	-43.9%	(9,680)	-44.0%	23.0%
Personnel costs	(9,711)	-35.8%	(6,251)	-28.4%	55.4%
Other operating costs	(102)	-0.4%	(33)	-0.1%	209.1%
Ebitda	3,161	11.65%	1,274	5.79%	148.1%
Amortisation/depreciation, provisions and other non-monetary costs	(2,478)		(1,029)		140.8%
Operating result (Ebit)	683	2.5%	245	1.1%	178.8%
Net financial income and expense	(192)		(151)		27.2%
Result gross of taxes	491	1.8%	94	0.4%	422.3%
Income taxes	(38)		(62)		-38.7%
Net result for the period	453	1.7%	32	0.1%	1,315.6%
Net result attributable to non-controlling interests	95		19		-
Net result attributable to the Group	358		13		2,653.8%
Net Result Adjusted	1,205	4.4%	133	0.6%	806.0%
Net Result Adjusted attributable to the Group	1,110	4.1%	114	0.5%	873.7%

In the period in question the total Consolidated Revenues and other income were equal to Euro 27,134 thousand, increasing by 23.2% Y/Y, with Ebitda equal to Euro 3,161 thousand (+148.1% Y/Y). The Ebitda margin went from 5.8% at 31 October 2020 to 11.6% at 31 October 2021, thanks, among other things, to the mentioned significant contribution from the new Digital Platform business unit.

The Net result of the Sector at 31 October 2021 was equal to Euro 453 thousand (+1.316% Y/Y), significantly improved compared with last year thanks to the positive evolution of operating profitability and to the business development.

Gross of amortisation of intangible assets (client lists and Know how) recorded following the PPA process, the Adjusted Net Result of the Group was equal to Euro 1,110 thousand (+874%) compared to Euro 224 thousand at 31 October 2020.

The reclassified balance sheet of the Business Services Sector (in Euro thousands) at 31 October 2021 is provided below, together with the comparative figures for the year ended 30 April 2021.

Reclassified Balance Sheet	31/10/2021	31/10/2020	30/04/2021
Intangible assets	33,855	4,870	18,894
Property, plant and equipment (rights of use included)	6,318	5,346	7,991
Investments carried at equity			
Other non-current receivables and assets and deferred tax assets	1,429	1,511	2,145
Total non-current assets	41,602	11,727	29,030
Inventories	1,907	1,172	1,767
Trade receivables	14,894	9,918	14,593
Other current assets	3,360	1,870	3,125
Current assets for the period	20,161	12,960	19,485
Trade payables	12,597	11,012	15,018
Other current payables	8,433	5,353	10,222
Short-term liabilities for the period	21,030	16,365	25,240
Net working capital	(869)	(3,405)	(5,755)
Provisions and other non-current tax liabilities	9,224	1,255	5,028
Employee benefits	3,169	1,803	2,623
Net non-current liabilities	12,393	3,058	7,651
Net Invested Capital	28,340	5,264	15,624
Shareholders' Equity	16,576	6,908	14,140
Liquidity and other financial assets	(19,598)	(16,067)	(19,159)
Current and non-current loans	12,571	9,104	11,440
Net Financial Position (Net Liquidity)	(7,027)	(6,963)	(7,719)
Financial liabilities for rights of use under IFRS 16	4,857	4,889	6,720
Liabilities to minority shareholders for equity investments	13,934	430	2,483
Net Financial Position Reported	11,764	(1,644)	1,484

The Net Financial Position at 31 October 2021 was positive by Euro 7,027 thousand, basically unchanged compared to a positive balance of Euro 6,963 thousand at 31 October 2020, despite the significant investments made in corporate acquisitions during the period in question.

The Shareholders' Equity was further strengthened, it achieved the value of Euro 16,576 thousand at 31 October 2021, compared to Euro 6,908 thousand at 31 October 2020.

Results of the Corporate Sector

The Corporate Sector, operating in strategic governance and the provision of administration, finance, control, human resource and management of IT systems and platforms services to the Group, strengthened its offering during the period to support the increase in number of companies included in the scope of consolidation and the integration processes linked to the recent corporate acquisitions.



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

Corporate Sector	31 October				
<i>(Euro thousands)</i>	2021	%	2020	%	Change
Third-party revenues	641		722		-11.2%
Inter-sector revenues	9,051		8,298		9.1%
Total Revenues	9,692		9,020		7.5%
Other income	1,191		1,201		-0.8%
Total revenues and other income	10,883	100.0%	10,221	100.0%	6.5%
Consumable materials and goods	(109)	-1.0%	(114)	-1.1%	-4.4%
Costs for services and rent, leasing, and similar costs	(4,303)	-39.5%	(4,024)	-39.4%	6.9%
Personnel costs	(4,516)	-41.5%	(4,225)	-41.3%	6.9%
Other operating costs	(170)	-1.6%	(131)	-1.3%	29.8%
Ebitda	1,785	16.4%	1,727	16.9%	3.4%
Amortisation/depreciation, provisions and other non-monetary costs	(1,660)		(1,651)		0.5%
Operating result (Ebit)	125	1.1%	76	0.7%	64.5%
Net financial income and expense	(12)		11		-209.1%
Result gross of taxes	113	1.0%	87	0.9%	29.9%
Income taxes	(326)		(250)		30.4%
Net result for the period	(213)	-2.0%	(163)	-1.6%	30.7%
Net result attributable to non-controlling interests	-		-		-
Net result attributable to the Group	(213)		(163)		30.7%
Adjusted Net Result	(213)	-2.0%	(163)	-1.6%	30.7%
Adjusted Net Result attributable to the Group	(213)	-2.0%	(163)	-1.6%	30.7%

Total Revenues and Other income of the Sector, equalling Euro10,883 thousand, showed an increase compared to the previous year (+6.5% Y/Y), thanks to the development of the organisation, administration and financial management, planning and control, human resource management and IT consulting services supplied by Sesa SpA to the Group companies that during the period continued expanding the user companies.

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

After financial items, equity investments and taxes, the result for the period was negative by Euro 213 thousand at 31 October 2021, compared to a negative result of Euro 163 thousand at 31 October 2020.

The reclassified balance sheet of the Corporate Sector (in Euro thousands) at 31 October 2021 is provided below together with the comparative figures for the year ended 30 April 2021.

Reclassified Balance Sheet	31/10/2021	31/10/2020	30/04/2021
Intangible assets	2,150	2,114	2,161
Property, plant and equipment (rights of use)	1,030	1,232	1,139
Investments carried at equity	768	787	768
Other non-current receivables and assets and deferred tax assets	93,875	78,624	88,898
Total non-current assets	97,823	82,757	92,966
Inventories			
Trade receivables	12,428	13,292	9,533
Other current assets	963	809	868
Current assets for the period	13,391	14,101	10,401
Trade payables	2,779	3,443	3,803
Other current payables	10,654	9,822	5,915
Short-term liabilities for the period	13,433	13,265	9,718
Net working capital	(42)	836	683
Provisions and other non-current tax liabilities	587	589	597
Employee benefits	2,374	2,180	2,256
Net non-current liabilities	2,961	2,769	2,853
Net Invested Capital	94,820	80,824	90,796
Shareholders' Equity	100,823	98,148	97,732
Liquidity and other financial assets	(6,517)	(18,954)	(7,566)
Current and non-current loans	140	399	44
Net Financial Position (Net Liquidity)	(6,377)	(18,555)	(7,522)
Financial liabilities for rights of use under IFRS 16	320	361	325
Liabilities to minority shareholders for equity investments	54	870	261
Total Net Financial Position Reported	(6,003)	(17,324)	(6,936)

The Shareholders' Equity at 31 October 2021 was equal to Euro 100,823 thousand, improving compared to Euro 98,148 thousand at 31 October 2020 thanks to the profit of the period and net to the dividend distribution made in September 2021.

The Net Financial Position is positive (net liquidity) and amounted to Euro 6,377 thousand compared to Euro 18,555 thousand at 31 October 2020, a reduction due to the dividend distribution for Euro 13.2 million (Euro 0.85 per share) made in September 2021 and for the investments made in the period in question.

Corporate Governance

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

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

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

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

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

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

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

Treasury shares

As at 31 October 2021, the parent company Sesa SpA held 22,284 treasury shares, equating to 0.144% of the share capital, purchased at an average price of Euro 148 under the treasury share purchase plan approved by the shareholders' meeting. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

Relations with subsidiaries, associated companies, parent companies and affiliates

With regard to disclosures on relations with related parties pursuant to articles 2427 and 2428 of the Italian Civil Code and in compliance with the provisions of IAS 24, it should be noted that the transactions carried out with such parties, which relate to ordinary management, were concluded at market conditions with mutual economic benefit.

The management of relations with Related Parties is subject to specific regulations approved by the Control and Risks and Related Parties Committee in application of the Self-Governance Code for listed companies.

The identification of the Group's related parties was carried out in compliance with IAS 24. For further details on relations with related parties, reference should be made to the specific section in the notes to the Group's consolidated financial statements.

These relations, which do not include atypical or unusual transactions, are regulated at normal market conditions.

Human resources and sustainable growth

Staff

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

As at 31 October 2021, the Group's workforce totalled 3,714 employees (+20.9% compared to 31 October 2020), showing a significant growth trend thanks both to the plans to hire young people from specialisation schools and universities, and to the contribution of external leverage (M&A) aimed precisely at developing the skills of human resources.

<i>(in units)</i>	Average number of employees for the period ending 31 October ⁶		Number of employees as at 31 October		Number of employees as at 30 April
	2021	2020	2021	2020	2021
Executives	36	22	39	23	33
Middle management	287	229	295	250	279
White collar	3,167	2,482	3,296	2,711	3,037
Blue collar	88	77	84	89	92
Total	3,578	2,810	3,714	3,073	3,441

Female employment represents a significant component of the business, equal to 33% at 31 October 2021 (31% as at 30 April 2021), which reflects the intrinsic characteristics of the business in which the Group operates, strongly oriented towards resources with technical-scientific skills. For years, the Group has been implementing programmes aimed at the full achievement of gender equality which, also in light of the progressive evolution of the training orientation of young resources, are determining a further progressive growth of the female quota.

Human capital, as a primary value of the Group, is a strategic resource to be retained and developed through long-term professional growth paths. The Sesa Group therefore pursues hiring policies for its resources on a permanent basis, amounting to 99% of the total as at 31 October 2021. The outgoing turnover rate recorded in the last fiscal year was 6%, a low percentage if compared to the average of the Information Technology sector, which has a structural situation of lack of professionalism and high levels of mobility of human resources.

⁶ The figure was calculated as a weighted average based on the total number of employees by professional figure. The category of Executives is excluded from the sample as it is not representative. The index was calculated including the Italian companies belonging to the Group. Coverage of the perimeter for reporting the figure is 94%.

The Group is committed to ensuring equal gender opportunities and to minimizing the pay gap between women and men typical of the Information Technology business. The Gender pay gap reported in the last financial year was 7.4%, compared to 17.7% of the Gender Pay Gap in the Italian private sector (ISTAT Report “*Struttura delle retribuzioni in Italia nel 2018* / Structure of salaries in Italy in 2018”). At European level, the gender pay gap in the private sector varies from 8.9% in Belgium to 22.9% in Germany (source: Eurostat index, 2019).

In line with the B Corp certification process undertaken by the Group and with the aim of further strengthening its commitment and attention to diversity and inclusion, the Group has identified and appointed its own “Diversity Manager”, dedicated to enhancing personal differences and potential, as well as developing an inclusive and meritocratic environment. The Diversity Manager also defines objectives and improvement paths in the field of sustainability, cooperating with other corporate functions and ensuring compliance with the founding principles of the Sesa Group’s Code of Ethics.

Hiring

The Sesa Group carries out the selection process on systematic basis and hires those human resources in support of the business growth and to develop digital skills.

The work quality, the opportunity to collaborate on innovative projects, valuing diversity and the skills of resources, together to the Group commitment towards a sustainable development, represent the key elements in the attraction process of talents, especially for the youngest.

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

- Long-standing collaborations with Professional Schools, Universities and Business Schools;
- Participation in Career Days and University events;
- Organisation of highly specialised vocational training courses (ITS) and Academy;
- Hiring events at the Group’s main offices, aimed at presenting job opportunities and professional growth for young graduates;
- Social and digital communication campaigns aimed at reinforcing the Group’s brand identity and developing the job offer promoted by the Group.

Over the last 12 months, around 400 new resources in the Group entities, of which 200 young resources under 30, have been recruited from universities and training schools and placed on internship and apprenticeship schemes that end with confirmation on a permanent basis with percentages close to 100%. Specifically, 64 internships and 301 apprenticeships were in place as of 31 October 2021.

Training and Development of resources

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

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

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

The aim is to further enhance the skills of human resources in the following areas:

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

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

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

Health and Safety

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

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

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

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

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

In compliance with recent Law-Decree no. 139 of 11 October 2021, Sesa Group adopted its own "operating methods in order to organize the Green Pass check", with the objective of regulating the methods of control to be done at the Group companies' work locations related to the possession of the Green Pass. Since the beginning of the pandemic emergency, moreover, the Sesa Group has adopted a hybrid organisation model, with the use of smart working and digital technologies for internal collaboration and with stakeholders, which has allowed the continuity of the Group's services and activities, operating in a sector such as technological innovation and digital services, which are essential for the functioning of organisations and businesses.

Welfare

Over the years, a welfare model has been implemented that is able to contribute to the individual and family wellbeing of workers and improve working relations and the organisational climate, increase the organisation's level of attractiveness and generate benefits for the community in which the Group operates.

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

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

The Welfare Plan benefits from the contribution of the Sesa Foundation, a non-profit organization promoted by HSE SpA (Group holding that control Sesa Group through ITH SpA) and oriented to carry out philanthropy events, education and assistance initiatives for the benefit of the Group's human capital and social communities. These interventions are consistent with the sustainability objectives that the Sesa Group pursues in the management of human capital, promoting its development and diversity in the context of work life balance policies and loyalty in the long term. In particular it is important to remark the support the Sesa Foundation given in order to counter the pandemic through the vaccination hub in Empoli (FI).

Main risks and uncertainties to which the Group and Sesa SpA are exposed

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

External Risks

RISKS ASSOCIATED WITH THE MACROECONOMIC CONTEXT AND THE ICT MARKET

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

Despite the weak demand (macroeconomic context and IT market) recorded in recent years, increased by the spread of the Covid-19 pandemic and the consequent potential negative effect on business performance, the Group confirms its ability to grow by outperforming the reference market with a trend of sustainable development of revenues and profits.

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

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

RISKS ASSOCIATED WITH THE COVID-19 PANDEMIC

The spread of the Covid-19 pandemic creates operational risks with potential impacts on business continuity, economic and financial effects deriving from fluctuations in demand and a slowdown in the economic cycle, amongst other things, and the need to implement emergency measures to protect the health and safety of employees and all stakeholders.

The first thing the Group did when the health emergency began to spread in 2020, was implement the necessary organisational adjustments to protect the health of its employees. During the various lockdown phases, its operating activities were reorganised so that staff could work from home, allowing the Group to operate continuously and guaranteeing the safety of its human resources.

The Group continued to operate in all sectors (VAD, SSI, Business Services and Corporate) also during lockdowns, supporting continuity of the country's main economic and health activities. The risk mitigation procedures and controls put in place during the first lockdown phase to manage the main business risks and protect stakeholders continued in 2021:

- a Health and Safety Task Force to monitor health risks and regulate health procedures and protocols in compliance with the government's emergency measures, protecting the health of the Group's employees;

- a Financial Task Force to monitor credit and financial risks, oversee collection management and analyse the economic situation of the Group companies. This activity took the form of forecasts and sensitivity analyses in relation to the various scenarios;
- Supervision, to monitor market risk and plan the Group's future activities in relation to changes in demand. The task force drew up plans, with the application of sensitivity analyses, to assess the short and medium-term impacts of the pandemic.

The results of the year show a favourable trend both in terms of revenues and profitability, confirming the resilience of the Group's organisation and the validity of the actions taken to mitigate risks. Further considerations on the outlook for the future are reported in the "Business outlook" paragraph.

ENVIRONMENTAL RISKS

Climate change is increasingly perceived as a challenge to be addressed immediately and - where possible - to be turned into an opportunity. As a result of climate change, companies are faced with a number of significant challenges: increased operating costs, asset impairment and reduced demand for goods and services. When assessing risks, therefore, it is necessary to analyse the geopolitical and market context in detail, with a thorough, organic and prompt risk assessment.

In June 2019, the "European Commission's new guidelines on reporting climate change related information" were published, with a list of risks for companies caused by climate change, divided into physical and transition risks.

Sesa can gain a competitive advantage by looking at the development of new technologies, and the development of energy efficient products and services. Lastly, to combat the threat of climate change, Sesa acts in parallel to mitigate the effects of climate change (actions aimed at the reduction of climate-changing gases) and adapt to the consequent impact (protection of its assets against the impacts of climate change).

Internal Risks

RISKS RELATED TO DEPENDENCE ON KEY PERSONNEL

The Group's success, activity and development depend significantly on certain key managers, including the executive directors of Sesa SpA. The loss of one of these key figures without adequate replacement, as well as the inability to attract and retain qualified new resources, could have negative effects on the Group's economic and financial prospects and results. The Group addresses this risk by implementing loyalty strategies and long-term incentive plans based on medium-term equity-based remuneration plans. The management believes that Sesa SpA and the Group have an operational structure capable of ensuring continuity in the management of corporate affairs.

RISKS ASSOCIATED WITH CONCENTRATION AND DEPENDENCE ON DISTRIBUTION CONTRACTS AND THE ABILITY TO NEGOTIATE AND MAINTAIN DISTRIBUTION CONTRACTS WITH VENDORS OVER TIME

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

RISKS ASSOCIATED WITH FAILURE TO COMPLY WITH CONTRACTUAL AND COMPLIANCE COMMITMENTS

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

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

Market risks

CREDIT RISK

The credit risk is represented by the exposure of Group companies to potential losses that may arise from the failure by customers to fulfil their obligations. The credit risk deriving from normal operation of Group companies with customers is monitored and hedged on an ongoing basis using information, customer assessment procedures and credit risk hedging instruments (insurance and factoring transactions without recourse). A specific provision for doubtful accounts is created and monitored on a regular basis. As stated in the "Risks associated with the Covid-19 pandemic" paragraph, the precautions already in place to control the credit risk were strengthened following the spread of the pandemic.

LIQUIDITY RISK

At certain times during the financial year, the ordinary operations of the Sesa Group companies generates a need for working capital and, consequently, financial exposure. The Group closed the consolidated financial statements as at 31 October 2021 with a net financial position (net liquidity) of Euro 170,868 thousand. At the end of the quarter, however, the Group supported a financial requirement generated by the seasonal nature of the business and by the increase in net working capital. The liquidity risk is hedged by regularly planning cash requirements and the relative financing through loans and credit lines mainly centralised in the Group's two main operating companies, Computer Gross SpA and Var Group SpA.

INTEREST RATE RISK

Exposure to the interest rate risk arises from the fact that Group companies perform a commercial activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets) at certain times of the year. This generates a pro-tempore financial exposure to the banking system due to the need to finance working capital requirements. These requirements are covered by floating rate loans and credit lines, the cost of which is subject to changes in interest rates.

As at 31 October 2021, the Group did not have any interest rate derivatives in place. In light of the current trend in interest rates and the moderate level of average annual indebtedness, the Group's risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk. In relation to the Group's low level of indebtedness the sensitivity analyses, aimed at assessing the impact of a potential fluctuation in interest rates on the Group's economic and financial situation, show insignificant results.

EXCHANGE RATE RISK

Group companies do not operate on foreign markets to a significant extent, essentially using the euro as the currency for the management of commercial and financial transactions. The purchase of goods and IT products in foreign currencies, mainly centralised at Computer Gross SpA, relates exclusively to the US dollar.

It should also be noted that there are no derivative transactions in foreign currencies, but forward currency purchase transactions to hedge the exchange rate risk relating to payables in foreign currencies to some suppliers. At 31 October 2021 there were 34 forward transactions in place, 23 of which had a positive fair value of Euro 103 thousand and 11 of which had a negative fair value of Euro 75 thousand. In relation to the Group's limited foreign exchange operations and the hedging activity of the risk itself, carried out through forward transactions, the Group reported insignificant results in the sensitivity analyses aimed at evaluating a hypothetical appreciation/depreciation of the Euro.

PRICE RISK

The Group does not hold any financial instruments or stocks listed on equity markets at 31 October 2021, with the exception of Sesa SpA's own shares deducted from shareholders' equity. With regard to the risk of inventory write-downs, the Group companies operating in the distribution and marketing of IT products monitor this management profile through regular surveys and analyses in relation to the possible existence of a risk of obsolescence of goods in order to determine actions aimed at containing it. It should also be noted that the value of inventories at 31 October 2021 was essentially centralised in Computer Gross SpA and Var Group SpA.

Significant events occurring after the end of the half-year

On 8 November 2021 the Group acquired, through the subsidiary Var Group SpA, 51% of Datef SpA, a company based in Bolzano, with revenues of approximately Euro 12.5 million and 60 specialised resources, operating in the digital services, cloud and IT security sectors, with over 100 enterprise customers mainly located in German-speaking areas. This transaction strengthens the company's position in the managed services, cloud and digital security offering for the SME and enterprise segments, expanding its presence in the Südtirol region and in the Central European manufacturing districts.

In December 2021, through its subsidiary Base Digitale Security Solutions S.r.l., the Group acquired 67% of Citel SpA and 51% of A Plus Srl, strengthening its security solutions expertise. Citel SpA, based in Milan and with approximately 30 specialized human resources, operates in integrated security management through 'as a service' digital platforms and is the reference player in Italy in open-PSIM (Physical Security Information Management) and open-BMS (Building Management System) systems, with a broad customer set in the finance and utilities sectors. A Plus Srl, based in Empoli (Florence) and with a team of about 15 specialised resources, is active in the design of access control systems, presence detection and building automation, with a focus on the management of advanced smart building and IoT security projects with leading enterprise clients.

There are no further significant events occurring after the end of the six-month period ended 31 October 2021.

Business outlook

For the remainder of the year, the Sesa Group will continue to invest in skills, application solutions and innovative technology platforms in order to support the growing demand for digital transformation of businesses and organisations.

The Group will also keep on investing in sustainability programmes in the areas of governance, human resources development and management, environmental protection and social responsibility, with a renewed commitment to supporting the generation of sustainable value for all stakeholders, as part of the B-Corp certification process.

In light of the positive results achieved in the first half of the year, the expected contribution from external leverage thanks to the rich pipeline of bolt-on acquisitions as well as the expected growth in demand for digitalisation in the markets in which it operates, the Group confirms a favourable outlook for the year ending 30 April 2022 with profitability growth of around 30% compared to the previous year, continuing to invest in long-term sustainable development.

Condensed
Consolidated
Half-Year
Financial
Statements at
31 October
2021

Consolidated Income Statement

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2021	2020
Revenues	5	1,024,779	883,159
Other income	6	11,921	6,121
Consumables and goods for resale	7	(781,840)	(687,488)
Costs for services and rent, leasing and similar costs	8	(89,689)	(75,015)
Personnel costs	9	(90,781)	(72,944)
Other operating charges	10	(4,360)	(4,187)
Amortisation and Depreciation	11	(19,498)	(13,921)
Operating result		50,532	35,725
Share of profits of companies valued at equity		671	962
Financial income	12	1,454	4,630
Financial expenses	12	(5,331)	(7,031)
Profit before taxes		47,326	34,286
Income taxes	13	(13,358)	(9,894)
Profit for the period		33,968	24,392
<i>of which:</i>			
Profit attributable to non-controlling interests		2,157	2,575
Profit attributable to the Group		31,811	21,817
Earnings per share (in Euro) (*)	21	3.39	2.46
Earnings per share diluted (in Euro) (*)	21	3.37	2.45

(*) Data referred to the last 12-month financial statements approved

Consolidated Statement of Comprehensive Income

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2021	2020
Profit for the period		33,968	24,392
Items that cannot be reclassified to the income statement			
Actuarial gain/loss for employee benefits – Gross effect	23	142	(669)
Actuarial loss for employee benefits – Tax effect	23		
Comprehensive income for the period		34,110	23,723
<i>of which:</i>			
Comprehensive income attributable to non-controlling interests		2,232	2,412
Comprehensive income attributable to the Group		31,878	21,311

Consolidated Statement of Financial Position

<i>(Euro thousands)</i>	Note	At 31 October 2021	At 30 April 2021
Intangible assets	14	179,019	142,826
Right of use		53,087	55,220
Property, plant and equipment	15	47,261	44,722
Investment property	16	290	290
Investments valued at equity	11	12,893	13,850
Deferred tax assets		12,517	12,987
Other non-current receivables and assets	17	15,788	14,644
Total non-current assets		320,855	284,539
Inventories	18	119,060	86,920
Current trade receivables	19	328,651	355,781
Current tax receivables		7,240	6,001
Other current receivables and assets	17	64,729	57,634
Cash and cash equivalents		399,555	426,665
Total current assets		919,235	933,001
Total assets		1,240,090	1,217,540
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(51,092)	(19,421)
Profits carried forward		247,980	227,776
Total shareholders' equity attributable to the Group		267,159	278,626
Shareholders' equity attributable to non-controlling interests		19,468	18,729
Total Shareholders' equity	20	286,627	297,355
Non-current loans	22	124,321	128,554
Non-current financial liabilities for right of use		31,087	33,626
Non-current liabilities to minority shareholders for equity investments ⁷		71,933	47,838
Employee benefits	23	42,800	40,897
Non-current provisions	24	3,149	2,284
Deferred tax liabilities		45,921	35,989
Total non-current liabilities		319,211	289,188
Current loans	22	105,468	100,994
Current financial liabilities for right of use		10,210	10,245
Current liabilities to minority shareholders for equity investments ⁴		24,066	10,967
Payables to suppliers		359,133	366,101
Current tax payables		19,594	7,403
Other current liabilities	25	115,781	135,287
Total current liabilities		634,252	630,997
Total liabilities		953,463	920,185
Total Shareholder's equity and liabilities		1,240,090	1,217,540

⁷ For the purposes of a better representation of the Group's financial position, starting from 31 October 2021, liabilities and commitments to minority shareholders for the purchases of equity investments have been recorded in a specific item of the statement of financial position, separating this amount from current and non-current loans. Liabilities and commitments to minority shareholders for the purchases of equity investments include non-interest-bearing payables and commitments for deferred payments for company acquisitions to minority shareholders (Earn Out, Put Option, deferred prices). For a comparative analysis, the statements of financial position at 31 October 2020 and 30 April 2021 have been reclassified consistently.

Consolidated Statement of Cash Flows

(Euro thousands)	Note	Period ended 31 October	
		2021	2020
Profit before taxes		47,326	34,286
Adjustments for:			
Amortisation and Depreciation	11	19,498	13,917
Accruals to provisions relating to personnel and other provisions	10	4,109	4,365
Net financial (income) expense	12	1,944	1,493
Profit of companies valued at equity		(671)	(962)
Other non-monetary entries		(852)	449
Cash flows generated from operating activities before changes in net working capital		71,354	53,548
Change in inventories	18	(25,664)	9,129
Change in trade receivables	19	49,141	13,259
Change in payables to suppliers		(33,085)	(38,796)
Change in other assets		2,881	1,290
Change in other liabilities		(43,268)	(31,278)
Use of provisions for risks	24	(675)	484
Employee benefits	23	(1,070)	(1,300)
Change in deferred taxes		626	(2,378)
Change in receivables and payables for current taxes		10,665	11,329
Interest paid	13	(2,113)	(1,804)
Taxes paid		-	-
Net cash flow generated from operating activities		28,792	13,483
Investments in companies net of cash acquired		(6,470)	(119)
Investments in property, plant and equipment	15	(7,659)	(5,717)
Investments in intangible assets	14	(3,930)	(6,012)
Disposal of property, plant and equipment and intangible assets	14,15		23
Disposal of assets held for sale			
Investments in associated companies		(88)	(29)
Disposals of associated companies			
Non-current equity investments in other companies		(810)	(1,338)
Disposals of non-current equity investments in other companies			(163)
Dividends collected		491	232
Interest collected		262	357
Net cash flow generated from/(used in) by investing activities		(18,204)	(12,766)
Subscription of long-term loans		27,100	35,000
Repayment of long-term loans		(39,487)	(35,800)
(Reduction)/increase in short-term loans		(1,379)	(21,989)
Repayment of financial liabilities for rights of use		(6,335)	(4,699)
Investments/disinvestments in financial assets		(862)	(401)
Treasury shares	20	(2,942)	(1,083)
Dividends distributed		(13,793)	(453)
Net cash flow generated from/(used in) financing activities		(37,698)	(29,425)
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		(27,110)	(28,709)
Opening balance of cash and cash equivalents		426,665	368,466
Closing balance of cash and cash equivalents		399,555	339,757

Consolidated Statement of Changes in Shareholders' Equity

<i>(Euro thousands)</i>	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
At 30 April 2020	37,127	33,144	(17,763)	183,884	236,392	17,467	253,859
Profit for the year				52,272	52,272	4,514	56,786
Actuarial gain(loss) for employee benefits - gross			185		185	31	216
Actuarial gain(loss) for employee benefits - tax effect			(44)		(44)	(7)	(51)
Comprehensive income for the year			141	52,272	52,413	4,538	56,951
Transactions with shareholders							
Purchase of treasury shares			(3,108)		(3,108)		(3,108)
Sale of treasury shares							
Distribution of dividends						(510)	(510)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plans- shares vesting in the period			3,257		3,257		3,257
Allocation of profit for the year			11,100	(11,100)			
Change in the scope of consolidation and other changes			(13,048)	2,720	(10,328)	(2,766)	(13,094)
At 30 April 2021	37,127	33,144	(19,421)	227,776	278,626	18,729	297,355
Profit for the year				31,808	31,808	2,157	33,965
Actuarial gain(loss) for employee benefits - gross			92		92	101	193
Actuarial gain(loss) for employee benefits - tax effect			(25)		(25)	(26)	(51)
Comprehensive income for the year			67	31,808	31,875	2,232	34,107
Transactions with shareholders							
Purchase of treasury shares			(2,943)		(2,943)		(2,943)
Sale of treasury shares							
Distribution of dividends			(2,122)	(11,046)	(13,168)	(625)	(13,793)
Assignment of shares in execution of Stock Grant plan			581	(581)			
Stock Grant plans- shares vesting in the period			1,428		1,428		1,428
Allocation of profit for the year							
Change in the scope of consolidation and other changes			(28,682)	23	(28,659)	(868)	(29,527)
At 31 October 2021	37,127	33,144	(51,092)	247,980	267,159	19,468	286,627

Notes to the Condensed Consolidated Half-Year Financial Statements

1. General Information

SESA S.p.A. (hereinafter “SESA”, the “Company” or the “Parent Company”) is a company incorporated and domiciled in Italy, with registered office in Empoli, at no. 138 Via Piovola, organised in compliance with the legal system of the Italian Republic. It should be noted that Sesa SpA has been listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*) of Borsa Italiana S.p.A. since 22 October 2013.

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

These Condensed Consolidated Half-Year Financial Statements were approved by the Company’s Board of Directors on 20 December 2021 and reviewed by PricewaterhouseCoopers SpA.

2. Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of these Condensed Consolidated Half-Year Financial Statements at 31 October 2021 are illustrated below.

2.1 Basis of Preparation

The Condensed Consolidated Half-Year Financial Statements at 31 October 2021 were drawn up in compliance with IAS 34, concerning interim financial reporting. IAS 34 allows the preparation of the financial statements in “condensed” form, on the basis of a minimum level of reporting which is significantly less detailed than that envisaged by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (hereinafter “IFRS”), where a complete version of the financial statements, prepared in compliance with IFRS, has been published previously. The Condensed Consolidated Half-Year Financial Statements at 31 October 2021 were drawn up in “short” form and must therefore be read jointly with the Group consolidated financial statements for the year ended 30 April 2021, prepared in compliance with IFRS.

The Condensed Consolidated Half-Year Financial Statements at 31 October 2021 comprise the income statement, the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders’ equity and the explanatory notes to the financial statements.

In relation to the form and content of the accounting statements, the Group has made the following choices:

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

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

The Condensed Consolidated Half-Year Financial Statements have been prepared under the going concern assumption.

The statements used, as specified above, are those that best represent the Group’s income, equity and financial situation.

The values indicated in the financial statements and in the detailed tables included in the notes to the financial statements are shown in Euro thousands, unless otherwise indicated.

2.2 Scope of Consolidation and Consolidation Criteria

The Condensed Consolidated Half-Year Financial Statements at 31 October 2021 include the Company's Interim Financial Statements, as well as the Interim Financial Statements of the subsidiaries at 31 October 2021. These interim financial statements were properly adjusted, where necessary, to align them with the IFRS.

The companies included in the scope of consolidation at 31 October 2021 are detailed in the annexes, which are an integral part of the Condensed Consolidated Half-year Financial Statements.

2.3 Valuation Criteria

The accounting policies and consolidation criteria adopted when preparing the Condensed Consolidated Half-Year Financial Statements at 31 October 2021 comply with those adopted for the consolidated financial statements for the year ended 30 April 2021, taking into account those specifically applicable to the interim situations.

The preparation of the Condensed Consolidated Half-Year Financial Statements requires the directors to make estimates and assumptions that affect the values of the assets and liabilities booked and the relative reporting, as well the potential assets and liabilities at the reporting date. The estimates and related assumptions are based on previous experiences and other factors that are considered reasonable in the case in hand and are implemented when the book value of the assets and liabilities cannot be easily deduced from other sources. The final totals may, therefore, differ from these estimates. Estimates and assumptions are reviewed on a regular basis and the effects of every change are reflected in the income statement, when this is related solely to the specific financial period. If the review concerns both the current and future financial periods, the change is carried in the period in which the review is carried out and in the related future periods. The totals could differ significantly from these estimates following possible changes in the factors considered in the calculation of said estimates. Certain evaluation processes, particularly those that are more complex, such as the calculation of any impairment of non-current assets, are usually carried out completely only when drawing up the annual consolidated financial statements, with the exception of cases in which there are indicators that require an immediate estimate of any updates. It should be noted, with regard to the liability relating to staff severance indemnities, that an independent actuarial appraisal was carried out at 31 October 2021, in compliance with IAS 19.

FAIR VALUE ESTIMATE

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

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

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

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

The fair value of forward transactions in foreign currency at 31 October 2021 is of level 2, while the fair value of the capitalisation policies held in portfolio is of level 1.

2.4 Seasonality

While the economic performance of the Sesa Group is not affected by significant seasonal or cyclic changes in overall annual sales, it is influenced by the lack of standardised distribution of costs and revenues in the different months of the year. This is why the analysis of the half-year results and income, equity and financial indicators cannot be considered fully representative and it would, therefore, be incorrect to consider the half-year indicators as a proportional share of the whole year.

2.5 Newly issued standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Group at 01 May 2021.

- In June 2020, the IASB published an amendment to the standard "IFRS 4 Insurance Contracts - deferral of effective date of IFRS 9". The amendments extend the expiry date of the temporary exemption from the application of IFRS 9 from 1 January 2021 to 1 January 2023 to align the date of enactment of IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts". The amendment is applicable for annual reporting periods beginning on or after 1 January 2021 and it had no significant effects on the condensed consolidated half-year financial statements at 31 October 2021;

- In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 -'Interest Rate Benchmark Reform - Phase 2'- that address issues arising from the implementation of the IBOR rate reform, including the replacement of a benchmark with an alternative one. The amendments are effective for annual reporting periods beginning on or after 1 January 2021 and these had no significant effects on the condensed consolidated half-year financial statements at 31 October 2021;

- In March 2021, the IASB published an additional amendment to IFRS 16 to extend the possibility of using the optional practical expedient for the valuation of lease contracts for the period from 30 June 2021 to 30 June 2022 in the case that, following the Covid-19 emergency, concessions relating to the payment of fees have been obtained. The amendment is effective from annual reporting periods beginning on, or after, 1 April 2021. At the date of this Report, the Group has not made use of the optional practical expedient introduced by the aforementioned amendment.

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

- In May 2020, the IASB published some amendments to IFRS 3 "Business combinations", to IAS 16 "Property, plant and equipment" and to IAS 37 "Provisions, contingent liabilities and contingent assets". In addition, some amendments have been published to IFRS 1 "First-time Adoption of IFRS", to IFRS 9 "Financial instruments", to IAS 41 "Agriculture" and to the illustrative examples attached to IFRS 16 "Leases". These amendments are applicable from 1 January 2022.

- In May 2017, the IASB issued the new IFRS 17 "Insurance contracts". The new standard replaced IFRS 4 and is effective starting from annual reporting periods beginning on, or after 1 January 2023.

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application. At present, the Group is analysing the above-mentioned accounting standards and assessing whether their adoption will have a significant impact on the financial statements.

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

- In January 2020 (and updated in July 2020) the IASB published an amendment to IAS 1 "Presentation of financial statements" which provides clarification on the classification of liabilities between current and non-current. The amendment is applicable from 1 January 2023;

- In February 2021, the IASB published some minor amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve disclosure on accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting principles. The amendments are applicable starting from annual reporting periods beginning on, or after, 1 January 2023.

- In May 2021, the IASB published an amendment to IAS 12 "Income Taxes", "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which clarifies how companies account for deferred taxes on transactions such as leases and decommissioning obligations. The amendment is applicable starting from annual reporting periods beginning on, or after, 1 January 2023.

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

3. Financial Risk Management

The Group's assets are exposed to the following risks: market risk (defined as exchange and interest rate risk), credit risk, liquidity risk and capital risk.

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

MARKET RISK

The Group is exposed to market risks with regard to interest rates and exchange rates. Interest Rate Risk Exposure to interest rate risk mainly derives from the fact that Group companies carry out a commercial activity characterised by a financial requirement during certain periods of the year. This need is hedged through the assignments of receivables,

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

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

EXCHANGE RATE RISK

The Group is active almost exclusively on the European market and its limited exposure to exchange rate risk is related to a few minor purchases and sales of goods in US dollars. In order to reduce the exchange rate risk deriving from expected assets, liabilities and cash flows in foreign currencies, the Group uses forward contracts to hedge cash flows in currencies other than the Euro. The Group mainly establishes the exchange rates of the functional currencies of the Group companies (Euro) against the US dollar, as some purchases and sales of consumables and goods are denominated in US dollars. In fact, it is the Group's policy to hedge, where possible, commercial forecast flows in US dollars deriving from certain or highly probable contractual commitments. The maturity of existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the requirements necessary to be recorded in accordance with the rules of hedge accounting. At 31 October 2021, there were 34 forward currency purchase contracts (US dollars) entered into by Computer Gross SpA, 23 of which had a positive fair value of Euro 103 thousand and 11 had a negative fair value of Euro 75 thousand.

CREDIT RISK

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

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

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

The following table provides a breakdown of current receivables from customers at 31 October 2021 and 30 April 2021, grouped by overdue amounts, net of the portion of the provision for bad debts covering performing loans.

	At 31 October 2021	At 30 April 2021
Yet to mature	281,786	321,741
Expired by 0-90 days	33,930	23,235
Expired by 91-180 days	7,197	2,810
Expired by 180-360 days	3,789	2,968
Expired by over 360 days	1,948	4,017
Total	328,650	354,771

For the management of credit risk, it should be noted that the Group uses the credit insurance instrument on a significant portion of trade receivables.

LIQUIDITY RISK

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

CAPITAL RISK

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

4. Sector Disclosures

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

- The **Corporate Sector** comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, Organisation, Information Technology, Investor Relations, Corporate Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA.
- The **VAD Sector** includes activities related to the Value-Added Distribution (VAD) of technological solutions and integration services, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security, Cloud Computing segments and Digital Green. The VAD Sector is managed by the wholly owned subsidiary Computer Gross SpA;
- The **Software and System Integration Sector (SSI)** offers software, technological innovation and digital transformation solutions for technology end-user companies mainly belonging to the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly owned subsidiary Var Group SpA;
- The **Business Services Sector (BS)** offers business process outsourcing, security solutions, digital transformation and digital platform services for the finance and large enterprise segment. The BS Sector is managed by the subsidiary Base Digitale Group Srl.

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

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

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

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

The following table shows the information about results of operations by operating sector for the periods ended 31 October 2021 and 31 October 2020:

	Period ended 31 October 2021					Period ended 31 October 2020						
	Value Added Distribution	Software System Integration	Business Services	Corporate	Eliminations	Value Added Distribution	Software System Integration	Business Services	Corporate	Eliminations		
<i>(Euro thousands)</i>												
Revenues from third parties	755,842	241,903	26,393	641		1,024,779	656,122	206,112	20,203	722	883,159	
Inter-sector revenues	39,297	2,396	398	9,051		51,142	34,509	1,966	1,567	8,298	46,340	
Revenues	795,139	244,299	26,791	9,692	(51,142)	1,024,779	690,631	208,078	21,770	9,020	(46,340)	883,159
Other income	6,249	6,318	343	1,191	(2,180)	11,921	3,490	3,394	252	1,201	(2,216)	6,121
Total revenues and other income	801,388	250,617	27,134	10,883	(53,322)	1,036,700	694,121	211,472	22,022	10,221	(48,556)	889,280
Purchase of goods	(734,325)	(81,373)	(2,255)	(109)	36,222	(781,840)	(641,268)	(74,391)	(4,784)	(114)	33,069	(687,488)
Costs for services and rent, leasing and similar costs	(19,964)	(69,046)	(11,905)	(4,303)	16,957	(88,261)	(15,873)	(59,424)	(9,680)	(4,024)	15,387	(73,614)
Personnel costs	(9,460)	(67,142)	(9,711)	(4,516)	48	(90,781)	(9,057)	(53,459)	(6,251)	(4,225)	48	(72,944)
Other operating costs	(1,235)	(1,134)	(102)	(170)	95	(2,546)	(1,095)	(461)	(33)	(131)	52	(1,668)
Ebitda	36,404	31,922	3,161	1,785		73,272	26,828	23,737	1,274	1,727		53,566
Amortisation, depreciation, write-downs and other non-monetary costs	(3,621)	(14,981)	(2,478)	(1,660)		(22,740)	(3,582)	(11,579)	(1,029)	(1,651)		(17,841)
Operating Result (Ebit)	32,783	16,941	683	125		50,532	23,246	12,158	245	76		35,725
Net financial income and expense	(1,929)	(1,073)	(192)	(12)		(3,206)	(433)	(866)	(151)	11		(1,439)
Profit before taxes	30,854	15,868	491	113		47,326	22,813	11,292	94	87		34,286
Income taxes	(8,293)	(4,701)	(38)	(326)		(13,358)	(6,190)	(3,392)	(62)	(250)		(9,894)
Profit for the period	22,561	11,167	453	(213)		33,968	16,623	7,900	32	(163)		24,392
Profit attributable to non-controlling interests	296	1,766	95	-		2,157	175	2,381	19	-		2,575
Profit attributable to the Group	22,265	9,401	358	(213)		31,811	16,448	5,519	13	(163)		21,817

The following table shows balance-sheet information by operating sector for the half-years ended 31 October 2021 and 31 October 2020:

	Period ended 31 October 2021					Period ended 31 October 2020						
	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations		
Intangible assets	16,943	126,427	33,855	2,150	(356)	179,019	7,313	91,891	4,870	2,114		106,188
Property, plant and equipment	14,105	31,600	835	721		47,261	31,417	16,001	4,991	350		39,591
Right of use	31,105	16,190	5,483	309		53,087	11,701	26,653	355	882		52,759
Investment property	281			9		290	281			9		290
Investments valued at equity	10,140	2,934		768	(949)	12,893	9,917	2,857		787	(949)	12,612
Deferred tax assets	5,950	5,175	918	543	(69)	12,517	4,967	4,584	1,224	519	(67)	11,227
Other non-current receivables and assets	3,773	7,140	511	93,323	(88,959)	15,788	5,189	8,024	287	78,096	(75,843)	15,753
TOTAL NON-CURRENT ASSETS	82,297	189,466	41,602	97,823	(90,333)	320,855	70,785	150,010	11,727	82,757	(76,859)	238,420
Inventories	91,381	26,069	1,907		(297)	119,060	65,941	17,250	1,172		(303)	84,060
Current trade receivables	223,722	123,653	14,894	12,428	(46,046)	328,651	292,635	118,625	9,918	18,152	(46,636)	392,694
Current tax receivables	2,388	4,061	754	37		7,240	3,594	3,815	111	33		7,553
Other current receivables and assets	21,664	39,986	2,606	926	(453)	64,729	11,185	30,598	1,759	776	6,518	50,836
Cash and cash equivalents	260,330	113,110	19,598	6,517		399,555	188,187	116,549	16,067	18,954		339,757
TOTAL CURRENT ASSETS	599,485	306,879	39,759	19,908	(46,796)	919,235	561,542	286,837	29,027	37,915	(40,421)	874,900
TOTAL ASSETS	681,782	496,345	81,361	117,731	(137,129)	1,240,090	632,327	436,847	40,754	120,672	(117,280)	1,113,320
Share capital	40,000	3,800	6,231	37,127	(50,031)	37,127	40,000	3,800	4,000	37,127	(47,800)	37,127
Share premium reserve		4,051	16,214	33,144	(20,265)	33,144		4,050	3,018	33,144	(7,068)	33,144
Other reserves and profits carried forward	195,497	1,774	(7,047)	30,552	(23,888)	196,888	168,074	11,123	(123)	27,877	(24,133)	182,818
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	235,497	9,625	15,398	100,823	(94,184)	267,159	208,074	18,973	6,895	98,148	(79,001)	253,089
Shareholders' equity attributable to non-controlling interests	3,188	11,150	1,178		3,952	19,468	1,815	15,167	13		2,242	19,237
TOTAL SHAREHOLDERS' EQUITY	238,685	20,775	16,576	100,823	(90,232)	286,627	209,889	34,140	6,908	98,148	(76,759)	272,326
Non-current loans	44,625	69,608	10,088			124,321	47,669	91,372	7,165	140		146,346
Non-current financial liabilities for right of use	16,928	11,133	2,947	79		31,087	17,731	11,084	3,669	233		32,717
Non-current liabilities to minority shareholders for equity investments	6,364	51,781	13,734	54		71,933	1,483	27,345				28,828
Employee benefits	2,896	34,361	3,169	2,374		42,800	2,707	29,841	1,803	2,180		36,531
Non-current provisions	668	2,253	228			3,149	100	2,701	5			2,806
Deferred tax liabilities	7,242	29,336	8,996	587	(240)	45,921	4,254	20,674	1,250	589	(239)	26,528
Total non-current liabilities	78,723	198,472	39,162	3,094	(240)	319,211	73,944	183,017	13,892	3,142	(239)	273,756
Current loans	49,654	53,191	2,483	140		105,468	45,541	44,685	1,939	253		92,418
Current financial liabilities for right of use	2,572	5,487	1,910	241		10,210	2,319	4,948	1,220	128		8,615
Current liabilities to minority shareholders for equity investments	2,218	21,648	200			24,066	993	6,114	430	876		8,413
Payables to suppliers	278,255	111,254	12,597	2,779	(45,752)	359,133	278,098	97,631	11,012	3,670	(40,114)	350,297
Current tax payables	10,014	7,097	339	2,134	10	19,594	6,684	5,442	24	7,147	10	19,307
Other current liabilities	21,661	78,421	8,094	8,520	(915)	115,781	14,859	60,870	5,329	7,308	(178)	88,188
TOTAL CURRENT LIABILITIES	364,374	277,098	25,623	13,814	(46,657)	634,252	348,494	219,690	19,954	19,382	(40,282)	567,238
TOTAL LIABILITIES	443,097	475,570	64,785	16,908	(46,897)	953,463	422,438	402,707	33,846	22,524	(40,521)	840,994
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	681,782	496,345	81,361	117,731	(137,129)	1,240,090	632,327	436,847	40,754	120,672	(117,280)	1,113,320

5. Revenues

The Group's revenues are generated in Italy with the exception of those generated by the German subsidiaries PBU CAD-Systeme GmbH, Cimtech GmbH and CadLog GmbH, by the Swiss WSS IT Sagl, by the Romanian Beeneer Srl, as well as the China-based subsidiary Fen Wu Shanghai Ltd. The revenues item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Sale of solutions, software and accessories	842,653	739,160
Development of software and other services	81,784	68,680
Hardware and software assistance	74,986	57,398
Marketing activities	7,104	4,522
Other sales	18,252	13,399
Total	1,024,779	883,159

6. Other Income

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Transport activities	1,149	433
Capital gains on disposals	1,954	1,245
Commissions	1,348	473
Leases and rents	267	89
Training courses	22	51
Other income	7,181	3,830
Total	11,921	6,121

7. Consumables and goods for resale

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Purchase of hardware	543,272	470,357
Purchase of software	237,037	215,927
Consumables and other purchases	1,531	1,204
Total	781,840	687,488

8. Costs for Services and Rent, Leasing and Similar Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Technical assistance for hardware and software maintenance	31,773	27,298
Consulting activities	20,887	17,804
Agents' commissions and contributions	3,924	4,608
Rentals and hires	2,523	1,786
Marketing	3,947	2,068
Transport	3,562	2,184
Insurance policies	1,638	1,480
Utilities	1,382	1,268
Logistics and warehouse storage	557	232
Support and training expenses	1,040	1,356
Maintenance	3,742	2,462
Other service expenses	14,714	12,469
Total	89,689	75,015

9. Personnel Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Wages and salaries	63,639	51,706
Social security contributions	17,883	13,910
Contributions to pension funds	4,337	3,604
Reimbursements and other personnel costs	4,922	3,724
Total	90,781	72,944

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

<i>(In units)</i>	Average number of employees at 31 October		Precise number of employees at 31 October	
	2021	2020	2021	2020
Executives	36	22	39	23
Middle Management	287	229	295	250
White collar	3,167	2,482	3,296	2,711
Blue collar	88	77	84	89
Total	3,578	2,810	3,714	3,073

10. Other Operating Charges

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Accrual to provision for bad debts (net of recoveries)	1,570	2,236
Charges and commissions for the assignment of receivables without recourse	907	705
Duties and taxes	579	392
Capital losses on disposals	7	21
Losses not covered by the provision for bad debts		2
Provisions for risks and charges	244	282
Other operating costs	1,053	549
Total	4,360	4,187

11. Amortisation and Depreciation

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Intangible assets	8,464	5,036
Depreciation of the right of use	5,204	3,913
Property, plant and equipment	5,830	4,968
Write-down of intangible assets		4
Total	19,498	13,921

Amortisation of intangible assets included Euro 5,651 thousand (Euro 3,350 thousand at 31 October 2020) relating to the client lists and technological know-how items, resulting from the allocation of the difference in value between the cost for acquisitions of companies recently included in the scope of consolidation and the related book value of equity.

The change in the depreciation of property, plant and equipment, which rose from Euro 4,968 thousand at 31 October 2020 to Euro 5,830 thousand at 31 October 2021, refers to investments in technological infrastructures and software for the provision of IT services. Depreciation of the right of use, in compliance with IFRS16, pass from Euro 3,913 thousand at 31 October 2020 to Euro 5,204 at 31 October 2021, mainly due to the enlargement of the Group's consolidation perimeter.

12. Financial Income and Expenses

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Interest expense on sales of receivables	(790)	(744)
Expenses and commissions for sales of receivables with recourse	(121)	(135)
Bank and loan interest expense	(159)	(124)
Other interest payable	(1,164)	(936)
Commissions and other financial expenses	(1,693)	(1,250)
Financial expenses related to severance indemnities	(160)	(134)
Total financial expenses	(4,087)	(3,323)
Interest income on other short-term receivables	245	324
Other financial income.	149	28
Bank interest income	17	32
Dividends from shareholdings	67	88
Total financial income	478	472
Total financial income and expenses (a)	(3,609)	(2,851)
Exchange losses	(1,244)	(3,708)
Exchange gains	976	4,158
Total exchange gains and losses (b)	(268)	450
Net financial expenses (a+b)	(3,877)	(2,401)

Financial income and expenses show a net negative balance of Euro 3,877 thousand at 31 October 2021, compared to a negative balance of Euro 2,401 thousand at 31 October 2020. Exchange gains and losses show a net negative balance of Euro 268 thousand at 31 October 2021 compared to a net positive balance of Euro 450 thousand at 31 October 2020.

13. Income Taxes

Income taxes at 31 October 2021 are equal to Euro 13,358 thousand and are based on the best estimate of taxes in accordance with the legislation in force.

<i>(Euro thousands)</i>	Period ended 31 October	
	2021	2020
Current taxes	13,933	10,444
Deferred taxes	(575)	(550)
Taxes related to previous fiscal years		
Total	13,358	9,894

14. Intangible Assets

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Client list	Software and other intangible assets	Technological know-how	Total
Balance at 30 April 2021	46,752	12,860	83,214	142,826
<i>Of which:</i>				
- historical cost	59,288	27,774	93,134	180,196
- accumulated amortisation	(12,536)	(14,914)	(9,920)	(37,370)
Change in the scope of consolidation	8,718	857	31,152	40,727
Investments	2,080	1,350	500	3,930
Amortisation	(2,570)	(2,812)	(3,082)	(8,464)
Reductions				
Balance at 31 October 2021	54,980	12,255	111,783	179,019
<i>Of which:</i>				
- historical cost	70,086	29,981	124,786	224,853
- accumulated amortisation	(15,106)	(17,726)	(13,002)	(45,834)

It should be noted that the Purchase Price Allocation (PPA) process, initiated following the acquisition of control of the companies entered the scope of consolidation in the period ended 31 October 2021, is in progress at the reporting date of these condensed consolidated half-year financial statements for the companies PM Service Srl and Kolme Srl.

15. Property, plant and equipment and rights of use

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Land	Buildings	Office equipment	Leasehold Improvements	Other property, plant and equipment	Rights of use	Total
Balance at 30 April 2021	3,152	7,180	21,935	4,760	7,695	55,220	99,942
<i>Of which:</i>							
- historical cost	3,152	8,369	53,046	10,723	18,352	75,908	169,550
- accumulated depreciation		(1,189)	(31,111)	(5,963)	(10,657)	(20,688)	(69,608)
Change in the scope of consolidation	45	351	137		177	1,718	2,428
Investments		105	4,770	1,991	793	1,353	9,012
Disinvestments							
Depreciation		(144)	(4,185)	(577)	(924)	(5,204)	(11,034)
Other movements							
Balance at 31 October 2021	3,197	7,492	22,657	6,174	7,741	53,087	100,348
<i>Of which:</i>							
- historical cost	3,197	8,825	57,953	12,714	19,322	78,979	180,990
- accumulated depreciation		(1,333)	(35,296)	(6,540)	(11,581)	(25,892)	(80,642)

16. Investment Property

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Land	Buildings	Total
Balance at 30 April 2021	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)
<i>Investments</i>			
<i>Disinvestments</i>			
<i>Depreciation</i>			
Balance at 31 October 2021	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)

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

17. Other current and non-current receivables and assets

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Non-current receivables from others	2,805	2,781
Non-current equity investments in other companies	12,347	11,147
Non-current securities	45	225
Non-current receivables for guarantees given	241	
Other non-current tax receivables	300	441
Non-current receivables from associated companies	50	50
Total other non-current receivables and assets	15,788	14,644
Current receivables from others	22,037	18,978
Other current tax receivables	10,199	9,378
Accrued income and prepaid expenses	31,072	28,723
Derivative assets	103	21
Other current securities	1,102	240
Current receivables from non-consolidated group companies	216	294
Total other current receivables and assets	64,729	57,634

18. Inventories

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Finished products and goods for resale	113,333	84,087
Work in progress and semi-finished products	5,727	2,833
Total	119,060	86,920

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

<i>(Euro thousands)</i>	Provision for obsolescence of finished products and goods for resale
Balance at 30 April 2021	1,785
Net change	191
Balance at 31 October 2021	1,976

19. Current Trade Receivables

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Trade receivables	355,044	378,615
Provision for bad debts	(27,669)	(24,392)
Trade receivables net of the provision for bad debts	327,375	354,223
Receivable from associates	1,276	1,558
Total current trade receivables	328,651	355,781

Trade receivables were recognised net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors amounting to Euro 22,940 thousand at 31 October 2021 (Euro 24,392 thousand at 30 April 2021).

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

<i>(Euro thousands)</i>	Provision for bad debts
Balance at 30 April 2021	24,392
Accrual to provisions	1,665
Use and other changes	(475)
Change in the scope of consolidation	2,087
Balance at 31 October 2021	27,669

20. Shareholders' Equity

SHARE CAPITAL

At 31 October 2021, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 37,127 thousand and consisted of 15,494,590 ordinary shares, all with no nominal value. The Company has no Warrants nor shares other than ordinary shares.

21. Earnings per Share

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

<i>(in Euro, unless otherwise specified)</i>	Period ended 30 April	
	2021	2020
Profit for the period – attributable to the Group in Euro thousands	52,271	37,914
Average number of ordinary shares (*)	15,432,403	15,432,951
Earnings per share - basic	3.39	2.46
Average number of ordinary shares and warrant (**)	15,490,403	15,494,590
Earnings per share - diluted	3.37	2.45

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

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

22. Current and Non-current Loans

The table below provides a breakdown of this item at 31 October 2021 and 30 April 2021:

At 31 October 2021	Within 12 months	Between 1 and 5 years	Over 5 years	Total
<i>(Euro thousands)</i>				
Long-term loans	101,874	196,254		298,128
Short-term loans	27,62			27,62
Advances received from factoring companies	40			40
Financial liabilities for rights of use	10,21	19,968	11,119	41,297
Total	139,744	216,222	11,119	367,085

At 30 April 2021	Within 12 months	Between 1 and 5 years	Over 5 years	Total
<i>(Euro thousands)</i>				
Long-term loans	77,789	176,392		254,181
Short-term loans	33,781			33,781
Advances received from factoring companies	391			391
Financial liabilities for rights of use	10,245	22,094	11,532	43,871
Total	122,206	198,486	11,532	332,224

The “advances received from factoring companies” item refers to advances granted by factoring companies against receivables from customers assigned in the period that did not meet the requirements for the derecognition of financial assets.

The table below summarises the main outstanding loans:

(Euro thousands)

Funding entity	Original amount	Company funded	New loan	Expiry	Rate applied	At 31 October	
						2021	Of which current
BNL BNP Paribas SpA	25,000	Var Group S.p.A.	Feb-20	Aug-25	Euribor 6m + 0.85%	20,000	5,000
BNL BNP Paribas SpA	25,000	Computer Gross Italia S.p.A	July-19	Jan-25	Euribor 3m + 1.10%	17,500	5,000
Credit Agricole SpA	25,000	Var Group S.p.A.	July-20	July-24	Euribor 3m +0.60%	17,252	6,278
Intesa Sanpaolo SpA	25,000	Var Group S.p.A.	Mar-20	Mar-25	Euribor 3m +1.10%	14,000	4,000
Banca Popolare Emilia Romagna SpA	20,000	Var Group S.p.A.	Feb-20	Feb-23	Euribor 3m +0.85%	12,500	8,333
Unicredit SpA	11,500	Var Group S.p.A.	May-21	May-25	Euribor 3m +1.05%	10,781	2,875
Unicredit SpA	10,000	Computer Gross Italia S.p.A	May-21	May-25	Euribor 6m +0.65%	10,000	2,500
Banca MPS SpA	10,000	Computer Gross Italia S.p.A	Feb-20	June-25	Euribor 6m +0.65%	8,000	2,000
Intesa Sanpaolo SpA (ex UBI)	10,000	Computer Gross Italia S.p.A	Nov-20	Nov-23	Euribor 3m +0.85%	7,510	3,328
Banca Popolare Emilia Romagna SpA	10,000	Computer Gross Italia S.p.A	Sept-19	Sept-23	Euribor 3m +0.65%	5,032	2,508

The table below summarises the financial lease agreements in place:

(Euro thousands)

Funding entity	New Loan	Expiry	At 31 October		At 30 April	
			2021	Of which current	2021	Of which current
Leasint SpA	May-18	May-30	3,511	330	3,675	328
Leasint SpA	Jan-17	May -30	6,419	431	6,630	425
Leasint SpA	Sept-13	May -30	460	25	472	25
Leasint SpA	Oct-10	May -30	5,490	301	5,639	298
Leasint SpA	Dec-08	Sept-25	196	89	238	87
Operating leases, leases and rentals			25,221	9,034	27,217	9,082
Total			41,297	10,210	43,871	10,245

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

At 31 October 2021 and 30 April 2021, the Group's financial debt was represented mainly by loans raised in euros. A summary of the Group's net financial position is provided below:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
A. Cash	111	90
B. Cash and cash equivalents	399,444	426,575
C. Other current financial assets	1,102	240
D. Liquidity (A) + (B) + (C)	400,657	426,905
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	27,660	34,172
F. Current portion of non-current financial debt	112,084	88,034
G. Current financial debt (E) + (F)	139,744	122,206
H. Net current financial debt (G) - (D)	(260,913)	(304,699)
I. Non-current financial debt (excluding the current portion and debt instruments)	227,341	210,018
J. Non-current financial debt (I)	227,341	210,018
K. Net financial debt (G) + (J)	(33,572)	(94,681)

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

23. Employee Benefits

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

Changes in this item are detailed as follows:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Opening balance	40,897	31,022
Service cost	2,200	3,525
Interest on bonds	160	283
Uses and advances	(876)	(1,769)
Actuarial loss/(gain)	(142)	(216)
Change in the scope of consolidation and purchase of business branches	561	8,052
Closing balance	42,800	40,897

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

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Economic assumptions		
Rate of inflation	1.20%	1.00%
Discount rate	0.89%	0.78%
TFR increase rate	2.40%	2.25%

24. Provisions for Risks and Charges

Changes in these items are detailed as follows:

<i>(Euro thousands)</i>	Provision for agents' pension plans	Other risk provisions	Total
At 30 April 2021	1,323	961	2,284
Change in the scope of consolidation	120	517	637
Accruals to provisions	3	244	247
Uses		(19)	(19)
Releases			
At 31 October 2021	1,446	1,703	3,149

25. Other Current Liabilities

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October 2021	At 30 April 2021
Accrued expenses and deferred income	52,514	70,642
Tax payables	13,907	11,001
Payables to personnel	25,130	24,666
Other payables	9,408	7,566
Payable to social security institutions	5,496	5,753
Advances from customers	9,251	15,293
Forward contracts payable	75	366
Total other current liabilities	115,781	135,287

26. Further information

Potential Liabilities

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

Commitments

As at 31 October 2021, the Group had not undertaken any commitments not reflected in the financial statements.

27. Events Occurring After the End of the period

For information relating to events occurring after 31 October 2021, please refer to the Report on Operations.

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

<i>(Euro thousands)</i>	At 31 October 2021	of which with related parties	% impact
Intangible assets	179,019		
Rights of use	53,087		
Property, plant and equipment	47,261		
Investment property	290		
Equity Investments valued at equity	12,893		
Deferred tax assets	12,517		
Other non-current receivables and assets	15,788		
Total non-current assets	320,855		
Inventory	119,060		
Current trade receivables	328,651	1,739	0.5%
Current tax receivables	7,240		
Other current receivables and assets	64,729	28	0.0%
Cash and cash equivalents	399,555		
Total current assets	919,235	1,767	0.2%
Total assets	1,240,090	1,767	0.1%
Share capital	37,127		
Share premium reserve	33,144		
Other reserves	(51,092)		
Profits carried forward	247,980		
Total shareholders' equity attributable to the Group	267,159		
Shareholders' equity attributable to non-controlling interests	19,468		
Total Shareholders' equity	286,627		
Non-current loans	124,321		
Financial liabilities for non-current rights of use	31,087		
Non-current liabilities to minority shareholders for equity investments	71,933		
Employee benefits	42,800	62	0.1%
Non-current provisions	3,149		
Deferred tax liabilities	45,921		
Total non-current liabilities	319,211	62	0.0%
Current loans	105,468		
Financial liabilities for current rights of use	10,210		
Current liabilities to minority shareholders for equity investments	24,066		
Trade payables	359,133	2,502	0.7%
Current tax payables	19,594		
Other current liabilities	115,781	124	0.1%
Total current liabilities	634,252	2,626	0.4%
Total liabilities	953,463	2,688	0.3%
Total shareholders' equity and liabilities	1,240,090	2,688	0.2%

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

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

<i>(Euro thousands)</i>	At 31 October	of which with	% impact
	2021	related parties	
Revenues	1,024,779	2,303	0.2%
Other income	11,921	51	0.4%
Consumables and goods for resale	(781,840)	(544)	0.1%
Costs for services and rent, leasing, and similar costs	(89,689)	(5,691)	6.3%
Personnel costs	(90,781)	(526)	0.6%
Other operating charges	(4,360)		
Amortisation and Depreciation	(19,498)		
Operating result	50,532		
Share of profits of companies valued at equity	671		
Financial income	1,454		
Financial expenses	(5,331)		
Profit before taxes	47,326		
Income taxes	(13,358)		
Profit for the period	33,968		
<i>of which:</i>			
Profit attributable to non-controlling interests	2,157		
Profit attributable to the Group	31,811		
Earnings per share (in Euro)	3.39		
Earnings per share - diluted (in Euro)	3.37		

List of Subsidiaries and Associated Companies

Subsidiaries

Held by	Company	Registered office	Share Capital in Euro	Percentage held at	
				31-oct-21	30-apr-21
ADIACENT SRL	47DECK SRL	Reggio Emilia (RE)	20,000	100.0%	100.0%
BASE DIGITALE SPA	ABS TECHNOLOGY SPA	Florence (FI)	2,300,000	100.0%	100.0%
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ALISEI SRL	Empoli (FI)	10,000	60.4%	60.4%
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	51.0%	51.0%
BASE DIGITALE SPA	TECNIKE' SRL	Arezzo (AR)	10,000	51.0%	51.0%
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	87.5%	75.0%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	55.0%
SESA SPA	BASE DIGITALE GROUP SRL	Florence (FI)	6,230,920	81.3%	n.a.
BASE DIGITALE GROUP SRL	BASE DIGITALE SPA	Florence (FI)	5,435,000	100.0%	n.a.
SESA SPA	BASE DIGITALE SPA	Florence (FI)	5,435,000	n.a.	71.0%
DI.TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	100.0%
VAR GROUP SPA	BLOCKIT SRL	Padua (PD)	27,400	66.2%	66.2%
YARIX SRL				30.2%	30.2%
VAR GROUP SPA	CADLOG GROUP SRL	Milan (MI)	100,000	60.0%	n.a.
CADLOG GROUP SRL	CADLOG SRL	Milan (MI)	10,000	100.0%	n.a.
CADLOG GROUP SRL	CADLOG GMBH	Eching	25,565	100.0%	n.a.
CADLOG GROUP SRL	CADLOG SL	Madrid	3,000	94.0%	n.a.
CADLOG GROUP SRL	CADLOG SAS	Cannes	10,000	100.0%	n.a.
PBU CAD-Systeme GMBH	CIMTEC GMBH	Großheirath	25,000	100.0%	n.a.
BEENEAR SRL	DI VALOR SOLUÇÕES EM TECNOLOGIA E CONSULTORIA	Jardim Das Perdizes	375,000 Reais	10.0%	10.0%
DI.TECH SPA	LTDA			90.0%	90.0%
VAR GROUP SPA	VAR4TEAM SRL	Bergamo (BG)	202,500	60.5%	60.5%
VAR ONE SRL				26.7%	14.2%
COMPUTER GROSS SPA	VALUE 4CLOUD SRL	Empoli (FI)	50,000	100.0%	100.0%
COMPUTER GROSS SPA	CLEVER CONSULTING SRL	Milan (MI)	34,860	55.0%	55.0%
VAR GROUP SPA	VAR BMS SPA	Milan (MI)	1,562,500	91.4%	90.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
COMPUTER GROSS SPA	KOLME SRL	Milan (MI)	150,000	66.0%	n.a.
SAILING SRL	MERCY SRL	Empoli (FI)	10,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS ACCADIS SRL	Rome (RM)	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS SPA	Empoli (FI)	40,000,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS NESSOS SRL	Empoli (FI)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa (GE)	10,000	Merged into Var Group Srl	100.0%
VAR GROUP SPA	COSESA SRL	Empoli (FI)	15,000	100.0%	100.0%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	100.0%	100.0%
VAR GROUP SPA	DI.TECH SPA	Bologna (BO)	2,575,780	100.0%	100.0%
VAR GROUP SPA	DIGITAL CLOUD SRL	Empoli (FI)	80,000	79.3%	n.a.
BASE DIGITALE SPA	DIGITAL STORM SRL	Milan (MI)	25,000	60.0%	60.0%

VAR GROUP SPA				18.0%	18.0%
VAR SYSTEM SRL	EAST SERVICES SRL	Bolzano (BZ)	200,000	82.0%	82.0%
ABS TECHNOLOGY SPA				60.0%	60.0%
VAR GROUP SPA	ELMAS SRL	Empoli (FI)	41,600	7.5%	7.5%
YARIX SRL				7.5%	7.5%
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	51.0%
ALISEI SRL	FEN WO (SHANGAI) MANAGEMENT CONSULTING CO., LTD	Shangai	195,624	55.3%	n.a.
YARIX SRL	GENCOM SRL	Forli (FO)	82,000	60.0%	60.0%
BASE DIGITALE SPA	IFM INFOMASTER SPA	Genoa (GE)	661,765	66.8%	60.2%
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	510,200	79.4%	79.4%
ICOS SPA	ICOS Deutschland GmbH	Munchen	100,000	100.0%	100.0%
COMPUTER GROSS SPA				66.7%	66.7%
VAR GROUP SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (FI)	10,000	100.0%	100.0%
ALISEI SRL	ALISEI CONSULTING LDT	Shanghai	200,000 CNY	100.0%	100.0%
VAR GROUP SPA	INFOLOG SPA	Modena (MO)	300,000	51.0%	51.0%
VAR GROUP SPA	KLEIS SRL	Turin (TO)	10,400	51.0%	51.0%
DIGITAL CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	49.0%	n.a.
LEONET4CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	51.0%	51.0%
VSH SRL	VAR SERVICE SRL	Empoli (FI)	66,263	72.0%	63.6%
M.F. SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	2.8%	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
DIGITAL CLOUD SRL	LEONET4CLOUD SRL	Empoli (FI)	60,000	100.0%	n.a.
VAR GROUP SPA	LEONET4CLOUD SRL	Empoli (FI)	60,000	n.a.	100.0%
VSH SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
APRA SPA	PALITALSOFT SRL	Jesi (AN)	135,000	55.0%	55.0%
SIRIO INFORMATICA E SISTEMI SPA				80.4%	80.4%
VAR GROUP SPA	PANTHERA SRL	Milan (MI)	500,000		
				9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbH	Aichach	26100	60.0%	60.0%
VAR ONE SRL	PEGASO SRL	Piacenza (PC)	51,480	51.0%	n.a.
COMPUTER GROSS SPA	PICO SRL	Reggio Emilia (RE)	50,000	100.0%	100.0%
COMPUTER GROSS SPA	P.M. SERVICE S.R.L.	Pontassieve (FI)	145,928	70.0%	n.a.
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	68.1%	n.a.
VAR GROUP SPA	PRAGMA PROGETTI SRL	Turin (TO)	100,000	20.0%	20.0%
PANTHERA SRL	SOFTHARE	Tunis	250000 TND	99.0%	99.0%
LEONET4CLOUD SRL				31.8%	31.8%
VAR INDUSTRIES SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	31.8%
SESA SPA				34.9%	33.5%
VAR GROUP SPA				54.5%	53.1%
BASE DIGITALE SPA	ADIACENT SRL	Empoli (FI)	1,019,200	2.5%	2.5%
APRA SPA				7.4%	7.4%
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	75.0%	75.0%
COMPUTER GROSS SPA	SERVICE TECHNOLOGY SRL	Arezzo (AR)	12,350	55.0%	55.0%
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	67.0%	67.0%
VAR ONE SRL	SSA INFORMATICA SRL	Pordenone (PN)	30,000	100.0%	100.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan (MI)	1,020,000	51.0%	51.0%
VAR SERVICE SRL	SIRIO NORD SRL	Rome (RM)	10,400	100.0%	100.0%

ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	51.0%	51.0%
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	30.0%	30.0%
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	51.0%	n.a.
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milan (MI)	308,504	61.0%	61.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milan (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	URBANFORCE S.C.A.R.L.	Empoli (FI)	20,000	40.0%	n.a.
ADIACENT SRL				20.0%	n.a.
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	50.0%
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	Fusione in Var Group Srl	100.0%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	95.6%	95.6%
VAR GROUP SRL	VAR GROUP CENTRO SRL	Empoli (FI)	41,053	Fusione in Var Group Srl	100.0%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	255,364	81.0%	78.1%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	100.0%
APRA SPA				2.5%	2.5%
SAILING SRL				2.5%	2.5%
SIRIO INFORMATICA E SISTEMI SPA	VAR INDUSTRIES SRL	Milan (MI)	214,286	45.0%	45.0%
VAR ENGINEERING SRL				10.0%	10.0%
VAR GROUP SPA				21.0%	21.0%
VSH SRL	VAR NEXT SRL	Treviso (TV)	10,000	85.0%	85.0%
MY SMART SERVICES SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	100.0%	n.a.
LEONET4CLOUD SRL				n.a.	50.0%
VAR GROUP NORD OVEST SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	n.a.	50.0%
LEONET4CLOUD SRL	VAR4YOU SRL	Empoli (FI)	30,000	70.0%	70.0%
VAR SERVICE SRL				30.0%	30.0%
VAR GROUP SPA	VAR HUB SRL	Empoli (FI)	15,000	100.0%	100.0%
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	50.0%	50.0%
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	100.0%	100.0%
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	100.0%	100.0%
GENCOM SRL	WEELGO SRL	Bergamo (BG)	10,000	51.0%	51.0%
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	100.0%
VAR GROUP SPA	WSS ITALIA SRL	Milan (MI)	35,000	55.0%	55.0%
DIGITAL CLOUD SRL	ZERO12 SRL	Padua (PD)	10,101	100.0%	n.a.
VAR GROUP SPA	ZERO12 SRL	Padua (PD)	10,000	n.a.	54.5%

Associated Companies

Held by	Company	Registered office	Share Capital in Euro	Percentage held at	
				31-oct-21	30-apr-21
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR BMS SPA	B.I.T. SRL	Milan (MI)	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan (MI)	100,000	47.5%	47.5%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
GENCOM SRL	GENDATA SRL	Forlì	50,000	20.0%	20.0%
ADIACENT SRL	G.G. SERVICES SRL	Pontedera (PI)	10,200	33.3%	33.3%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (MI)	150,000	30.0%	30.0%
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	28.6%	28.6%
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	50.0%	50.0%
VAR BMS SPA	ISO SISTEMI SRL	Genoa (GE)	63,000	25.0%	25.0%
VAR PRIME SRL	J.D.I. SRL	Udine (UD)	10,000	20.0%	20.0%
COMPUTER GROSS SPA	KOLME SRL	Milan (MI)	150,000	n.a.	33.3%
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (FI)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	20.0%	20.0%
VSH SRL	MTS&CARE	Gorlago (BG)	10,000	25.0%	n.a.
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	n.a.	20.0%
LEONET4CLOUD SRL	S.A. CONSULTING SRL	Milan (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI)	10,400	25.0%	25.0%
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome (RM)	18,504	50.0%	50.0%
GENCOM SRL	T-STATION ACADEMY SRL	Forlì (FO)	25,000	40.0%	40.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	50.0%	50.0%

Certification of the Condensed Consolidated Half-Year Financial Statements pursuant to article 154 bis, para. 5 of Legislative Decree 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Financial Reporting Manager of Sesa SpA, taking into account that envisaged by article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, hereby certify:
 - The adequacy in relation to the characteristics of the business, and
 - The effective application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 31 October 2021.
2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Condensed Consolidated Half-Year Financial Statements at 31 October 2021 was carried out in compliance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a framework of reference generally accepted at international level.
3. It is also certified that:
 - 3.1 The Condensed Consolidated Half-Year Financial Statements:
 - a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the results of the accounting books and records;
 - c) provide a true and fair representation of the financial position, results of operations and cash flows of the issuer and of all the companies included within the scope of consolidation.
 - 3.2 The Report on Operations includes a reliable analysis of the significant events that took place during the first six months of the current year and the impact of these events on the Company's Condensed Consolidated Half-Year Financial Statements, together with a description of the main risks and uncertainties for the second half of the year. The Interim Report on Operations also includes a reliable analysis of information on significant transactions with related parties.

Empoli, 20 December 2021

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
Chief Executive Officer
Financial Reporting Manager

Independent Auditor's Report



REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Sesa SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Sesa SpA and its subsidiaries (the Sesa Group) as of 31 October 2021, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and related explanatory notes. The Directors of Sesa SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Sesa Group as of 31 October 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 20 December 2021

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(Partner)

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



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