



PRESS RELEASE

APPROVAL OF THE HALF-YEAR FINANCIAL REPORT AS OF OCTOBER 31, 2022

Growing increase of financial results and strong value generation in the First Half as of October 31, 2022:

- **Consolidated Revenues and Other Income: Eu 1,311.7 million (+26.5% vs October 31, 2021)**
- **Consolidated Ebitda: Eu 93.4 million (+27.5% vs October 31, 2021)**
- **Ebitda margin equal to 7.12% (vs 7.07% as of October 31, 2021)**
- **Group Adjusted Earnings After Taxes¹: Eu 44.2 million (+23.5% vs October 31, 2021)**
- **Consolidated NFP² active (net liquidity): Eu 189.5 million vs Eu 170.9 million as of October 31, 2021**
- **Human Resources: 4,434 employees as of October 31, 2022 (+19.4% vs October 31, 2021)**
- **Revenues and profitability growth targets for the FY 2023 confirmed in the high-end of range communicated last September, also considering the positive trend of revenues and orders**
- **CDP (Carbon Disclosure Project) sustainability rating increase to level B, highlighting the progressive improvement of the Group ESG programs**

Empoli (FI), December 19, 2022

The Board of Directors of Sesa S.p.A., reference player in technological innovation and digital services for the business segment, today approved the consolidated First Half Financial Report as of October 31, 2022 referring to the First Half of the Fiscal Year ending April 30, 2023, in accordance with EU-IFRS accounting standards.

In the period under review Sesa Group accelerates its development path, **achieving consolidated Revenues and Other Income for Eu 1,311.7 million (+26.5% Y/Y) with an Operating Profitability (Ebitda) equal to Eu 93.4 million, up 27.5% Y/Y and growth rates higher than 2011-2022 track record** (Revenues CAGR +11.2%, Ebitda CAGR +15.5%, Adjusted EAT CAGR +19.5%) and the trend of the Italian Information Technology market which, although slightly declining compared to 2021, highlights an average annual growth rate in the three-year period 2022-2024E equal to 5.4%, compared to an average annual rate in the pre-pandemic 2017-2019 period of 2.6% (source Sirmi, November 2022).

The Group benefits from the **continuous investment strategy focusing on business segments enabling technological innovation (security, business applications, cloud, digital green, digital platforms)** and from the positive trend of the Enterprise Software, IT Services and Cloud segments.

The First Half confirms the Group ability to attract skills and human resources, with 4,434 specialized employees as of October 31, 2022 (+19.4% Y/Y, compared to 3,714 ones as of October 31, 2021) and a solid organic growth with a contribution deriving from external growth equal to 33% of total Half operating profit growth.

At consolidated level, **First half Revenues and Other Income grew by 26.5% to Eu 1,311.7 million**, with a significant contribution by all Group sectors:

- VAD sector achieving Revenues and Other Income equal to Eu 1,014.8 million (+26.6% Y/Y), driven by the development of Digital Green, Networking e Collaboration, Security and Enterprise Software business units;
- SSI Sector achieving Revenues and Other Income equal to Eu 302.8 million (+20.8% Y/Y), thanks to the development of the main operating business units;
- Business Services Sector achieving Revenues and Other Income equal to Eu 39.7 million (+46.3%

¹ Consolidated Adjusted Net profit attributable to the Group before amortisation and depreciation of intangible assets (client lists and know-how) recorded following the Purchase Price Allocation (PPA) relating to corporate acquisitions, net of the tax effect

² NFP gross of IFRS 16 liabilities and IFRS 3 liabilities to minority shareholders for M&As.





Y/Y), driven by the contribution of the Digital Platforms and Vertical Applications business units.

Thanks to the revenues growth (+26.5% Y/Y) in high added-value areas, consolidated **Ebitda increased by +27.5% Y/Y, reaching a total of Eu 93.4 million**, with a growing **Ebitda margin of 7.12%** compared to **7.07% as of October 31, 2021**. All Group reference sectors contributed to the consolidated EBITDA result:

- VAD sector achieved an Ebitda of Eu 50.7 million (+39.2% Y/Y, Ebitda margin 5.0% vs 4.5% as of October 31, 2021 and 4.9% in FY 2022);
- SSI sector achieved an Ebitda of Eu 37.2 million (+16.6% Y/Y, Ebitda margin 12.3% vs 12.7% as of October 31, 2021 and 11.9% in FY 2022);
- Business Services sector achieved an Ebitda of Eu 3.5 million (+11.1% Y/Y, Ebitda margin 8.8% vs 11.6% as of October 31, 2021 and 9.7% in FY 2022), that reflects the investments in the period under review related to the development of digital platforms and application solutions towards customers.

Group consolidated Operating Result (Ebit) Adjusted (gross of PPA amortizations of customer lists and know-how for Eu 7.7 million) is equal to Eu 70.4 million with an increase of 25.3% Y/Y. Group consolidated Operating Result (Ebit) is equal to Eu 62.7 million, up by 24.0%, after amortizations of intangible assets for Eu 16.7 million (+21.0% Y/Y), provisions and other non-monetary costs for Eu 6.3 million (+93.4% Y/Y) and PPA amortizations for Eu 7.7 million (+36.5% Y/Y, as a result of the significant M&A investments in the last 12 months). The provisions reflect Eu 1.1 million of non-recurring costs for the closing of tax claims, prudentially defined on a voluntary basis at the date of preparation of the Half-Year report.

The consolidated Adjusted Earnings before taxes increased by 25.5%, reaching Eu 66.5 million as of October 31, 2022. The consolidated Earnings before taxes as of October 31, 2022 amounted to Eu 58.8 million, up by 24.2% Y/Y, after net financial charges of Eu 3.9 million compared to Eu 3.2 million as of October 31, 2021.

The Consolidated Adjusted Net profit (gross of amortization of intangible assets Client Lists and Know-how and net of the related tax effect) increased by 22.7% Y/Y, achieving Eu 46.6 million as of October 31, 2022. **Group Consolidated Adjusted Net profit after minority interests (Adjusted EAT attributable to the Group) as of October 31, 2022 is equal to Eu 44.2 million (Group EAT Adjusted margin equal to 3.4%), up by 23.5% Y/Y compared to Eu 35.8 million as of October 31, 2021.**

Consolidated Net Financial Position is active (net liquidity) for Eu 189.5 million, improving compared to Eu 170.9 million as of October 31, 2021, thanks to LTM Eu 150 million operating cash flow and net of capex and M&As investment for approximately Eu 120 million, dividend distribution for Eu 14 million and treasury shares buy-back for approximately Eu 12 million.

Consolidated Net Financial Position Reported as of October 31, 2022 (net of IFRS Liabilities for Eu 179.0 million mainly consisting of deferred payments of company acquisitions and liabilities to minority shareholders for M&As) is active (net liquidity) for Eu 10.5 million, compared to Eu 33.6 million as of October 31, 2021.

In the period under review, the consolidated Shareholders' Equity is further strengthened, achieving as of October 31, 2022 Eu 352.1 million, increasing from Eu 286.6 million as of October 31, 2021.

In light of the positive results achieved in the First Half in all business sectors, the expected contribution of the about 35 bolt-on M&As closed in the last two years as well as the growing demand for digitalization in the Group markets, **the Group confirms the positive outlook for the Full Fiscal Year ending April 30, 2023, with revenues and Ebitda growth guidance confirmed in the high-end of the range communicated last September (revenues Eu 2.750-2.825 billion; Ebitda Eu 190-205 million), strengthening the Group role of reference player of digital industry.**

The Group will continue to sustain the development of skills, human resources and technology innovation solutions, aiming at confirming the long-term growth track record in the coming years, generating sustainable value for all stakeholders.

In the First Half Sesa Group strengthened ESG programs and continued to increase the activities aimed at



reducing its environmental impact and minimizing emissions and consumption of natural resources.

Thanks to this improvement, on December 2022 Sesa achieved the increase of sustainability rating issued by the independent international non-profit organization Carbon Disclosure Project (“CDP”) to B level, just one step away from score “A” of excellence, highlighting the continuous improvement of sustainability programs of the Group. CDP, with the largest environmental database in the world, evaluating about 15,000 companies in 2022 Year, offers a system to measure, disclose, manage and share information regarding climate change.

The Chairman Paolo Castellacci and the Chief Executive Officer Alessandro Fabbroni stated about the Half-Year results as follows:

“In the First-Half 2023 we continued to invest in human capital and digital skills development, confirming our role of reference player in our industry, leading the digital evolution of Enterprises and Organizations. We will continue to boost the Group growth and long-term sustainable value generation”, stated **Paolo Castellacci, Chairman and founder of Sesa.**

“We close a Half-Year with a great increase in revenues and skills, facing a digitalization demand driven by the consistent technological investments required by the current reference scenario. In the light of the trend of digital demand, skills and innovative solutions investments and our great ability of industrial aggregation also through bolt-on industrial M&As, we confirm the positive outlook for the Fiscal Year as of April 30, 2023, focusing the Group management to support our stakeholders in the current and crucial phase of digital evolution. The upside of the CDP sustainability rating to level B is a crucial step in our path of improving our ESG performances”, stated **Alessandro Fabbroni, CEO of Sesa.**

Hereinafter the following exhibits (in Euro thousands):

Exhibit n. 1 - Reclassified Consolidated Income Statement as of October 31, 2022

Exhibit n. 2 - Reclassified Consolidated Balance Sheet as of October 31, 2022

Exhibit n. 3 - Consolidated Income Statement as of October 31, 2022

Exhibit n. 4 - Consolidated Statement of Financial Position as of October 31, 2022

Exhibit n. 5 - Segment Information as of October 31, 2022

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

Conference Call: Monday December 19, 2022 at 4.00 p.m. (CET), Sesa S.p.A. will hold a conference call with the financial community, during which the Group's economic and financial results will be discussed. You can connect through the following phone numbers: from Italy +39 028020911, from the UK +44 1 212818004, from USA +1 718 7058796 (international local number), 1 855 2656958 (toll-free number). Before the conference call, the financial presentation will be available on the company's website, <https://www.sesa.it/en/investor-relations/presentations.html>.

Alessandro Fabbroni, as Director in charge of preparing the Corporate Accounting documents, declares pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information contained in this press release is in line and corresponding to the accounting books and records.



Sesa S.p.A., with Headquarters in Empoli (Florence), is the operating holding company of a Group with presence on the whole Italian territory and foreign countries as Germany, Switzerland, Austria, France, Spain, Romania and China and represents the reference player in Italy in technological innovation and digital services for the business segment, with consolidated revenues of Euro 2,390 million (+17.3% Y/Y), Ebitda Eu 167.7 million (+33.1% Y/Y) and 4,200 employees as of April 30, 2022 (+21% Y/Y).

Sesa Group has the mission of offering technological solutions, digital services and business applications to support the digital transformation and innovation towards sustainability of Enterprises and Organizations, through four main business Sectors:

- Corporate, with revenues of about Euro 16 million and 140 human resources as of April 30, 2022;
- VAD (Value Added Distribution), with revenues of about Euro 1,857 million and 630 human resources as of April 30, 2022;
- SSI (Software and System Integration), with revenues of about Euro 572 million and 2,850 human resources as of April 30, 2022;
- Business Services, with revenues of about Euro 59 million and 550 human resources as of April 30, 2022.

Sesa Group pursues the sustainable development strategy for the benefit of all Stakeholders, with a track record in the period 2011-2022 of continuous growth in employment, revenues (CAGR revenues 2011-2022 +11.2%) and profitability (CAGR Ebitda 2011-2022 +15.5%).

Sesa Group strategy of long-term value generation for all stakeholder is based on human resources skill development, environmental sustainability and social responsibility, with continuous improvement of ESG performance.

As of April 30, 2022, the Group generated a net economic value of about Eu 315 million (+26% Y/Y), distributed for over 60% for the remuneration of Human Resources, with about 4,200 employees, in further growth compared to the previous year (+21% Y/Y), with improved hiring programs (607 in FY22, +51% Y/Y), skills development investments (approximately 61,000 training hours, +132% Y/Y) and welfare programs to support parenting, diversity, well-being and work-life balance of Human Resources.

In Year 2021 Sesa introduced in its corporate bylaw the sustainable growth as Board of Directors priority and starting from FY2022 Sesa published the Integrated Annual Report, providing a complete, measurable, and transparent representation of the Group value generation, at financial and ESG performance level. In terms of sustainability governance, the Group's main companies achieved the ISO 14001 certification and the UN Global Compact membership.

In 2022 Sesa reached the Silver level issued by Ecovadis and achieved the increase to B level of sustainability rating issued by CDP. Sesa S.p.A. is listed on the Euronext STAR Milan (ISIN Code: IT0004729759) and is part of FTSE Italia Mid Cap index.

For Media Information	For ESG and Financial Information
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Exhibit 1 – Reclassified Consolidated Income Statement of Sesa Group as of October 31, 2022 (Euro thousands). Results as of 31/10/2022 approved by the Board of Directors on December 19, 2022, unaudited

Reclassified Income Statement	31/10/2022 (6 months)	%	31/10/2021 (6 months)	%	Change 2022/21
Revenues	1,298,771		1,024,779		26.7%
Other income	12,965		11,921		8.8%
Total Revenues and Other Income	1,311,736	100.0%	1,036,700	100.0%	26.5%
Purchase of goods	(988,164)	75.8%	(781,840)	75.4%	26.4%
Costs for services and leased assets	(117,072)	8.9%	(88,261)	8.5%	32.6%
Personnel costs	(109,119)	8.3%	(90,781)	8.8%	20.2%
Other operating charges	(3,994)	0.3%	(2,546)	0.2%	56.9%
Total Purchase of goods and Operating Costs	(1,218,349)	92.9%	(963,428)	92.9%	26.5%
Ebitda	93,387	7.1%	73,272	7.1%	27.5%
Amortisation tangible and intangible assets (sw)	(16,748)		(13,847)		21.0%
Accruals to provision for bad debts and risks and other non-monetary costs	(6,269)		(3,242)		93.4%
Adjusted Ebit*	70,370	5.4%	56,183	5.4%	25.3%
Amortisation client lists and technological know-how (PPA)	(7,715)		(5,651)		36.5%
Ebit	62,655	4.8%	50,532	4.9%	24.0%
Net financial income and charges	(3,894)		(3,206)		21.5%
Ebt	58,761	4.5%	47,326	4.6%	24.2%
Income taxes	(17,628)		(13,358)		32.0%
Net profit	41,133	3.1%	33,968	3.3%	21.1%
Net profit attributable to the Group	38,748	3.0%	31,811	3.1%	21.8%
<i>Net profit attributable to non-controlling interests</i>	<i>2,385</i>		<i>2,157</i>		10.6%
Adjusted Ebt¹	66,476	5.1%	52,977	5.1%	25.5%
Adjusted Net profit¹	46,625	3.6%	37,990	3.7%	22.7%
Adjusted Net profit attributable to the Group¹	44,240	3.4%	35,833	3.5%	23.5%

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





Exhibit 2 – Reclassified Consolidated Balance Sheet of Sesa Group as of October 31, 2022 (Euro thousands), Results as of 31/10/2022 approved by the Board of Directors on December 19, 2022, unaudited

Reclassified Balance Sheet	31/10/2022	31/10/2021	30/04/2022
Intangible assets	282,066	179,019	228,280
Property, plant and equipment (rights of use included)	119,041	100,348	111,943
Investments valued at equity	15,832	12,893	14,593
Other non-current receivables and deferred tax assets	34,242	28,595	32,855
Total non-current assets	451,181	320,855	387,671
Inventories	165,984	119,060	144,034
Current trade receivables	441,175	328,651	434,579
Other current assets	131,575	70,867	90,775
Other Current assets	738,734	518,578	669,388
Payables to suppliers	537,065	359,133	525,879
Other current payables	181,358	135,375	176,031
Short-term operating liabilities	718,423	494,508	701,910
Net working capital	20,311	24,070	(32,522)
Non-current provisions and other tax liabilities	81,237	49,070	67,573
Employee benefits	48,607	42,800	44,379
Non-current net liabilities	129,844	91,870	111,952
Net Invested Capital	341,648	253,055	243,197
Shareholders' Equity	352,144	286,627	335,159
Liquidity and current financial receivable	(445,238)	(400,657)	(498,905)
Financing current and not current	255,748	229,789	253,613
Net Financial Position	(189,490)	(170,868)	(245,292)
Financial liabilities for rights of use IFRS 16	45,124	41,297	44,933
Liabilities to minorities shareholders for M&A ¹	133,870	95,999	108,397
Net Financial Position Reported	(10,496)	(33,572)	(91,962)

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





Exhibit 3 – Consolidated income statement as of October 31, 2022 (Euro thousands), Results as of 31/10/2022 approved by the Board of Directors on December 19, 2022, unaudited

(Euro thousands)	Period ended on October 31	
	2022	2021
Revenues	1,298,771	1,024,779
Other income	12,965	11,921
Consumables and goods for resale	(988,164)	(781,840)
Costs for services and rent, leasing and similar costs	(119,380)	(89,689)
Personnel costs	(109,119)	(90,781)
Other operating costs	(7,955)	(4,360)
Amortisation and depreciation	(24,463)	(19,498)
EBIT	62,655	50,532
Profit from companies valued at equity	851	671
Financial income	7,248	1,454
Financial charges	(11,993)	(5,331)
Profit before taxes	58,761	47,326
Income taxes	(17,628)	(13,358)
Profit of the period	41,133	33,968
<i>Of which:</i>		
Net profit attributable to non-controlling interests	2,385	2,157
Net profit attributable to the Group	38,748	31,811





Exhibit 4 – Consolidated statement of financial position as of October 31, 2022 (Euro thousands), Results as of 31/10/2022 approved by the Board of Directors on December 19, 2022, unaudited

(Euro thousands)	As of October 31	As of April 30
	2022	2022
Intangible assets	282,066	228,280
Right of use	58,122	57,401
Property, plant and equipment	60,919	54,542
Investment property	290	290
Investments valued at equity	15,832	14,593
Deferred tax assets	14,632	15,910
Other non-current receivables and assets	19,320	16,655
Total non-current assets	451,181	387,671
Inventories	165,984	144,034
Current trade receivables	441,175	434,579
Current tax receivables	12,607	6,651
Other current receivables and assets	127,778	86,718
Cash and cash equivalents	436,428	496,311
Total current assets	1,183,972	1,168,293
Total assets	1,635,153	1,555,964
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	(59,294)	(44,978)
Profits carried forward	312,603	290,148
Total Group Equity	323,580	315,441
Equity attributable to non-controlling interests	28,564	19,718
Total Equity	352,144	335,159
Non-current loans	152,713	123,559
Non-current financial liabilities for right of use	33,714	33,849
Liabilities to minorities shareholders and Earn Out for M&A	102,305	76,808
Employee benefits	48,607	44,379
Non-current provisions	4,446	4,240
Deferred tax liabilities	76,791	63,333
Total non-current liabilities	418,576	346,168
Current loans	103,035	130,054
Current financial liabilities for right of use	11,410	11,084
Liabilities to minorities shareholders and Earn Out for M&A	31,565	31,589
Payables to suppliers	537,065	525,879
Current tax payables	23,475	10,940
Other current liabilities	157,883	165,091
Total current liabilities	864,433	874,637
Total liabilities	1,283,009	1,220,805
Total Equity and liabilities	1,635,153	1,555,964



Exhibit 5 – Segment Information (VAD, SSI, Business Services, Corporate) as of October 31, 2022 (Euro thousand), Results as of 31/10/2022 approved by the Board of Directors on December 19, 2022, unaudited

Segment Information	6M period as of October 31, 2022 (H1)					6M period as of October 31, 2021 (H1)				
	In Euro Mn	VAD	SSI	BS	Corporate	Group	VAD	SSI	BS	Corporate
Total Revenues and Other Income	1,014.8	302.8	39.7	8.2	1,311.7	801.4	250.6	27.1	10.9	1,036.7
Change Y/Y	26.6%	20.8%	46.3%	-24.7%	26.5%					
Gross Margin	90.6	204.5	34.2	8.1	323.6	67.1	169.2	24.9	10.8	254.9
Opex	(39.9)	(167.3)	(30.7)	(6.0)	(230.2)	(30.7)	(137.3)	(21.7)	(9.0)	(181.6)
Ebitda	50.7	37.2	3.5	2.1	93.4	36.4	31.9	3.2	1.8	73.3
Ebitda Margin	5.0%	12.3%	8.8%	26.0%	7.1%	4.5%	12.7%	11.6%	16.4%	7.1%
Change Y/Y	39.2%	16.6%	11.1%	19.5%	27.5%					
D&A	(2.2)	(12.7)	(1.5)	(0.2)	(16.7)	(2.1)	(10.0)	(1.4)	(0.2)	(13.8)
Provisions and other non monetary costs	(2.1)	(1.9)	(0.0)	(2.3)	(6.3)	(1.1)	(0.7)	(0.0)	(1.4)	(3.2)
EBIT Adjusted¹	46.4	22.6	2.0	(0.4)	70.4	33.2	21.1	1.7	0.1	56.2
Ebit Adjusted Margin	4.6%	7.5%	5.0%	-4.9%	5.4%	4.1%	8.4%	6.4%	1.1%	5.4%
Change Y/Y	39.8%	7.1%	17.6%	-500.0%	25.3%					
PPA-related amortisation	(0.8)	(5.3)	(1.7)	0.0	(7.7)	(0.4)	(4.2)	(1.1)	0.0	(5.7)
Ebit	45.6	17.3	0.3	(0.4)	62.7	32.8	16.9	0.7	0.1	50.5
Ebit Margin	4.5%	6.0%	0.8%	-5.2%	4.9%	4.1%	6.8%	2.5%	1.1%	4.9%
Net Financial Charges	(2.7)	(0.8)	(0.4)	(0.0)	(4.0)	(1.9)	(1.1)	(0.2)	(0.0)	(3.2)
Income Taxes	(11.3)	(5.3)	(0.4)	(0.6)	(17.6)	(8.3)	(4.7)	(0.0)	(0.3)	(13.4)
Eat	31.6	11.2	(0.6)	(1.0)	41.1	22.6	11.2	0.5	(0.2)	34.0
PPA-related amortisation (net of taxes)	0.6	3.8	1.2	0.0	5.5	0.3	3.0	0.8	0.0	4.0
Minorities	(0.6)	(1.8)	(0.1)	-	(2.4)	(0.3)	(1.8)	(0.1)	0.0	(2.2)
Group Eat Adjusted²	31.6	13.2	0.5	(1.0)	44.2	22.6	12.4	1.1	(0.2)	35.8
Group Eat Adj Margin	3.1%	4.3%	1.1%	-12.4%	3.4%	2.8%	4.9%	4.1%	-2.0%	3.5%
Change Y/Y	40.1%	6.3%	-59.4%	N.S.	23.5%					

(1) Adjusted Ebit before amortisation and depreciation of intangible assets (Client lists and Know-how) recorded following the Purchase Price Allocation (PPA).

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

