

Interim Report

31 January

2018

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

The logo for SESA s.p.a. features the word "seSa" in a stylized, blue, lowercase font. The letters are rounded and connected, with a unique, flowing design. To the right of "seSa", the letters "s.p.a" are written in a smaller, standard, lowercase font.

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Governing and supervisory bodies of Sesa SpA

Board of Directors

Holding office until

Paolo Castellacci	Chairman	approval of the FS at 30.04.2018
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2018
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2018
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2018
Luigi Gola	Independent Director	approval of the FS at 30.04.2018
Giovanna Zanotti	Independent Director	approval of the FS at 30.04.2018
Angela Oggionni	Independent Director	approval of the FS at 30.04.2018
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2018

To the Chairman, Paolo Castellacci, were granted all powers of ord. management for the strategic management of relations with Vendors and suppliers, power to represent the company legally and institutional relations.

To the Executive Vice-Chairman, Moreno Gaini, were granted all the powers of ordinary administration with regard to the management of equity investments in the IT distribution Sector (VAD).

To the Executive Vice-Chairman, Giovanni Moriani, were granted all the powers of ordinary administration for the management of equity investments in the Software and System Integration Segment (SSI).

To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary management related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, management of human resources, carrying out banking transactions and the management of equity investments in Corporate & Services Segment.

Corporate Governance Committees

Holding office until

Strategic Committee

Luigi Gola (Chairman), membri Paolo Castellacci, Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari approval of the FS at 30.04.2018

Control and Risk Committee and Related parties Committee

Giovanna Zanotti (Chairman), membri Luigi Gola, Angelica Pelizzari approval of the FS at 30.04.2018

Amministratore Incaricato Alessandro Fabbroni approval of the FS at 30.04.2018

Remuneration Committee

Luigi Gola (Chairman), membri Angelica Pelizzari e Giovanna Zanotti approval of the FS at 30.04.2018

Board of Statutory Auditors

Holding office until

Sergio Menchini	Chairman	approval of the FS at 30.04.2018
Luca Parenti	Standing auditor	approval of the FS at 30.04.2018
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2018
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2018
Daria Dalle Luche	Alternate auditor	approval of the FS at 30.04.2018

Supervisory Board pursuant to Law 231/2011

Holding office until

Luca Parenti	Chairman	approval of the FS at 30.04.2018
Massimo Innocenti	Member	approval of the FS at 30.04.2018
Ilaria Nocentini	Member	approval of the FS at 30.04.2018

Michele Ferri, Internal Audit Manager

Independent Auditors

Holding office until

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

Francesco Billi, Controller and Manager of administrative processes

Listing Market

Electronic stock market (MTA), Milan (Italy) (1)	Segmento STAR
Share Capital	37,126,927.50
Outstanding shares	15,494,590
Stake held by the controlling company ITH SpA	52.81%
Specialist operator	Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

Highlights of Group results

Consolidated income statement data at 31 January of each year (9 months)

(in thousands of euros)	2018	2017	2016	2015	2014
Revenues	984,419	937,701	896,668	775,298	698,444
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	45,882	42,374	39,239	39,809	37,852
EBIT	34,347	33,581	32,141	30,500	28,941
EBT	32,611	30,585	28,498	26,017	24,998
Profit (loss) for the period	22,596	20,327	18,542	16,307	15,126
Profit (loss) for the period attributable to the Group	20,105	19,030	17,916	15,876	14,784

Consolidated balance-sheet data at 31 January of each year

(in thousands of euros)	2018	2017	2016	2015	2014
Total Net Invested Capital	229,091	221,500	208,900	200,893	202,727
Total Equity	208,470	192,808	173,773	155,628	137,788
- attributable to the Group	198,244	184,604	166,276	151,940	134,523
- attributable to minority interests	10,226	8,204	7,497	3,688	3,265
Net Financial Position (Net Liquidity)	20,621	28,692	35,127	45,265	64,939
Total Equity and Net Financial Position	229,091	221,500	208,900	200,893	202,727

Consolidated profitability ratio at 31 January of each year (9 months)

	2018	2017	2016	2015	2014
EBITDA / Revenues (1)	4.67%	4.52%	4.38%	5.13%	5.41%
Profit attributable to the Group / Revenues	2.04%	2.03%	2.00%	2.05%	2.12%

(1) For further details, please refer to Interim Report

Human Resources, amount at period-end (1)

(unit or thousands of euros)	2018	2017	2016	2015	2014
Number of employees at period-end	1,657	1,385	1,201	962	948
Average number of employees	1,542	1,300	1,080	968	930
Personnel costs	56,381	50,907	42,376	37,647	35,202

(1) Including fixed-term contracts, excluding internships

Main Financial Indicators

Financial indicators

Sesa Group	2018	2017	2016	2015	2014
(Euro)					
Trading stock Market (1)	MTA - Star	MTA - Star	MTA - Star	MTA	AIM (1)
Stock price (31 January of each year)	26.80	18.68	14.42	13.28	11.38
Dividend per share (2) (*)	0.56	0.48	0.45	0.45	0.45
Dividend paid (in millions of euros)	8.677	7.408	6.964	6.984	6.270
Pay Out Ratio (3)	32%	30%	31%	32%	30%
Outstanding shares (in millions at 31 January of each year)	15.49	15.49	15.65	14.85	13.74
Market capitalisation (in millions of euros at 31 January of each year)	415.3	289.4	225.7	197.2	156.4
Market to Book Value (**)	2.0	1.5	1.3	1.3	1.2
Dividend Yield (on Stock price at 31 January) (***)	2.1%	2.6%	3.1%	3.4%	4.0%
Sesa Group	2017	2016	2015	2014	2013
(Euro)					
Earnings per share at 30 April (base) EPS (****)	1.62	1.55	1.40	1.48	N.a.
Earnings per share at 30 April (diluted) EPS diluted (*****)	1.62	1.54	1.39	1.40	N.a.

1) Sesa entered into AIM following the merger with Made In Italy 1 SpA, a SPAC (special purpose acquisition company) established under Italian law, listed on the AIM market. The merger between Sesa SpA and Made In Italy 1 SpA (SeSa SpA) was completed on February 1, 2013. Listing on MTA market realized in October 2013. Transition on STAR segment completed on February 2015

(2) For the FY ended 30 April 2017 calculated according to the resolution on dividends approved by the Shareholders' Meeting of 25 August 2017

(3) Dividend / Consolidated Net Profit as of 30 April of every Fiscal Year

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

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

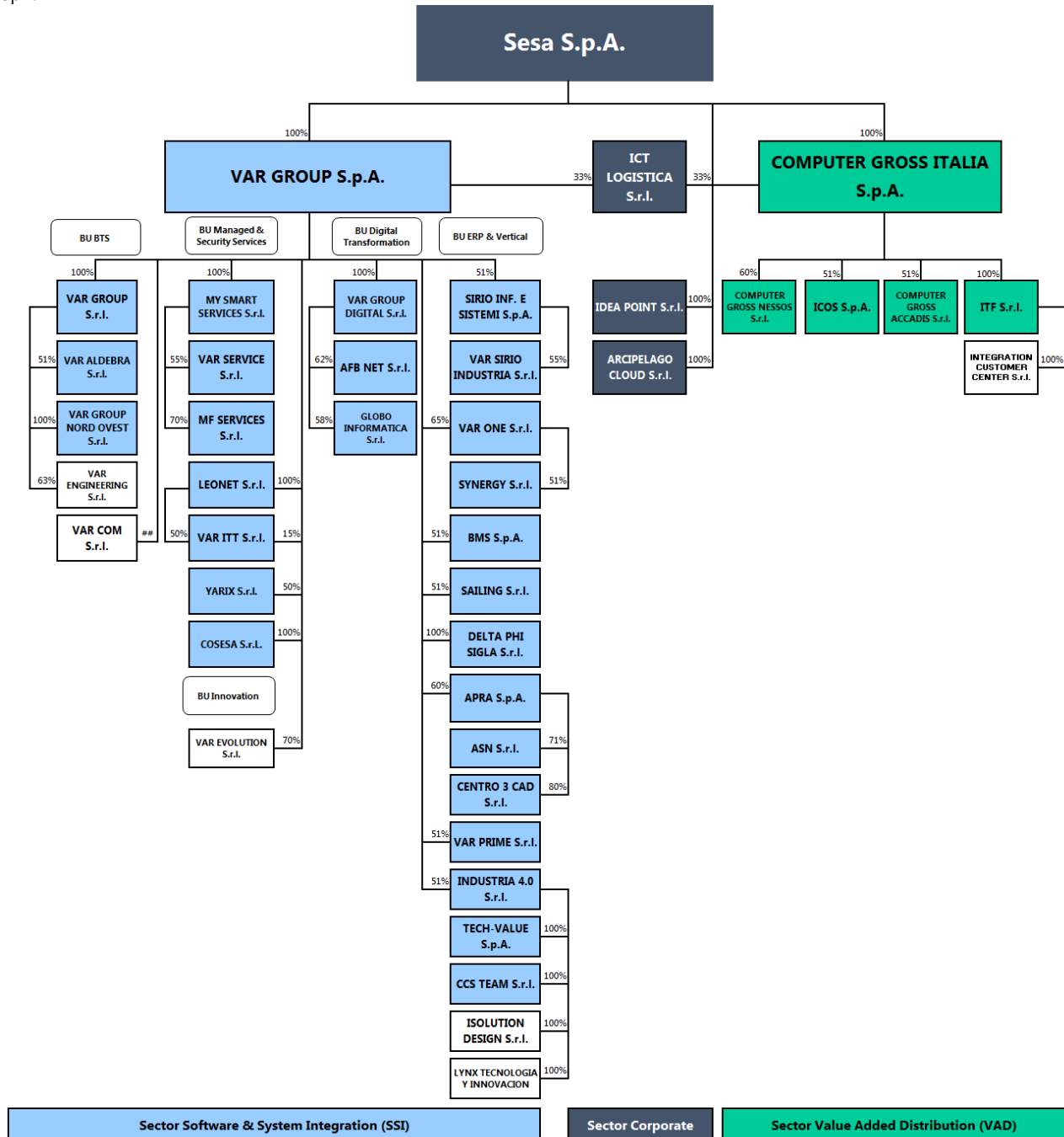
(***) Dividend per share/market value per share as of 31 January of every Fiscal Year

(****) Consolidated net profit as of 30 April/average number of ordinary shares net of treasury shares in portfolio as of 30 April

(***** Consolidated net profit as of 30 April/average number of ordinary shares as of 30 April net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grants Plans, warrants and/or convertible bonds. At the time of writing there are no warrants nor any kind of convertible bonds outstanding

Structure of the Sesa Group at 31 January 2018

The Sesa Group is organised into three main divisions. The VAD Segment (Value-Added ICT Distribution) managed through the subsidiary Computer Gross Italia SpA, the Software and System Integration Segment (SSI), managed through the subsidiary Var Group SpA, which offers value IT solutions to customers belonging to the SME and Enterprise Segment, and the Corporate Segment which manages corporate functions for all the group companies and the group's financial and operational platform through the parent company Sesa SpA.



Subsidiaries, consolidated on a line-by-line basis, are marked azure (companies belonging to the System and Software Integration Segment), green (companies belonging to the Value-Added ICT Distribution Segment - VAD) and blue (companies belonging to the Corporate Segment). Associated companies are marked grey (ownership between 20% and 50%) and valued at equity, and subsidiaries, valued at cost inasmuch as they are not significant and/or not yet operational, are marked white.

Among the changes in the scope of consolidation recorded in the period ended 31 January 2018, it should be noted the entry into the VAD Sector of ICOS SpA since November 2017, value-added distributor of enterprise software and data center solutions, and in the SSI Sector, since 31 January 2018, of Tech-Value SpA and related subsidiaries, operating in PLM and CAD solutions in the field of industry 4.0.

For further details about the scope of consolidation and subsidiaries and associated companies please refer to the annexes to the Half-Year Financial Report at 31 October 2017.

Foreword

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

The Interim Report at 31 January 2018 is referred to the first nine months and represents the third quarterly report prepared by the parent Sesa SpA for the fiscal year ended at 30 April 2018.

For a better evaluation of the economic-financial trend of the Group, in this Report are presented the Reclassified Balance Sheet and Income Statement for the period ended at 31 January 2018 and for the corresponding period of the previous year, jointly to some alternative performance indicators.

This Interim Report of the Group at 31 January 2018 has not been audited.

Accounting policies and standards

The Interim Report of Sesa Group at 31 January 2018 (hereinafter the "Interim Report") has been prepared pursuant to art.154-bis, paragraph 5 of Legislative Decree no. 58/1998 and the provisions of Consob. The interim Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the time of approval of this Interim Report. Consolidated income statement, statements of financial position, statement of cash flows and statement of changes in equity at 31 January 2018 are set out in the attached annex.

Accounting policies and standards adopted in the preparation of the Interim Report at 31 January 2018 are consistent with those adopted in the preparation of the Consolidated Financial Statements of the Group for the year ended at 30 April 2017, taking into account those specifically applicable to interim reports. The Interim Report at 31 January 2018 includes the Interim Report of Sesa SpA, as well as Interim Reports of the subsidiaries at 31 January 2018. These Interim Reports have been adjusted, where due, to ensure compliance with IFRS.

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

Significant events in the period

With reference to the first nine months of the year Sesa Group recorded an increase in turnover and profitability, achieved thanks to a strategy that is successfully orienting the Group towards the sector of value-added IT solutions and applications.

Total Revenues and Other Income for the period are equal to Euro 984.4 million, with a percentage growth of 5.0% compared to the previous period ended at 31 January 2017. Consolidated Ebitda is equal to Euro 45.9 million, recording an increase of 8.3% compared to previous period. At 31 January 2018 Consolidated net profit amount to Euro 22.6 million with a growth of 11.2%.

In the **VAD Sector**, Computer Gross Italia SpA strengthens its leadership in value-added IT distribution Italian market thanks also to the continuous activity of selection and integration of new vendors in their solutions offer.

Thanks to the investments carried out in 2017 in skills, commercial initiatives and new distribution agreements, the quarter November 2017 - January 2018 showed an upturn of the economic trend with a recover in gross and net profitability compared to the same period of the previous year. The results at 31 January 2018 benefit from the contribution of the company Icos SpA, consolidated starting from November 2017. Icos SpA is a value-added distributor of enterprise software and datacenter solutions on the Italian market with branches in Ferrara, Milan and Rome, with an historical partnership with the Vendor Oracle of which is an authorized distributor on the Italian market and the Vendors NetApp, CommVault and Huawei, with an annual turnover of about Euro 50 million. The purchase of 51% of Icos SpA at a price of Euro 2.29 million, carried out after the AGCM authorization, took place on 10 November 2017.

In the first nine months of the fiscal year, the **SSI Sector** recorded an acceleration in revenues and profitability growth, benefiting from investments made in the most dynamic areas of IT services and applications market, including Digital Transformation, Managed & Security Services and ERP & Verticals solutions.

As part of such strategy, in January 2018 Var Group SpA acquired the 51% of Tech-Value SpA, a leading company in the Italian PLM and CAD solutions market in the field of Industry 4.0 for the "Intensive Engineering" manufacturing sector.

The transaction was completed on 22 January 2018 through the purchase by Var Group SpA of 51% of the Newco Industria 4.0 Srl, which owned 100% of the capital of Tech-Value S.p.A. 78% of such shares were acquired through the contribution of the founders and the remaining 22% following the favourable outcome of the takeover bid on Tech-Value ordinary shares for a total price of Euro 5.3 million of which Euro 3.7 million at the closing and Euro 1.6 million subject to the continuity in business management and paid in the following 24 months, plus an earn-out up to a maximum of Euro 1.2 million subject to the achievement of average consolidated Ebitda targets in the three-year period 2019-2021, applying a multiple of 4.75x Ebitda.

The completion of the reverse merger of the Newco Industria 4.0 Srl into Tech-Value SpA is expected by 30 April 2018. The Newco Industria 4.0 Srl together with Tech-Value SpA and the fully-owned subsidiary CCS Team Srl entered in the scope of consolidation on 31 January 2018, just with the recognition of balance sheet items. On the basis of the preliminary results Tech-Value SpA and its subsidiaries recorded in the year ended on 31 December 2017 total revenues for approximately Euro 20.0 million and an Ebitda of about Euro 2.0 million.

Among the corporate events, on 14 July 2017 was held the Board of Directors of Sesa SpA, which approved the Group's Consolidated financial statements and the statutory financial statements of Sesa SpA at 30 April 2017, proposing the distribution of a dividend of Euro 0.56 per share, with a 17% increase compared to Euro 0.48 per share in the previous year, with payment on 27 September 2017.

The Shareholders' Meeting held on 25 August 2017 approved the Financial Statements as at 30 April 2017, the related proposal to distribute the dividend of Euro 0.56 per share and the authorisation to the plan for the acquisition and disposal of ordinary treasury shares, as proposed by the Board of Directors.

Operating conditions and business development

The Sesa Group is a major Italian operator in offering of value-added IT services and solutions and partner of the leading international software and hardware vendors for the enterprise segment. The Sesa Group is able to offer a wide range of software and hardware solutions in addition to the integration and specialised consultancy services in support of their own clients.

Today the Group's activities are divided into three different business areas:

- the VAD Segment, which includes the activities involved in the value-added distribution of the main software and hardware technologies on the market, covered by the VAD division, which is managed by the subsidiary Computer Gross Italia SpA and focuses on value products (servers, storage, software enterprise, networking and systems);
- the Software and System Integration Segment (SSI) includes the activities involved in the supply of IT services and solutions, particularly the offer of software, technology, services and consultancy with the specific aim of training and supporting the channel, focusing on SME and Enterprise segments. The Software and System Integration division is managed by the fully owned subsidiary Var Group SpA;
- the Corporate Segment, which includes the activities carried out by the Group's head office (administration, finance and control, human resources, information technology, organisation, investor relations, institutional relations, training, general and legal affairs and internal auditing), managed by the parent company Sesa SpA, and the activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by subsidiary ICT Logistica Srl. The Corporate Segment also includes Cloud Computing and services supporting the ICT Channel provided by Arcipelago Cloud Srl and Idea Point Srl.

Corporate segment

Sesa SpA

The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, general, corporate and legal affairs services for the main companies of the Group and also acts as a holding company. The shares of the Parent Company Sesa SpA are listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*), STAR segment.

ICT Logistica Srl

The Company, which is 66.66% owned by Sesa SpA (of which 33.33% through Computer Gross Italia and 33.33% through Var Group SpA) provides logistics services (product storage, assembly, customisation and handling) applied to ITC, on behalf of shareholders (Computer Gross Italia SpA, Var Group SpA and Bassilichi SpA) and other relevant customers operating in such sector.

Arcipelago Cloud Srl

The Company, which is wholly owned by Sesa SpA, is engaged in the provision of cloud computing services to support the ICT distribution channel. It designs, implements and develops cloud computing solutions.

Idea Point Srl

The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel.

Software and System Integration segment (SSI)

Business Unit Business Technology Solutions ("BTS")

Var Group SpA

Var Group SpA, which is wholly owned by Sesa SpA, markets software and IT products and services to end customers that mainly belong to the small and medium business segment and Enterprise. Var Group serves the Italian ERP services and system integration market, through its sub-holdings specialized in specific solutions and business lines, with a model based on 4 business units (Business Technology Solutions, ERP & Verticals, Managed & Security Services and Digital Transformation) and 3 cross functions (Outsourcing, Financial Solutions and Innovation).

Var Group Srl

The Company, which is wholly owned by Var Group SpA, markets hardware and software services and solutions for the parent company Var Group SpA in central Italy.

Var Aldebra Srl

The Company, which is 51% owned by Var Group Srl, markets ICT products and solutions and provides system integration services focused on the Emilia Romagna region.

Var Group Nord Ovest Srl

The Company, which is wholly owned by Var Group Srl, develops and markets hardware, software and applications for the SME market in the North-West of Italy (through the branches of Milan, Turin and Genoa).

Business Unit Digital Transformation

Var Group Digital Srl

The Company, which is wholly owned by Var Group SpA, provides IT solutions for its business customers, with particular reference to the digital area (web marketing, e-commerce and digital solutions) for the business and finance segment.

Agenzia senza nome Srl

The Company, 71.25% owned by Apra SpA, offers digital agency services with specific skills in creating and implementing web sites/e-commerce and digital marketing.

Globo Informatica Srl

The Company, which is 58% owned by Var Group SpA, is an IT Consulting company specialized in Digital Transformation solutions enabled by Enterprise Content and Information Management platforms of Vendor's software OpenText, of which it is a key partner for the Documentum Family and point of reference in the Italian market.

AFB Net Srl

The Company, 62% owned by Var Digital Srl, is active in the digital transformation sector with specific expertise on omnichannel projects, digital marketing, social, BPM and IBM Asset Management Solutions.

Business Unit Managed & Security Services

Leonet Srl

The Company, which is wholly owned by Var Group SpA, operates in the telecommunications services sector, cloud computing and systems assistance sectors, with a portfolio of services that meets the requirements of business and professional customers.

My Smart Services Srl

The Company, which is wholly owned by Var Group SpA, provides management, maintenance, technical assistance and repair services of computers and IT products on the Italian market.

Var Service Srl

The Company, which is 55% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products.

MF Services Srl

The Company, which is 70% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products, in central and northern Italy.

Yarix Srl

The company, 50% owned by Var Group SpA, is active in the field of services and technology solutions for the IT security of private companies and public administrations.

Yarix Srl opened a R&D center in Tel Aviv for the development of innovative security systems.

Cosesa Srl

The Company, which is 100% owned by Var Group SpA, provides Strategic Outsourcing services to the major corporate customers.

Business Unit ERP & Verticals

Sirio Informatica e Sistemi SpA

The Company, which is 51% owned by Var Group SpA, develops and markets proprietary ERP software and applications for small- and medium-sized businesses.

Var Sirio Industria Srl

The Company, which is 55% owned by Sirio Informatica e Sistemi SpA, operates in the technological innovation sector (Industry 4.0), specialized in production, IoT and Energy.

Var One Srl

The Company, which is 65% owned by Var Group SpA, provides solutions and integrated services on the SAP Business One platform. Thanks to its network of qualified partners and a widespread presence on the territory it is one of the main SAP Business One expertise centres in Italy.

BMS SpA

The Company, 51% owned by Var Group SpA and consolidated from August 2015, is a leading consulting firm, focused on SAP ERP services. BMS SpA operates mainly in Northern Italy, with reference to Enterprises.

Apra SpA

The Company, which is 60% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy that offers software solutions and specific ERP to many production sectors (Furniture, Wine, etc).

Centro 3Cad Srl

80% owned by Apra SpA, it develops 3cad products in the furniture industry area. It operates in partnership with DAU and Intres, with which it forms the Consorzio 3cad for the development and support of the graphic products suite of the "3cad evolution" configurator in Italy and in the world.

Sailing Srl

The company, which is 51% owned by Var Group SpA, operates in the production and marketing of software and IT services for the Retail sector, with large retailers as major customers.

Var Prime Srl

The Company, which is 51% owned by Var Group SpA, is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise through integrated solutions and project management for major industrial sectors.

Tech-Value SpA

The company, 51% owned by Var Group SpA, is specialized in IT services and PLM solutions towards "engineering intensive" companies in manufacturing sector with over 1,000 customers and over 120 resources in its branches in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (VI), Viareggio (LU) and Barcelona (Spain). Tech-Value SpA fully owns the companies CCSTeam Srl, iSolutionDesign Srl and Lynx Tecnologia Y Innovaciò. Tech-Value SpA and CCSTeam Srl entered in the scope of consolidation starting from January 2018.

Delta Phi Sigla Srl

The Company, which is wholly owned by Var Group SpA, develops and markets software and proprietary applications for the Small Business market. Specifically, it owns the SIGLA++ software platform, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

Settore Value Added Distribution (VAD)

Computer Gross Italia SpA

The Company, which is wholly owned by Sesa SpA, distributes value-added ICT products to dealers (software houses, system integrators and dealers) with a portfolio of about 12,000 active customers in Italy, which in turn are present and operate in the small and medium business, corporate and public administration markets. Computer Gross Italia SpA is a leading Italian operator in the marketing of products and solutions provided by the main international vendors, including Citrix, Cisco, Dell, EMC², HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, VMware.

The company, with revenues equal to Euro 1,052 million and a net profit of Euro 19.8 million in the year ended 30 April 2017, is the main subsidiary of the Sesa Group. Computer Gross Italia SpA, with about 300 employees, is organized in business units with sales and technical staff dedicated to market segments (software, networking, POS) and/or distributed strategic brands.

ICOS SpA

Icos SpA, 51% owned by Computer Gross Italia SpA, is a value-added distributor of enterprise software and data center solutions on the Italian market with branches in Ferrara, Milan and Rome, with an historical partnership with the Vendor Oracle and furthermore distributor of NetApp, CommVault and Huawei solutions. Icos SpA entered in the scope of consolidation starting from November 2017.

Computer Gross Nessos Srl

Computer Gross Nessos Srl, which is 60% owned by Computer Gross Italia SpA, employs the personnel dedicated to the management of Networking products and solutions, a sector in which it is the Italian market leader thanks to the completeness and added value range of the products offered. In particular, its brand portfolio includes Cisco which is a leading vendor at global level in the networking market.

ITF Srl

The Company, which is wholly owned by Computer Gross Italia SpA, is the related Financial Services business unit, which provides financial services and solutions in support of the customer business partners. ITF controls Integration Customer Center Srl.

Computer Gross Accadis Srl

The Company, which is 51% owned by Computer Gross Italy SpA, markets Hitachi Data Systems solutions on behalf of its parent company Computer Gross Italy SpA.

Performance of operations

General economic trend

After a growth in 2015 and 2016 constant and equal to 3.2%, the year 2017 closed with a strengthening of the growth (+3.7% preliminary results) reaching the maximum level of the last seven years, in particular thanks to the contribution of the US economy and the acceleration of continental Europe. Also in 2018 and 2019 is expected a sustained growth of world GDP (+3.9% in 2018 and 2019) (source IMF - WEO, January 2018).

The Euro Area was characterized in 2017 by an acceleration of the economic recovery (+2.5% preliminary results), compared to a growth rate of 2.0% in 2015 and 1.8% in 2016, thanks both the trend in domestic demand and the growth of exports (source IMF - WEO, January 2018).

Italy closed 2017 with a GDP increase of 1.6% (preliminary results) after two years 2015 and 2016 with moderate growth below 1%. The continuous growth of the Made in Italy manufacturing and industrial districts supported by exports, the reduction of unemployment and the growth in consumption helped the positive trend of GDP. In 2018 the International Monetary Fund ("IMF") predicts an Italian GDP growth of 1.4% (source: IMF - WEO, January 2018).

The following table shows the final figures for 2015 and 2016 and the GDP forecast for 2017, 2018 and 2019 (source: FMI - WEO, January 2018).

GDP growth rate	Change GDP 2015 (actual)	Change GDP 2016 (actual)	Change GDP 2017 (expected)	Change GDP 2018 (expected)	Change GDP 2019 (expected)
World	+3.2%	+3.2%	+3.7%	+3.9%	+3.9%
Advanced Economies	+2.1%	+1.7%	+2.3%	+2.3%	+2.2%
Emerging Market	+4.0%	+4.3%	+4.7%	+4.9%	+5.0%
USA	+2.6%	+1.5%	+2.3%	+2.7%	+2.5%
Japan	+0.5%	+1.0%	+1.8%	+1.2%	+0.9%
China	+6.9%	+6.7%	+6.8%	+6.6%	+6.4%
Great Britain	+2.2%	+1.8%	+1.7%	+1.5%	+1.5%
Euro Area	+2.0%	+1.8%	+2.5%	+2.3%	+2.0%
Italy	+0.8%	+0.9%	+1.6%	+1.4%	+1.1%

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

The Information Technology market shows a trend of progressive development with more relevant growth in higher value-added areas, services and cloud computing solutions. In 2017 it should be noted a consolidation of IT market growth (+1.9%) already began in 2016 (+1.6%) which is expected to continue in 2018. The trend of progressive development of the market is in fact expected in further acceleration in 2018 (+2.5%) (source: Sirmi, February 2018).

The recovery of the IT market was mainly favored by the development of the segments Management Services (+4.5% in 2016, +6.0% in 2017E and +7.4% in 2018E), IT and cloud computing services (growth rates of over 20%) (source: Sirmi, February 2018), sectors in which Sesa Group has a significant presence.

The following table shows the trend in IT demand in Italy in 2013-2016 and the forecasts for the years 2017 and 2018 (Source: Sirmi, February 2018).

Italian IT Market (in millions of euros)	2013	2014	2015	2016	2017E	2018E	Ch. 14/13	Ch. 15/14	Ch. 16/15	Ch. 17/16	Ch. 18/17
Hardware	6,593	6,427	5,886	6,006	6,044	6,088	-2.5%	-8.4%	2.0%	0.6%	0.7%
Software	3,951	3,881	3,857	3,848	3,833	3,819	-1.8%	-0.6%	-0.2%	-0.2%	-0.4%
Project Services	3,711	3,557	3,475	3,423	3,436	3,471	-4.1%	-2.3%	-1.5%	0.4%	1.0%
Management Services	4,764	4,751	4,970	5,193	5,504	5,910	-0.3%	4.6%	4.5%	6.0%	7.4%
Total IT Market	19,019	18,616	18,188	18,470	18,817	19,288	-2.1%	-2.3%	1.6%	1.9%	2.5%
O/w Cloud Computing	789	954	1.128	1.510	1.860	2.202	20,9%	28,7%	23,0%	23,2%	18,4%
<i>% Cloud on total IT</i>	<i>4.1%</i>	<i>5.1%</i>	<i>6.2%</i>	<i>8.2%</i>	<i>9.9%</i>	<i>11.4%</i>					

Within the Italian IT market, the IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD Sector), a growth of 3% is expected in 2017, compared to 2% in 2016, mainly supported by networking, software enterprise and security segments.

Thanks to the development of the most innovative market areas (digital transformation, cloud computing, cyber security and IOT), the System Integration segment recorded a growth of about 5% in 2017, compared to +0.5% and +3% recorded in 2015 and 2016 respectively (Source Sirmi, February 2018). Var Group SpA, a wholly owned subsidiary of the Group, is one of the leading system integrators in the Italian SME and Enterprise sector with distinctive expertise in the areas of value-added IT services and solutions.

Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 January 2018 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the same period of the prior year.

Reclassified income statement	31/01/2018 (9 months)	%	31/01/2017 (9 months)	%	Change 2018/17
Revenues	984,419		937,701		5.0%
Other income	8,150		7,348		10.9%
Total Revenues and Other Income	992,569	100.0%	945,049	100.0%	5.0%
Purchase of goods	806,940	81.3%	787,838	83.4%	2.4%
Costs for services and leased assets	81,221	8.2%	61,591	6.5%	31.9%
Personnel costs	56,381	5.7%	50,907	5.4%	10.8%
Other operating charges	2,145	0.2%	2,339	0.2%	-8.3%
Total Purchase of goods and Operating Costs	946,687	95.4%	902,675	95.5%	4.9%
EBITDA	45,882	4.62%	42,374	4.48%	8.3%
D&A of tangible and intangible assets (software)	4,977		3,772		31.9%
Amortisation client lists and technological know-how	1,458		1,124		29.7%
Provisions for bad debts and risks and non-monetary costs	5,100		3,897		30.9%
EBIT	34,347	3.46%	33,581	3.55%	2.3%
Profit from companies valued at equity	514		64		703.1%
Financial income and charges	(2,250)		(3,060)		-26.5%
EBIT	32,611	3.29%	30,585	3.24%	6.6%
Income taxes	10,015		10,258		-2.4%
Net profit	22,596	2.28%	20,327	2.15%	11.2%
<i>Net profit attributable to the Group</i>	<i>20,105</i>		<i>19,030</i>		<i>5.6%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>2,491</i>		<i>1,297</i>		<i>92.1%</i>

The consolidated revenues showed an increase of 5.0% passing from Euro 937,701 thousand at 31 January 2017 to Euro 984,419 thousand at 31 January 2018, thanks to the positive performance of the Group's business sectors.

Total revenues and other income pass from Euro 945,049 thousand at 31 January 2017 to Euro 992,569 thousand at 31 January 2018, with a growth of 5.0%.

Purchase of goods passed from Euro 787,838 thousand in the period ended at 31 January 2017 to Euro 806,940 thousand in the period ended at 31 January 2018, with a percentage growth of 2.4%.

At 31 January 2018 the consolidated Gross margin¹ is equal to Euro 185,629 thousand (18.70% of Revenues and Other Income) up by 18.1% compared to Euro 157,211 thousand (16.64% of Revenues and Other Income) following the Group's growing focus on higher value-added business segments.

Total operating costs at 31 January 2018 amounted to Euro 139,747 thousand (14.1% of Revenues and Other Income) up by 21.7% compared to Euro 114,837 thousand (12.2% of Revenues and Other Income) following the Group's growing focus on higher value-added business segments. During the period it should be noted an increase in costs for services and personnel costs, resulting from the increase in services revenues, also following the change in the scope of consolidation that took place during the year ended to 30 April 2017 with the entry of the companies Var Prime Srl Companies, Yarix Srl, AFB Net Srl, Globo Informatica Srl, specialized in providing of IT services and consulting.

¹ Gross margin determined as difference between the items Total Revenues and Other Income and Purchase of goods

Consolidated Operating Costs are broken down as follows:

(in thousands of euros)	Period ended 31 January				
	2018	%	2017	%	Change
Total Revenues and Other Income	992,569	100.0%	945,049	100.0%	
Consolidated Gross Margin	185,629	18.70%	157,211	16.64%	18.1%
Costs for services and leased assets	81,221	8.2%	61,591	6.5%	31.9%
Personnel costs	56,381	5.7%	50,907	5.4%	10.8%
Other operating charges	2,145	0.2%	2,339	0.2%	-8.3%
Total Operating Costs	139,747	14.08%	114,837	12.15%	21.7%
EBITDA	45,882	4.62%	42,374	4.48%	8.3%

Personnel costs rose from Euro 50,907 thousand at 31 January 2017 to Euro 56,381 thousand at 31 January 2018, with a percentage growth of 10.8%, deriving from the increase in the Group's average workforce following the growth in turnover and the entry in the scope of consolidation of recently acquired companies, mainly in SSI Sector. The Group's total workforce passed from 1,385 units at 31 January 2017 to 1,657 units at 31 January 2018, leading to an increase of the incidence of personnel costs on Total Revenues and Other Income from 5.4% at 31 January 2017 to 5.7% at 31 January 2018. The entries in the scope of consolidation compared to 31 January 2017 mainly consist of the companies Globo Informatica Srl, Icos SpA and Tech-Value SpA, which together counted approximately 200 resources.

Below is the average and actual number of the Group's employees:

(in units)	Average number of employees at 31 January		Actual number of employees at 31 January		Actual number of employees at 30 April 2017
	2018	2017	2018	2017	
Executives	17	16	18	16	16
Middle managers	111	94	122	93	100
Office workers	1,414	1,190	1,517	1,276	1,311
Total	1,542	1,300	1,657	1,385	1,427

Ebitda amounted to Euro 45,882 thousand at 31 January 2018 (Ebitda margin 4.62%), with an increase by Euro 3,508 thousand (+8.3%) compared to Euro 42,374 thousand (Ebitda margin 4.48%) at 31 January 2017, thanks to a growth in revenues in the IT value-added services and solutions market. An increase in the contribution by the SSI segment to the Group's Ebitda was recorded throughout the first 9 months of the year, with a growth from 22% at 31 January 2017 to 34% at 31 January 2018.

Consolidated Ebit, equal to Euro 34,347 thousand (Ebit margin 3.46%), recorded an increase by 2.3% compared to Euro 33,581 thousand at 31 January 2017, after amortisation equal to Euro 6,435 thousand (+31.4% compared to 31 January 2017), as well as provisions for doubtful accounts and non monetary items equal to Euro 5,100 thousand (+30.9% compared to 31 January 2017). The growth in Ebit reflects the above-mentioned increase in Ebitda, net of the increase in the item Amortisation of tangible and intangible assets following the Group's investments in technology and software solutions supporting the growth, as well as the increase in the item Amortisation client lists and technological know-how related to the recent acquisitions.

Consolidated Ebt at 31 January 2018 is equal to Euro 32,611 thousand (Ebt margin 3.29%) with a 6.6% growth compared to Euro 30,585 thousand (Ebt margin 3.24%) recorded in the previous period, favoured by a positive change in the item Profit from companies valued at equity, passing from Euro 64 thousand at 31 January 2017 to Euro 514 thousand at 31 January 2018, and an improvement in Net financial income and charges, rising from a negative balance of Euro 3,060 thousand at 31 January 2017 to a negative balance of Euro 2,250 thousand at 31 January 2018.

The item Financial income and charges can be broken down as follows:

<i>(in thousands of euros)</i>	Period ended at 31 January	
	2018	2017
Interest expense for assignments of receivables	(629)	(1,047)
Charges and commissions for assignments of receivables with recourse	(388)	(418)
Interest expense on bank accounts and loans	(307)	(228)
Other interest expense	(983)	(843)
Commissions and other financial charges	(1,479)	(1,315)
Financial charges relating to staff severance pay (TFR)	(176)	(158)
Total financial charges	(3,962)	(4,009)
Interest income on other short-term receivables	366	892
Other financial income	614	121
Interest income on bank deposits	25	62
Dividends from equity investments	69	1
Total financial income	1,074	1,076
Net financial charges	(2,888)	(2,933)
Foreign exchange losses	(3,253)	(2,437)
Foreign exchange gains	3,891	2310
Total foreign exchange management (b)	638	(127)
Net financial management (a+b)	(2,250)	(3,060)

Consolidated net profit after taxes recorded Euro 22,596 thousand (Eat margin 2.28%) at 31 January 2018, with an 11.2% increase compared to Euro 20,327 thousand (Eat margin 2.15%) at 31 January 2017, also benefiting from a reduction in IRES tax rate, which fell from 27.5% to 24% for the fiscal year ending on 30 April 2018.

Consolidated net profit after non-controlling interests (net profit attributable to the Group) is equal to Euro 20,105 thousand at 31 January 2018, with an increase by 5.6% compared to Euro 19,030 thousand at 31 January 2017.

Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 January 2018 is shown below (in thousands of euros). The comparative figures relating to the period ended 30 April 2017 are shown together with the figures of the period ended 31 January 2018, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

Reclassified Balance Sheet	31/01/2018	31/01/2017	30/04/2017
Intangible assets	37,276	18,147	21,848
Property, plant and equipment	54,104	46,996	49,736
Investments valued at equity	9,316	3,180	8,835
Other non-current receivables and deferred tax assets	16,802	17,128	13,998
Non-current assets (a)	117,498	85,451	94,417
Inventories	70,184	68,274	61,570
Current trade receivables	421,378	410,956	315,399
Other current assets	36,413	28,902	25,407
Current operating assets (b)	527,975	508,132	402,376
Payables to suppliers	306,955	286,184	270,984
Other current payables	74,887	61,287	52,847
Short-term operating liabilities (c)	381,842	347,471	323,831
Net working capital (b-c)	146,133	160,661	78,545
Non-current provisions and deferred tax liabilities	13,782	7,064	8,457
Employee benefits	20,758	17,548	17,427
Non-current liabilities (d)	34,540	24,612	25,884
Net Invested Capital (a+b-c-d)	229,091	221,500	147,078
Group equity (f)	208,470	192,808	199,028
Medium-Term Net Financial Position	123,137	79,456	81,118
Short-Term Net Financial Position	(102,516)	(50,764)	(133,068)
Total Net Financial Position (Net Liquidity) (g)	20,621	28,692	(51,950)
Equity and Net Financial Position (f+g)	229,091	221,500	147,078

The Net Invested Capital at 31 January 2018 rose by 3.4%, passing from Euro 221,500 thousand to Euro 229,091 thousand, essentially due to:

- growth in Non-current assets equal to Euro 117,498 thousand at 31 January 2018 compared to Euro 85,451 thousand at 31 January 2017, mainly generated by the investments in corporate acquisitions and tangible assets carried out during the last 18 months;
- improvement in net working capital, which decreased to Euro 146,133 thousand (NWC/Revenues 14.7%) at 31 January 2018 from Euro 160,661 thousand (NWC/Revenues of 17.9%) at 31 January 2017.

Regarding the funding sources it should be noted:

- a decrease in Net Financial Position which recorded a passive net balance equal to Euro 20,621 thousand at 31 January 2018 compared to Euro 28,692 thousand with an improvement of 28.1% thanks to the self-financing during the period;
- the increase in Group equity which recorded Euro 208,470 thousand at 31 January 2018 compared to Euro 192,808 thousand at 31 January 2017, thanks to the profit for the period equal to Euro 22,596 thousand, net of the payment of dividends by the parent company Sesa SpA for Euro 8,666 thousand.

Non-current assets at 31 January 2018 amounted to Euro 117,498 thousand, with an increase of Euro 23,081 thousand compared to 30 April 2017, generated by:

- increase in intangible assets from Euro 21,848 thousand at 30 April 2017 to Euro 37,276 thousand at 31 January 2018, following corporate acquisitions carried out in the first nine months of the fiscal year, including the acquisition of the companies Icos SpA and Tech-Value SpA. The difference between the price

to acquire control and the net book value of related assets was allocated to the client list and technological know-how items for a total of Euro 8.0 million (amount net of deferred taxes for Euro 3.2 million) about Tech-Value SpA and Euro 1.8 million about Icos SpA (amounts net of deferred taxes recognized for Euro 0.7 million);

- increase in tangible assets from Euro 49,736 thousand at 30 April 2017 to Euro 54,104 thousand at 31 January 2018, following the Group's investments in technology to support the development of data center, cloud computing and operating leases services offered to customers.

The net working capital amounted to Euro 146,133 thousand at 31 January 2018 showing a 9.0% decrease compared to Euro 160,661 thousand recorded in the period ended 31 January 2017, thanks to a growing efficiency in net working capital management. Inventories showed a 2.8% growth compared to 31 January 2017, substantially in line with the increase in turnover.

Details of the Group's Net Financial Position at 31 January 2018 are shown below (with figures in thousands of euros). Together with the comparative figures for the year ended 30 April 2017 are also included those for the period ended 31 January 2017, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and financial management during the year.

Net Financial Position	31/01/2018	31/01/2017	30/04/2017
Liquidity	173,383	101,429	191,951
Current financial receivables	1,765	2,006	1,995
Current financial debt	72,632	52,671	60,878
Net current financial debt	(102,516)	(50,764)	(133,068)
Current financial debt	123,137	79,456	81,118
Net non-current financial debt	123,137	79,456	81,118
Net Financial Position	20,621	28,692	(51,950)

The consolidated Net Financial Position (net debt) at 31 January 2018 is equal to Euro 20,621 thousand, with an improvement by 28.1% compared to the corresponding period at 31 January 2017. The positive improvement in consolidated Net Financial Position is generated by the operative cash flow that fully covered the relevant investments carried out in the period equal to approximately Euro 25 million (corporate acquisitions and investments in technological infrastructure).

The change in the Net Financial Position at 31 January 2018 compared to 30 April 2017, which showed a net liquidity of Euro 51,950 thousand, mainly reflects the seasonality of the business where working capital absorption is higher at 31 January than at 30 April of each financial year.

Main income statement data of the VAD Sector

Below is shown the reclassified income statement of the VAD Sector (Euro thousand) as of 31 January 2018, compared with the previous year ended 31 January 2017.

VAD Segment <i>(in thousands of euros)</i>	31 January				
	2018	%	2017	%	Change
Revenues from third parties	769,197		767,818		0.2%
Inter segment revenues	59,180		53,063		
Total Revenues	828,377		820,881		0.9%
Other income	4,936		5,589		-11.7%
Total Revenues and other income	833,313	100.0%	826,470	100.0%	0.8%
Consumables and goods for resale	(764,823)	-91.8%	(760,592)	-92.0%	0.6%
Costs for services and rent, leasing and similar costs	(27,418)	-3.3%	(22,125)	-2.7%	23.9%
Personnel costs	(10,600)	-1.3%	(10,072)	-1.2%	5.2%
Other operating costs	(1,399)	-0.2%	(1,511)	-0.2%	-7.4%
Ebitda	29,073	3.5%	32,170	3.9%	-9.6%
Amortisation/depreciation, provisions and other non-monetary costs	(5,050)		(4,471)		13.0%
Ebit	24,023	2.9%	27,699	3.4%	-13.3%
Share of profits of equity-accounted companies	765		3		25400.0%
Net financial income and charges	(1,535)		(2,217)		-30.8%
Profit before taxes	23,253		25,485		-8.8%
Income taxes	(6,443)		(7,820)		-17.6%
Profit for the period	16,810	2.0%	17,665	2.1%	-4.8%
Net profit attributable to non-controlling interests	(31)		28		-210.7%
Net profit attributable to the Group	16,841		17,636		-4.5%

The VAD Sector at 31 January 2018 recorded Revenues and Other Income for Euro 833,313 thousand with a 0.8% increase compared to 31 January 2017 supported by the acceleration in turnover (+6.3%) in the quarter November 2017 - January 2018. In particular, the increase in revenues of Computer Gross Italia SpA (+3.7%) and the contribution of Icos SpA, included in the scope of consolidation since November 2017, more than offset the lower contribution of the subsidiary ITF Srl in the period.

The consolidated Gross margin² up by +4.0% from Euro 65,878 thousand (Gross margin³ ratio 8.0%) at 31 January 2017 to Euro 68,490 thousand (Gross Margin ratio 8.2%) at 31 January 2018, due to a more favorable revenues' margin mix.

The VAD segment recorded an Ebitda equal to Euro 29,073 thousand (Ebitda margin 3.5%), with a 9.6% reduction compared to Euro 32,170 thousand (Ebitda margin 3.9%) at 31 January 2017, due to the increased incidence of operating costs generated by investment in human resources, as well commercial and organizational initiatives supporting market positioning.

However, in the third quarter alone the Ebitda showed a recovering trend, passing to Euro 13,506 thousand (Ebitda margin 3.72%) at 31 January 2018 from Euro 12,897 thousand (Ebitda margin 3.77%) at 31 January 2017.

Thanks to the improvement in financial and tax management as well as the positive contribution of the companies valued at equity, the profit for the period is equal to Euro 16,810 thousand (EAT margin 2.0%) at 31 January 2018 compared to Euro 17,665 thousand (EAT margin 2.1%) at 31 January 2017, recording a decrease of 4.8%.

² Gross margin determined as difference between the items Total Revenues and Other Income and Purchase of goods

³ Gross margin ratio determined as incidence of Gross margin on Total Revenues and Other Income

Main income statement data of the SSI Sector

The reclassified income statement of the SSI Sector at 31 January 2018 is shown below (data in thousands of euros), compared with the previous period ended at 31 January 2017.

SSI Segment <i>(in thousands of euros)</i>	31 January				Change
	2018	%	2017	%	
Revenues from third parties	213,785		168,550		26.8%
Inter segment revenues	1,968		1,935		
Total Revenues	215,753		170,485		26.6%
Other income	4,448		2,684		65.7%
Total Revenues and other income	220,201	100.0%	173,169	100.0%	27.2%
Consumables and goods for resale	(95,038)	-43.2%	(80,133)	-46.3%	18.6%
Costs for services and rent, leasing and similar costs	(67,415)	-30.6%	(46,048)	-26.6%	46.4%
Personnel costs	(41,517)	-18.9%	(36,816)	-21.3%	12.8%
Other operating costs	(653)	-0.3%	(755)	-0.4%	-13.5%
Ebitda	15,578	7.1%	9,417	5.4%	65.4%
Amortisation/depreciation, provisions and other non-monetary costs	(5,459)		(3,899)		40.0%
Ebit	10,119	4.6%	5,518	3.2%	83.4%
Share of profits of equity-accounted companies	(274)		32		-956.3%
Net financial income and charges	(722)		(869)		-16.9%
Profit before taxes	9,123		4,681		94.9%
Income taxes	(3,323)		(2,151)		54.5%
Profit for the period	5,800	2.6%	2,530	1.5%	129.2%
Net profit attributable to non-controlling interests	2,463		1,259		95.6%
Net profit attributable to the Group	3,337		1,272		162.3%

Revenues in the Software and System Integration (SSI) segment recorded a 27.2% increase, reaching a value of Euro 220,201 thousand at 31 January 2018, favoured by the positive turnover trend (+26.2%) in the quarter November 2017-January 2018. Growth in this segment has been mainly organic, pushed by an increase in revenues in the most value-added sectors (Managed & Security Services, Digital Transformation, ERP & Vertical Solutions) with an Ebitda margin higher than the average one. The growth in turnover of the segment ascribable to recently acquired companies not included in the scope of consolidation at 31 January 2018 is equal to about 15%.

The SSI segment recorded in the period an Ebitda equal to Euro 15,578 thousand (Ebitda margin 7.1%), with an increase by 65.4% compared to Euro 9,417 thousand (Ebitda margin 5.4%) at 31 January 2017, achieved thanks to positive performances recorded by ERP & Vertical Solutions and Managed & Security Services business units, in which the Group benefited from an expansion of business activity, achieving an average Ebitda margin of about 10%, with a higher profitability than market's average one. In the third quarter alone (November 2017-January 2018), the Ebitda is equal to Euro 6,217 thousand (Ebitda margin 7.0%) at 31 January 2018, compared to Euro 4,320 thousand (Ebitda margin 6.1%) at 31 January 2017, with a 43.9% growth.

After depreciation and provisions for Euro 5,459 thousand, increasing of Euro 1,560 thousand compared to the same period of 2017, a negative net financial management for Euro 996 thousand and taxes for Euro 3,323 thousand, the profit for the period amounted to Euro 5,800 thousand (EAT margin 2.6%) at 31 January 2018, compared to Euro 2,530 thousand (EAT margin 1.5%), up by 129.2%.

Main income statement data of the Corporate Sector

The reclassified income statement of the Corporate Sector at 31 January 2018 is shown below (data in thousands of euros), compared with the previous period ended at 31 January 2017.

Corporate Segment <i>(in thousands of euros)</i>	2018	31 January		2017	%	Change
		%				
Revenues from third parties	1,436		1,333			7.7%
Inter segment revenues	8,762		7,699			
Total Revenues	10,198		9,032			12.9%
Other income	1,720		1,863			-7.7%
Total Revenues and other income	11,918	100.0%	10,895	100.0%		9.4%
Consumables and goods for resale	(337)	-2.8%	(543)	-5.0%		-37.9%
Costs for services and rent, leasing and similar costs	(5,878)	-49.3%	(5,404)	-49.6%		8.8%
Personnel costs	(4,264)	-35.8%	(4,019)	-36.9%		6.1%
Other operating costs	(166)	-1.4%	(101)	-0.9%		64.4%
Ebitda	1,273	10.7%	828	7.6%		53.7%
Amortisation/depreciation, provisions and other non-monetary costs	(1,026)		(423)			142.6%
Ebit	247	2.1%	405	3.7%		-39.0%
Share of profits of equity-accounted companies	23		29			-20.7%
Net financial income and charges	7		26			-73.1%
Profit before taxes	277		460			-39.8%
Income taxes	(262)		(300)			-12.7%
Profit for the period	15	0.1%	160	1.5%		-90.6%
Net profit attributable to non-controlling interests	(15)		10			-250.0%
Net profit attributable to the Group	30		150			-80.0%

The results of the Corporate Sector at 31 January 2018 show a situation of economic balance. It should be noted an increase in the turnover of the parent company Sesa SpA, determined by the expansion of the number of the companies in favor of which it provides professional services.

Ebit in the period, equal to Euro 247 thousand, recorded a decrease compared to Euro 405 thousand at 31 January 2017 as a result of the increase in the item Amortisation/depreciation, provisions and other non-monetary costs attributable to the higher figurative costs related to the annual Stock Grant Plan approved in favor of executive directors.

After a positive net financial management for Euro 30 thousand and taxes for Euro 262 thousand, the profit for the period is equal to Euro 15 thousand, down compared to Euro 160 thousand at 31 January 2017.

Segment Reporting

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

- *Value-Added Distribution*, which includes the value-added distribution, through the subsidiary Computer Gross SpA, of IT products and solutions in the categories of servers, storage, software and networking to the operators in the Enterprise and Small/Medium enterprise segment. The Group's VAD offer, integrated to software houses and integrators of technology for the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *Software and System Integration (SSI)*, which includes the offer of software, technology, services and consultancy, through the subsidiary Var Group SpA, aimed at training and supporting businesses as end users of IT. The Group provides services for the design, consultancy, development and installation of software and complex technology, pre- and after-sales assistance and strategic outsourcing.
- *Corporate*, which includes services such as administrative and finance management, organisation, planning and control, management of IT systems, human resources, general, corporate and legal affairs of the main Group companies carried out by the parent company Sesa SpA and also logistics services, (storage, assembly, customisation and handling of products) through Ict Logistica Srl.

The operating segments of Value Added Distribution and Software and System Integration are vertically integrated through the sale of IT products and solutions from Computer Gross SpA to Var Group SpA. Computer Gross SpA and Var Group SpA use the logistics services included in the Corporate segment.

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

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

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group. The criteria in determining the Ebitda reported above and applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

The segment reporting for the period ended at 31 January 2018 and 31 January 2017 is broken down as follows:

	Period ended at 31 January 2018					Period ended at 31 January 2017				
<i>(in thousands of euros)</i>	Value Added Distribution	Software e System Integration	Corporate	Eliminations		Value Added Distribution	Software e System Integration	Corporate	Eliminations	
Revenues from third parties	769,198	213,785	1,436		984,419	767,818	168,550	1,333		937,701
Inter segment revenues	59,179	1,968	8,762		69,909	53,063	1,935	7,699		62,697
Revenues	828,377	215,753	10,198	(69,909)	984,419	820,881	170,485	9,032	(62,697)	937,701
Other income	4,936	4,448	1,720	(2,954)	8,150	5,589	2,684	1,863	(2,788)	7,348
Total Revenues and Other Income	833,313	220,201	11,918	(72,863)	992,569	826,470	173,169	10,895	(65,485)	945,049
Purchase of goods	(764,823)	(95,038)	(337)	53,258	(806,940)	(760,592)	(80,133)	(543)	53,430	(787,838)
Costs for services and rent, leasing and similar costs	(27,418)	(67,415)	(5,878)	19,490	(81,221)	(22,125)	(46,048)	(5,404)	11,986	(61,591)
Personnel costs	(10,600)	(41,517)	(4,264)		(56,381)	(10,072)	(36,816)	(4,019)	-	(50,907)
Other operating costs	(1,399)	(653)	(166)	73	(2,145)	(1,511)	(755)	(101)	28	(2,339)
Ebitda	29,073	15,578	1,273	(42)	45,882	32,170	9,417	828	(41)	42,374
Amortisation, depreciation and write-downs	(5,050)	(5,459)	(1,026)	-	(11,535)	(4,471)	(3,899)	(423)	-	(8,793)
Ebit	24,023	10,119	247	(42)	34,347	27,699	5,518	405	(41)	33,581
Profit from companies valued at equity	765	(274)	23	-	514	3	32	29	-	64
Net financial income and charges	(1,535)	(722)	7	-	(2,250)	(2,217)	(869)	26	-	(3,060)
Profit before taxes	23,253	9,123	277	(42)	32,611	25,485	4,681	460	(41)	30,585
Income taxes	(6,443)	(3,323)	(262)	13	(10,015)	(7,820)	(2,151)	(300)	13	(10,258)
Profit for the period	16,810	5,800	15	(29)	22,596	17,665	2,530	160	(28)	20,327
Net profit attributable to minority interests	(31)	2,463	(15)	74	2,491	28	1,259	10	-	1,297
Net profit attributable to the Group	16,841	3,337	30	(103)	20,105	17,636	1,272	150	(28)	19,030

Relations with related parties and Group's companies

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

No significant related party transactions are reported in the period.

Significant events after the period-end

No significant events occurred after the end of the nine-month period at 31 January 2018.

Outlook on operations

The Group will continue to operate in the final quarter of the fiscal year maintaining the aim of carry on the growth in turnover and profitability achieved in the first nine months of the fiscal year, strengthening business development in value-added and high-potential segments of IT market. Furthermore, the Group will benefit from the successfully integrated corporate acquisition as well as the development in human resources.

The Chairman
Paolo Castellacci

Annexes

Consolidated Income Statement

<i>(in thousand of euros)</i>	Period ended at 31 January	
	2018	2017
Revenues	984,419	937,701
Other income	8,150	7,348
Consumables and goods for resale	(806,940)	(787,838)
Costs for services and rent, leasing and similar costs	(82,103)	(61,944)
Personnel costs	(56,381)	(50,907)
Other operating costs	(6,363)	(5,883)
Amortisation and depreciation	(6,435)	(4,896)
EBIT	34,347	33,580
Profit from companies valued at equity	514	65
Financial income	4,965	3,386
Financial charges	(7,215)	(6,446)
Profit before taxes	32,611	30,585
Income taxes	(10,015)	(10,258)
Profit for the period	22,596	20,327
<i>of which:</i>		
Net profit attributable to minority interests	2,491	1,297
Net profit attributable to the Group	20,105	19,030

Consolidated Statement of Financial Position

<i>(in thousand of euros)</i>	At 31 January 2018	At 30 April 2017
Intangible assets	37,276	21,848
Property, plant and equipment	54,104	49,736
Investment property	290	290
Equity investments valued at equity	9,316	8,835
Deferred tax assets	5,672	5,548
Other non-current receivables and assets	10,840	8,160
Total non-current assets	117,498	94,417
Inventories	70,184	61,570
Current trade receivables	421,378	315,399
Current tax receivables	8,800	4,687
Other current receivables and assets	29,378	22,715
Cash and cash equivalents	173,383	191,951
Total current assets	703,123	596,322
Non-current assets held for sale		
Total assets	820,621	690,739
Share capital	37,127	37,127
Share premium reserve	33,144	33,144
Other reserves	2,271	6,587
Profits carried forward	125,702	114,427
Total Group equity	198,244	191,285
Equity attributable to minority interests	10,226	7,743
Total equity	208,470	199,028
Non-current loans	123,137	81,118
Employee benefits	20,758	17,427
Non-current provisions	3,131	1,746
Deferred tax liabilities	10,651	6,711
Total non-current liabilities	157,677	107,002
Current loans	72,632	60,878
Payables to suppliers	306,955	270,984
Current tax payables	9,749	3,241
Other current liabilities	65,138	49,606
Total current liabilities	454,474	384,709
Total liabilities	612,151	491,711
Total equity and liabilities	820,621	690,739

Consolidated Statement of Changes in Equity

<i>(in thousand of euros)</i>	Share capital	Share premium reserve	Other reserves	Profit for the year and Profits carried forward	Group equity	Equity attributable to minority interests i	Total equity
At 30 April 2017	37,127	33,144	6,587	114,427	191,285	7,743	199,028
Profit for the period				20,088	20,088	2,508	22,596
Actuarial Profit/ Loss for employee benefits - gross			(300)		(300)	(138)	(438)
Actuarial Profit/ Loss for employee benefits - net			72		72	33	105
Comprehensive income for the period			(228)	20,088	19,860	2,403	22,263
Purchase of treasury shares			(1,152)		(1,152)		(1,152)
Reduction of shares in execution Stock Grant plan			1,098		1,098		1,098
Dividends distribution			(299)	(8,367)	(8,666)	(473)	(9,139)
Stock Grant Plan – shares vesting in the period			511		511		511
Assignment of shares in execution Stock Grant plan			(726)		(726)		(726)
Allocation of Net profit			440	(440)	-		-
Changes in the scope of consolidation and other changes			(3,960)	(23)	(3,983)	570	(3,413)
At 31 January 2018	37,127	33,144	2,271	125,702	198,244	10,226	208,470

Consolidated Statement of Cash Flows

<i>(in thousands of euros)</i>	Period ended at 31 January	
	2018	2017
Profit before taxes	32,611	30,585
Adjustments for:		
Amortisation and depreciation	6,435	4,896
Provisions for personnel and other provisions	6,401	4,451
Net financial (income)/charges	1,704	123
Profit from companies valued at equity	(514)	(381)
Other non-monetary items	935	
Cash flows generated from operating activities before changes in net working capital	47,572	39,674
Change in inventories	(8,090)	(9,195)
Change in trade receivables	(93,453)	(104,224)
Change in payables to suppliers	24,613	22,355
Change in other assets	4,226	(788)
Change in other liabilities	11,138	1,976
Use of provisions for risks	823	(24)
Payment of employee benefits	(72)	(746)
Change in deferred taxes	(105)	(252)
Change in current tax payables and receivables	(4,192)	(749)
Interest paid	(1,919)	(2,118)
Taxes paid	(3,405)	(4,864)
Net cash flow generated from operating activities	(22,864)	(58,955)
Investments in companies, net of acquired cash	(15,572)	(495)
Investments in property, plant and equipment	(8,174)	(4,743)
Investments in intangible assets	(3,556)	(2,072)
Disposals of property, plant and equipment and intangible assets	158	383
Disposal of assets held for sale		
Investments in associated companies	(544)	(16)
Disposals of other non-current investments		
Disbursement of loans		
Investments in non-current financial assets		
Collection of non-current financial assets	246	354
Dividends collected	249	1
Interest collected	391	2,152
Net cash flow generated from/(used in) investing activities	(26,802)	(4,436)
New disbursements of long-term loans and financials leasing	63,500	52,000
Repayments of long-term loans	(46,726)	(14,476)
(Decrease)/increase in short-term loans	28,060	(11,978)
Investments/disinvestments in financial assets	(32)	
Change in Group equity	(3,982)	1,109
Change in equity attributable to minority interests	570	(140)
Purchase of treasury shares	(1,153)	(343)
Dividends distribution	(9,139)	(7,520)
Net cash flow generated from/(used in) financing activities	31,098	18,652
Translation difference on cash and cash equivalents		
Change in cash and cash equivalents	(18,568)	(44,739)
Cash and cash equivalents at the beginning of the year	191,951	146,168
Cash and cash equivalents at the end of the year	173,383	101,429

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

The Director responsible for drawing up Sesa SpA's financial statements and accounting documents, pursuant to the provisions of article 154-bis, paragraph 2 of Consolidated Law on Finance hereby attests that the accounting information contained in the Interim Report at 31 January 2018 corresponds to the document results, books and accounting records.

Empoli, 14 March 2018

Alessandro Fabbroni

(Director responsible for drawing up accounting documents)