

# Annual Report

30 april

# 2017

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

**seSa** s.p.a

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# Report on operations

# 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

The Chairman, Paolo Castellacci, was 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.

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

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

The CEO, Alessandro Fabbroni, was 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 the Corporate & Services Segment.

## Corporate Governance Committees

### Holding office until

### Strategic Committee

Luigi Gola (Chairman), members 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), members Luigi Gola, Angelica Pelizzari

approval of the FS at 30.04.2018

Director in charge Alessandro Fabbroni

approval of the FS at 30.04.2018

### Remuneration Committee

Luigi Gola (Chairman), members Angelica Pelizzari and 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
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Francesco Billi, Controller and Manager of administrative processes

## Listing Market

Electronic stock market (MTA), Milan (Italy) (1)	STAR segment
Share Capital	37,126,927,50
Outstanding shares	15,494,590
Stake held by the controlling company ITH S.p.A.	52.81%
Specialist operator	Intermonte Sim SpA
Financial coverage	Intermonte Sim SpA, Banca IMI SpA

Conxi Palmero, Investor Relation Manager

## Highlights of Group results

### Consolidated income statement data at 30 April of each year

(in thousands of euros)	2017	2016	2015	2014*
Revenues	1,260,275	1,223,485	1,054,038	941,023
Total Revenues and Other Income	1,271,469	1,229,602	1,060,160	947,556
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	57,885	54,009	51,583	49,718
EBIT	44,786	43,684	41,361	39,988
EBT	40,337	37,703	35,611	34,449
Profit (loss) for the year	27,098	25,055	22,605	21,670
Profit (loss) for the year attributable to the owners of the Parent	25,043	23,964	21,803	20,672

(\* Consolidated EBITDA, EBIT, EBT and Profit for the year at 30 April 2014 are presented in an "adjusted" version, net of non-recurring costs of listing on the MTA market, equal to Euro 746 thousand before tax effect.

### Consolidated balance-sheet data at 30 April of each year

(in thousands of euros)	2017	2016	2015	2014
Total Net Invested Capital	147,078	137,603	126,527	117,802
Total equity	199,028	179,414	160,432	143,983
- attributable to the owners of the Parent	191,285	172,152	156,028	140,567
- attributable to non-controlling interests	7,743	7,262	4,404	3,416
Net Financial Position (Net Liquidity)	(51,950)	(41,811)	(33,905)	(26,181)
Total Equity and Net Financial Position	147,078	137,603	126,527	117,802

### Consolidated profitability ratios at 30 April of each year

	2017	2016	2015	2014*
EBITDA / Total Revenues and Other Income	4.55%	4.39%	4.87%	5.25%
EBIT / Total Revenues and Other Income (ROS)	3.52%	3.55%	3.90%	4.22%
Profit attributable to owners of the Parent/ Total Revenues and Other Income	1.97%	1.95%	2.06%	2.18%
Net Financial Position / EBITDA (1)	(0.90)	(0.77)	(0.66)	(0.53)

(1) negative sign due to a positive Net Financial Position at 30 April of each year

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

(in thousands of euros)	2017	2016	2015	2014
Number of employees at period-end	1,427	1,215	959	974
Average number of employees	1,321	1,150	1,025	935
Personnel costs	70,107	59,004	50,322	47,866
Average cost per unit	53.1	51.3	49.1	51.2
Percentage of resources with an open ended contract	97%	97%	96%	95%

(1) Including fixed-term contracts, excluding internships

## Main Financial Indicators

### Financial indicators

<b>Sesa Group</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
(Euro)				
Trading stock Market (1)	MTA - Star	MTA - Star	MTA - Star	MTA
Stock price (30 April of each year)	23.60	15.40	16.34	13.20
Dividend per share (2) (*)	0.56	0.48	0.45	0.45
Dividend paid (in millions of euros) (3)	8.677	7.513	7.043	6.984
Pay Out Ratio (4)	32%	30%	31%	32%
Outstanding shares (in millions)	15.49	15.65	15.65	14.85
Market capitalisation (in millions of euros at 30 April of each year)	365.7	241.0	255.7	196.0
Market to Book Value (**)	1.8	1.3	1.6	1.4
Dividend Yield (on Stock price at 30 April) (***)	2.4%	3.1%	2.8%	3.4%
<b>Sesa Group</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
(Euro)				
Earnings per share (base) (****)	1.62	1.55	1.40	1.48
Earnings per share (diluted) (*****)	1.62	1.54	1.39	1.40

(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 1 February 2013. Listing on MTA market realized in October 2013. Transition on STAR segment carried out in February 2015

(2) For the FY ended 30 April 2017 calculated according to the proposed resolution on dividends submitted to the Shareholders' Meetings of 25 and 28 August 2017

(3) Dividend 2017 gross of treasury shares

(4) Dividend 2017 gross of treasury shares/Consolidated Net Profit

(\*) Dividend paid in the following year counting on the current year

(\*\*) Market Capitalisation as of April 30 of every Fiscal Year/Consolidated Group equity

(\*\*\*) Dividend per share/market value per share as of April 30 of every Fiscal Year

(\*\*\*\*) Consolidated net profit/average number of ordinary shares net of treasury shares in portfolio

(\*\*\*\*\*) Consolidated net profit/average number of ordinary shares 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

## Company and Group Headquarters

At 30 April 2017, the workforce of the Sesa Group numbered over 1,400 employees, almost all of whom have permanent contracts.

The Company's headquarters is in Empoli (Florence), Via Piovola 138. The headquarters of the major Group companies are located in Empoli (Florence), in the technological centre of Via Piovola – Via del Pino.

The headquarters in Empoli houses facilities (offices occupying approximately 8,000 m<sup>2</sup>, a data centre dedicated to cloud computing services occupying approximately 1,000 m<sup>2</sup>, and a logistics centre and warehouse occupying approximately 12,000 m<sup>2</sup>) covering a total of over 21,000 m<sup>2</sup>.

Other offices cover the whole of Italy, the main premises being in Milan, Genoa, Turin, Verona, Bologna, Florence, Rome, Pescara, Naples, Bari, Palermo, Cagliari. The Computer Gross Italia's Cash & Carry Network now has 13 stores and covers all of Italy, including the major islands.

Group's Datacenter, Empoli (Florence)

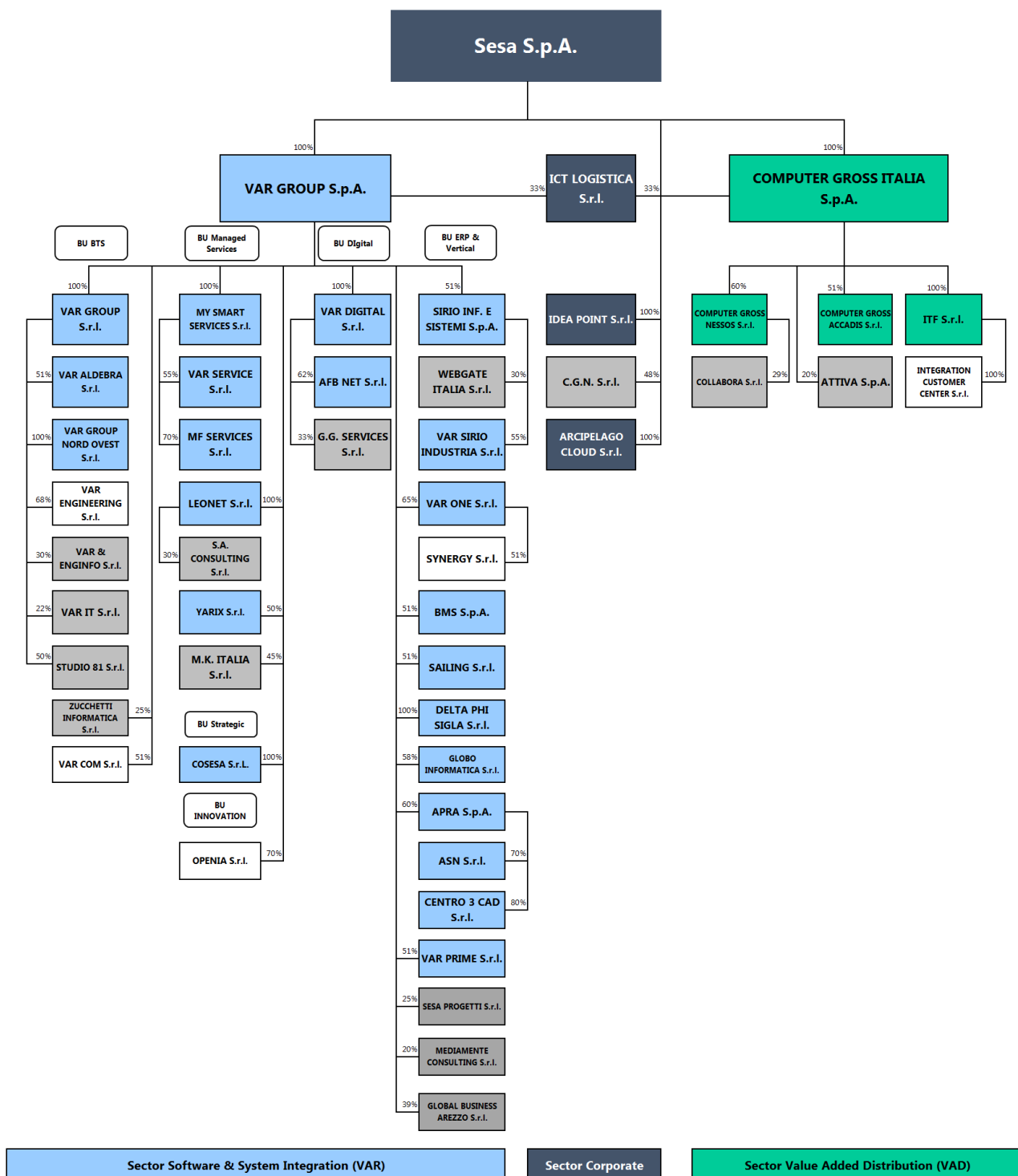


## Corporate site

Information about the Group's structure, economic and financial details, Press releases and Corporate Governance is available on the website [www.sesa.it](http://www.sesa.it)

## Structure of the Sesa Group at 30 April 2017

The Sesa Group is organised into three main divisions. The VAD Segment (Value-Added ICT Distribution) managed through the subsidiary Computer Gross Italia SpA, ) operating in the IT distribution sector, the Software and System Integration Segment (VAR), 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) 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.

For more details on the scope of consolidation and the investments held directly and indirectly by Sesa SpA, please see the Notes to the Group's Consolidated Financial Statements and related Annex.



## Letter to the Shareholders

Dear Shareholders,

in the year ending 30 April 2017, the Sesa Group recorded Revenues and Other Income for Euro 1.271 billion, with a percentage growth of 3.4% compared to the previous year and a consolidated net profit of Euro 27.1 million, recording an increase of 8.2% compared to the year ended 30 April 2016.

These results confirm the Sesa Group's constant and sustainable growth capacity in markets characterised by a moderate uptrend in demand, thanks to the development capacity of added value IT services and growth potential.

The year's results consolidated the Sesa Group's competitive position and share of the IT market, strengthening the Italian leadership of the distribution of added value IT services and solutions, on one hand, and the role as System integrator of innovative technologies and services for the enterprise sector, on the other.

The Sesa Group recorded an increase in turnover during the year, encouraged by the positive evolution of the Group's two main operating divisions. The VAD division operating in the IT distribution sector and managed through the subsidiary Computer Gross Italia SpA recorded Revenues and Other Income for Euro 1.102 billion, up 1.9% compared to the previous year, thanks to the development of sales of value added IT solutions, favoured by the introduction of new brands into the portfolio distributed and by entry into full-scale operation of the Cash&Carry network. The VAR division operating in the Software and System Integration sector with end users and managed by the subsidiary Var Group SpA recorded Revenues and Other Income equating to Euro 239.8 million, up 6.4% compared to 30 April 2016, thanks to the focus on innovative value added IT solutions.

During the year ended 30 April 2017, the Group's profitability also increased, both at operating level and in terms of net profit. EBITDA was Euro 57.9 million, up 7.2% compared to Euro 54.0 million at 30 April 2016. The Ebitda margin climbed from 4.39% to 4.55% at 30 April 2017.

Consolidated net profit before minorities reached the amount of Euro 27.1 million, up 8.2% compared to the result of Euro 25.1 million at 30 April 2016,

while the net profit attributable to the owners of the Parent reached Euro 25.0 million, recording an increase of 4.5%.

The growth of the economic results was achieved by pursuing future sustainability targets, paying attention to the Group's financial balance. Indeed, there has been a further improvement in the Group's main financial and capital ratios compared to last year. The consolidated Net Financial Position at 30 April 2017 was positive (net liquidity) by the amount of Euro 51.9 million with an improvement of Euro 10.1 million compared to 30 April 2016, attained thanks to the cash flows from operations for the year and deriving from the management of working capital, net of investments for the period namely acquisitions of new companies and technological infrastructures, amounting to over Euro 15 million, and the distribution of dividends to shareholders for the sum of Euro 7.4 million. Also at 30 April 2017, the Group's equity-related solidity was further strengthened, with consolidated shareholders' equity reaching the amount of Euro 199.0 million, compared to a total of Euro 179.4 million at 30 April 2016.

The strategic paths followed by the Group during the year regarded three main areas:

- development of the offering of Computer Gross Italia SpA, thanks to the signing of distribution agreements with innovative and trend setting vendors (software, analytics, storage), with the aim of consolidating the leadership on the Italian market;
- evolution of the business model in the VAR division from Infrastructure System Integrator to Global and Managed service provider of Italian medium-sized enterprise. Thanks to recent acquisitions and investments in highly specialised resources, the VAR Segment has enhanced its higher profit and value added services (IT Security, Digital transformation, Cloud, ERP);
- constant investment in resources and innovation. The introduction and training of new human resources continued during the year (about 60 resources), taking the Group's total resources from 1,215 to 1,417, and the acquisition of new companies integrated into the Group during the period in question, operating in innovative IT sectors, enjoyed a boost.

At business level, the Group continued to strengthen the offer of value added solutions in both the VAD and VAR sectors, also through company acquisitions which took the form of operations for the acquisition of skills and specialised resources in innovative areas with market growth potential, pursuing continuity in the management of resources, the commitment of management and the quality of services offered to customers.

Within the **Value Added Distribution (VAD)** division, Computer Gross Italia SpA confirmed its role as leader of the Italian market, thanks partly to commercial and organisation initiatives achieved during the year.

Over 25 new distribution agreements were signed during the fiscal year in the software, security and advanced technologies division with innovative vendors characterised by high development potential. Activities continued during the year to adapt the organisation and internal processes resulting from the development of the product portfolio and initiatives also continued with strategic customers and suppliers focused on value added solutions, thanks to the investment in technical and commercial resources. To favour the process of integration of new models for the use of technology as a service a, we launched a "Market place" from November 2016 with the aim of simplifying and enabling processes for the purchase of cloud solutions by customers. In February 2017, Computer Gross Italia SpA also signed a strategic partnership agreement with Attiva SpA, Italian reference distributor for Apple brand IT products, aimed at achieving operating and commercial partnerships. Following the agreement, Computer Gross Italia SpA acquired 20% of the capital of Attiva SpA.

In the **Software and System Integration (VAR) division** the year that has just ended was characterised by the progressive development of the value added IT services area, also attained through the integration of the acquisitions achieved during the current year (Var Prime Srl, Yarix Srl and Globo Informatica) and those of the previous year (Apra SpA, BMS SpA and Sailing Srl), which have helped expand the offering.

During the year, Var Group SpA set up a pole of service activities in the Cloud sector on the Microsoft Dynamics platform, for the SME and

Enterprise areas, with a comprehensive annual revenue target of over Euro 5 million.

Var Group SpA also integrated the business of Yarix Srl, operating in the increasingly significant field of cyber security, into its offering during the year.

In March 2017, Var Group SpA purchased 57.5% of the capital of Globo Informatica Srl, an IT Consulting company specialised in Digital Transformation solutions enabled by the Enterprise Content and Information Management platforms of the Vendor OpenText software, of which it is certified software partner of reference for the Italian market. Globo Informatica Srl closed its last financial statements at 31 December 2016 with revenues of Euro 8.1 million, an Ebitda of Euro 1.2 million and a net profit after tax of about Euro 0.6 million.

The company's business simplification and rationalisation programme continued during the year, with the completion of the mergers of Var Applications Srl into Sirio Informatica and Sistemi SpA on 20 July 2016, Dynamics Fashion Group Srl into Var Prime Srl on 16 December 2016, Var Business Engineering Srl into BMS SpA on 22 March 2017, Porini Technologies Srl into Var Prime Srl on 10 April 2017 and Var Life Srl into Cosesa Srl on 21 April 2017. Worth noting is that BIG Srl was sold in March 2017 and left the scope of consolidation. Lastly, in April 2017 we launched a reorganisation and simplification of the commercial network of the VAR Division in the North-East area and, thanks to the integration of the sales business of Aldebra Srl, which converged into a single corporate structure (Var Aldebra Srl).

During the year, investments continued in the recruitment of new human resources, the main strategic asset and competitive factor of the Sesa Group, with particular reference to specialised skills in the VAR sector and VAD services. The growth of the workforce, which numbered over 1,400 resources at 30 April 2017, 97.5% of which on permanent contracts, was generated by the change in the group scope linked to the acquisitions and to the introduction of new university graduates in the strategic business areas of cloud computing, security, digital transformation, ERP and value added ICT solutions and services.

In particular, in consideration of the importance of certain digital trends and the more evolved needs of customers, investments were made in resources and innovative start-ups, to strengthen the offering in certain major digital sectors, including AI (artificial intelligence), big data, machine learning, Virtual and Augmented reality, industry 4.0 and the Internet of Things.

Aware of the importance of human capital, the Group has continued to pursue programmes and initiatives of company welfare and professional training, seeking solutions to offer help and relief in relation to the tangible needs of its resources in the fields of health, children's education, support with family expenditure and work-life balance, also thanks to the contribution of the SeSa Foundation.

Based on the Group's positive profitability and financial results and in application of a pay-out ratio of 32% of the consolidated Net Profit, the meeting of the Board of Directors held on 14 July 2017 decided to submit for the approval of the

Shareholders' Meeting, the distribution of a dividend of 56 cents per share, up approximately 17% compared to the previous year.

The year that has just ended will be remembered as a year of considerable transformation of the IT market, in which physical and digital technology, software and services continued their progressive integration, with customers tending more and more to use technology as a service. Sustaining customers and strategic partners in this market evolution represents the main challenge and opportunity for the Group for the next few years. The Sesa Group, founded on the expertise of its human resources and long-term investments in technological innovation, intends to grasp the opportunities offered by the market and steadily evolve with its ecosystem, with the aim of generating value for its stakeholders (customers, employees and shareholders) in a sustainable manner.



Paolo Castellacci, Chairman



Alessandro Fabbri, CEO

## Operating conditions, business development and structure of the Group

The Sesa Group is a major Italian operator in the value-added distribution (VAD) of the main software and hardware technologies on the market and in offering software, technology, services and consultancy with the specific aim of training and supporting businesses as its IT end users.

The Sesa Group, as a whole, is able to offer a wide range of software and hardware products in addition to the consultancy services necessary to ensure that the products are used and integrated, having a strong capacity to interact with its customers, also providing high quality customer service.

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

- the *VAD (Value-Added Distribution) 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 subsidiary Computer Gross Italia SpA and focuses on value products (servers, storage, software enterprise, networking and systems);
- the *Software and System Integration segment (VAR)*, which 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 businesses as IT end users, focus on the SME and Enterprise segment, which are managed by 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 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. Corporate Segment also includes *cloud computing and marketing services* 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) is active in the sale of IT products and 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 for the resellers of the ICT channel.

#### Idea Point Srl

The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel. The company has been consolidated line-by-line starting from the current year.

## **Software and System Integration Segment**

### **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 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 Services and Digital Solutions) and 3 cross functions (Outsourcing, Financial Solutions and R&D).

### **Var Group Srl**

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

### **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).

### **Leonet Srl**

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

### **Var 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) in the Enterprise and Finance segment.

### **Cosesa Srl**

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

### **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.

### **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.

During the month of July 2016 the incorporation of the subsidiary Var Applications Srl was completed.

**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. The Company entered the scope of consolidation at 30 April 2017.

**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 mainly operates in Northern Italy, with reference to Enterprise customers. The current financial year saw the completion of the merger by incorporation of Var Business Engineering Srl.

**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).

**Agenzia senza nome Srl**

The Company, 75% owned by Apra SpA, offers digital agency services with specific skills in creating and implementing web sites/e-commerce and digital marketing.

The Company is consolidated on a line-by-line basis from the current financial year.

**Centro 3Cad Srl**

80% owned by Apra SpA, it develops 3cad products in 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. The Company is consolidated on a line-by-line basis from the current financial year.

**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. Sailing Srl entered the scope of consolidation since November 2015.

**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. Globo Informatica Srl entered the scope of consolidation in March 2017.

**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. The company, which entered the scope of consolidation in June 2016, integrated the activities of the subsidiary Dynamics Fashion Group Srl and cloud activity on the Microsoft Dynamics platform of Porini Technologies Srl by means of the mergers implemented throughout the period.

**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, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

### **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. The company is consolidated on a line-by-line basis from the current fiscal year.

### **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. Based on an additional agreement, the Company is consolidated on a line-by-line basis from the current fiscal year.

### **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 10,000 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, EMC<sup>2</sup>, 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.

#### **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, is the main Italian distributor of the vendor Hitachi Data Systems.

## Operating performance

### General economic trend

After 2014 and 2015 with growth in global GDP of 3.4% and 3.2% respectively, 2016 closed with a growth of 3.1%. Thanks to the recovery recorded in the second half of 2016 by the major economies, a 3.5% growth in global GDP is expected in 2017, higher than the growth in 2016. There are still some uncertainties linked to the extent of the medium-term recovery deriving from the agenda of the US economic policy, the evolution of the Chinese economy and the emerging countries, and, lastly, modest growth in Europe (source IMF - WEO, April 2017).

The Gross Domestic Product in the Euro Zone, which grew 2.0% in 2015, (accelerating compared to the +0.9% of 2014), slowed down in 2016 (+1.7%) due to limited development of domestic demand in certain countries, political uncertainties and the weaknesses of the financial sector. In 2017, growth is expected to stabilise at +1.7%, thanks to the cyclic recovery of production, begun in the second half of 2016 (source: IMF - WOE, April 2017).

In Italy, after three consecutive years (2012-2015) of contraction, in 2015 and 2016, GDP started to grow again, albeit modestly (+0.7% in 2015 and +0.9% in 2016). In 2017, GDP growth is expected to remain weak (+0.8%), despite the expected mark-up in the estimates due to the moderately expansive financial policy, an accommodating monetary policy and continuing growth of exports by the industrial districts Made in Italy (second European exporter). The Italian marketplace, however, continues to be influenced by an uncertain domestic monetary policy, reduced investments, high public debt and a fragile banking system (source IMF - WEO, April 2017).

The following table shows the final figures for 2015 and 2016 and the GDP forecast for 2017 (source: IMF - WOE, April 2017).

<b>GDP growth rate</b>	<b>Change in GDP 2015 (actual)</b>	<b>Change in GDP 2016 (actual)</b>	<b>Change in GDP 2017 (expected)</b>
World	+3.2%	+3.1%	+3.5%
Advanced Economies	+2.1%	+1.7%	+2.0%
Emerging Market	+4.0%	+4.1%	+4.5%
USA	+2.6%	+1.6%	+2.3%
Japan	+1.2%	+1.0%	+1.2%
China	+6.9%	+6.7%	+6.6%
Great Britain	+2.2%	+1.8%	+2.0%
Euro Area	+2.0%	+1.7%	+1.7%
Italy	+0.7%	+0.9%	+0.8%



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

The Italian Information Technology (IT) market closed 2016 with a 1.6% growth in demand, compared to a 2.3% contraction in 2015 and of 2.1% in 2014 (source: Sirmi, May 2017). The demand for IT is expected to grow steadily by 1.9% and 2.4% in 2017 and 2018 respectively.

The growth results of 2016 were influenced significantly by the hardware sales segment (+2.0%) and the constant increment of the Management services segment (+4.5%). Within the IT market, the segment with the highest growth continues to be cloud computing services, with growth rates in excess of 20% per annum, followed by Management Services (+4.5% in 2016 and +6.0% in 2017) (source Sirmi, May 2017), sectors in which the Sesa Group holds a significant presence.

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

<b>Italian IT Market</b> (in millions of euros)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017E</b>	<b>2018E</b>	<b>Ch. 14/13</b>	<b>Ch. 15/14</b>	<b>Ch. 16/15</b>	<b>Ch. 17/16</b>	<b>Ch. 18/17</b>
Hardware	6,593	6,427	5,886	6,006	6,098	6,168	-2.5%	-8.4%	2.0%	1.5%	1.2%
Software	3,951	3,881	3,857	3,848	3,833	3,828	-1.8%	-0.6%	-0.2%	-0.4%	-0.1%
Project Services	3,711	3,557	3,475	3,423	3,388	3,388	-4.1%	-2.3%	-1.5%	-1.0%	0.0%
Management Services	4,764	4,751	4,970	5,193	5,506	5,900	-0.3%	4.6%	4.5%	6.0%	7.2%
<b>Total IT Market</b>	<b>19,019</b>	<b>18,616</b>	<b>18,188</b>	<b>18,470</b>	<b>18,825</b>	<b>19,284</b>	<b>-2.1%</b>	<b>-2.3%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>2.4%</b>
<b>O/w Cloud Computing</b>	<b>789</b>	<b>954</b>	<b>1,128</b>	<b>1,510</b>	<b>1,838</b>	<b>2,202</b>	<b>20.9%</b>	<b>28.7%</b>	<b>23.0%</b>	<b>21.8%</b>	<b>19.8%</b>
<i>% Cloud on total IT</i>	<i>4.1%</i>	<i>5.1%</i>	<i>6.8%</i>	<i>8.2%</i>	<i>9.8%</i>	<i>11%</i>					

Within the Italian IT market, the IT distribution segment, where the Group operates through its main subsidiary, Computer Gross Italia SpA (VAD division), recorded a growth of 2.6% in 2016, decelerating compared to the +9% recorded in the previous year, as a result of a lower growth trend in the volume segments, including telephones, tablets and PCs. In 2017, the trend in the IT distribution market is expected to be in line with 2016 (source Sirmi, May 2017).

The System Integrator segment, where the Group operates through Var Group SpA and its subsidiaries (VAR Division) closed 2016 with a modest growth (about 1%) but with a turnaround compared to the data recorded in 2014 and 2015, -1.3% and +0.1% respectively (Source Sirmi, May 2017). The digital market is the driver of growth in the System Integration segment which is expected to record further moderate growth in 2017 as well, thanks to the most innovative components of demand, with annual growth rates of approximately 20% (IoT, cloud, managed services, IT security).

## Foreword

The reclassified balance sheets, income statements and statements of cash flows of the Group and of the parent company Sesa SpA, reported hereunder, have been prepared on the basis of the consolidated and separate financial statements at 30 April 2017, drawn up in observance of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union, as well as the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. In accordance with Recommendation CESR/05-178b on alternative performance measures, within the scope of the report on operations, in addition to the financial measures envisaged by the IFRS, other measures deriving from the latter are also illustrated, 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 to be considered as an alternative to those envisaged by the IFRS.

## Main income statement data of the Sesa Group

The reclassified consolidated income statement at 30 April 2017 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the previous year at 30 April 2016.

<b>Reclassified Income statement</b>	<b>30/04/2017</b>	<b>%</b>	<b>30/04/2016</b>	<b>%</b>	<b>Change 2017/16</b>
<b>Revenues</b>	<b>1,260,275</b>		<b>1,223,485</b>		<b>3.0%</b>
Other income	11,194		6,117		83.0%
<b>Total Revenues and Other Income</b>	<b>1,271,469</b>	<b>100.0%</b>	<b>1,229,602</b>	<b>100.0%</b>	<b>3.4%</b>
Purchase of goods	1,055,182	83.0%	1,041,977	84.7%	1.3%
Costs for services and leased assets	85,106	6.7%	71,305	5.8%	19.4%
Personnel costs	70,107	5.5%	59,004	4.8%	18.8%
Other operating charges	3,189	0.3%	3,307	0.3%	-3.6%
<b>Total Purchase of goods and Operating Costs</b>	<b>1,213,584</b>	<b>95.4%</b>	<b>1,175,593</b>	<b>95.6%</b>	<b>3.2%</b>
<b>Ebitda</b>	<b>57,885</b>	<b>4.55%</b>	<b>54,009</b>	<b>4.39%</b>	<b>7.2%</b>
Depreciation and amortisation of tangible and intangible assets (software)	5,289		3,600		46.9%
Amortisation of client lists and technological know-how	1,557		1,169		33.2%
Provisions and risks and other non-monetary costs	6,253		5,556		12.5%
<b>Ebit</b>	<b>44,786</b>	<b>3.52%</b>	<b>43,684</b>	<b>3.55%</b>	<b>2.5%</b>
Share of profit of equity-accounted companies	172		462		-62.8%
Net financial income and charges	(4,621)		(6,443)		-28.3%
<b>Ebt</b>	<b>40,337</b>	<b>3.17%</b>	<b>37,703</b>	<b>3.07%</b>	<b>7.0%</b>
Income taxes	13,239		12,648		4.7%
<b>Net profit</b>	<b>27,098</b>	<b>2.13%</b>	<b>25,055</b>	<b>2.04%</b>	<b>8.2%</b>
<i>Net profit attributable to the Group</i>	<i>25,043</i>		<i>23,964</i>		<i>4.5%</i>
<i>Net profit attributable to non-controlling interests</i>	<i>2,055</i>		<i>1,091</i>		<i>88.4%</i>

Total Revenues and Other Income recorded an increase of Euro 41,867 thousand (+3.4%), from Euro 1,229,602 thousand at 30 April 2016 to Euro 1,271,469 thousand at 30 April 2017 thanks to the positive performance of both of the Group's main business areas. The Value Added Distribution (VAD) sector and the Software and System Integration (VAR) sector recorded a growth of 1.9% and 6.4% respectively, compared to the previous year.

Costs for the purchase of products rose from Euro 1,041,977 thousand during the year ended 30 April 2016 to Euro 1,055,182 thousand in the period ending 30 April 2017, with a percentage increase of 1.3%.

The consolidated Gross Margin measured as the difference between Revenues and Other Income and costs for the purchase of products, is up Euro 28,662 thousand (+15.3% compared to 30 April 2016), from Euro 187,625 thousand (15.3% of the Total Revenues and Other income) at 30 April 2016 to Euro 216,287 thousand (17.0% of the Total Revenues and Other income) at 30 April 2017, as a result of a mix of products and services with added value.

Total Purchase of goods and Operating Costs, equal to Euro 1,213,584 thousand at 30 April 2017, showed a 95.4% incidence on Total Revenues and Other Income, down from 95.6% as of 30 April 2016. In detail, we note a reduction in the incidence of Purchase of goods on Total Revenues and Other Income, passing from 84.7% as of 30 April 2016 to 83.0% as of 30 April 2017, partially offset by the higher incidence of operating costs (Costs for services and leased assets and personnel costs), which rose from 10.9% as of 30 April 2016 to 12.5% as of 30 April 2017, resulting from the evolution of the Group's business model highly focused on the activity of managed service provider.

Operating costs can be broken down as follows:

(in thousand of euros)	FY ended 30 April				
	2017	%	2016	%	Change
<b>Total Revenues and Other Income</b>	<b>1,271,469</b>	<b>100.0%</b>	<b>1,229,602</b>	<b>100.0%</b>	<b>3.4%</b>
<b>Consolidated Gross Margin</b>	<b>216,287</b>	<b>17.0%</b>	<b>187,625</b>	<b>15.3%</b>	<b>15.3%</b>
Costs for services and leased assets	85,106	6.7%	71,305	5.8%	19.4%
Personnel costs	70,107	5.5%	59,004	4.8%	18.8%
Other operating charges	3,189	0.3%	3,307	0.3%	-3.6%
<b>Total Operating Costs</b>	<b>158,402</b>	<b>12.5%</b>	<b>133,616</b>	<b>10.9%</b>	<b>18.6%</b>

Costs for services and leased assets equating to Euro 85,106 thousand at 30 April 2017 are up Euro 13,801 thousand compared to the year ending at 30 April 2016 as a result of the increase in business volume recorded by the VAR sector in the area of service revenues. The incidence of the costs for services and leased assets on Revenues and Other income rose from 5.8% at 30 April 2016 to 6.7% at 30 April 2017 mainly resulting from the higher incidence of services on total consolidated revenues, also following the entry in VAR sector of recently acquired companies specialized in supply of IT services.

Personnel costs rose from Euro 59,004 thousand at 30 April 2016 to Euro 70,107 thousand at 30 April 2017, with a percentage growth of 18.8%, deriving from the increase in the Group's average workforce with highly specialized resources needed to cope with the growth in VAR turnover (with the entry in the scope of consolidation of recently acquired companies). The Group's total workforce passed from 1,215 units at 30 April 2016 to 1,427 units at 30 April 2017, leading to an increase of the incidence of personnel costs on Total Revenues and Other Income from 4.8% at 30 April 2016 to 5.5% at 30 April 2017. It should be noted that the companies Var Prime Srl, Yarix Srl and Globo Informatica Srl entered the scope of consolidation (from March 2017) counting altogether over 120 resources.

Consolidated Ebitda at 30 April 2017 is equal to Euro 57,885 thousand, up Euro 3,876 thousand (+7.2%) compared to 30 April 2016, highlighting a more than proportional growth compared to sales for the period in question (the Ebitda margin, rising to 4.55% of revenues from 4.39% in the previous year), consolidating the growth trend recorded, quarter by quarter, during the whole fiscal year. The increase of consolidated Ebitda was attained thanks to the growth of revenues in the value added IT services and solutions segment (Cloud Computing, Managed & Security Services, Digital and ERP Solutions), also sustained by the acquisitions in the VAR sector carried out in the previous year (Apra SpA, BMS SpA, Sailing Srl) and in the current year (Var Prime Srl, Yarix Srl, Globo Informatica Srl). The contribution of the companies acquired during the current year is positive and equal to about Euro 7.3 million in Total Revenues and Other Income and Euro 850 thousand in Ebitda.

Consolidated Ebit at 30 April 2017 is Euro 44,786 thousand, recording an increase of Euro 1,102 thousand (+2.5%) compared to Euro 43,684 thousand at 30 April 2016, after amortisation and Accruals to provision for bad debts

and risks and other non-monetary costs. This change reflects the growth of Ebitda (+7.2%) during the period, net of higher Depreciation/Amortisation and Accruals, which showed a total increase of Euro 2,774 thousand (+26.9%), from Euro 10,325 thousand at 30 April 2016 to Euro 13,099 thousand at 30 April 2017, mainly following: (i) an increase of Euro 1,689 thousand, from Euro 3,600 thousand at 30 April 2016 to Euro 5,289 thousand at 30 April 2017, in depreciation/amortisation of tangible and intangible assets as a consequence of investments in the company's datacentre in Empoli, for the development of the offering of IT solutions in Cloud mode and as a service; (ii) higher amortisation amounting to Euro 388 thousand of intangible assets for technological know-how and client lists, attributable to assets identified upon acquisition of the companies' control, which rose from Euro 1,169 thousand at 30 April 2016 to Euro 1,557 thousand at 30 April 2017; (iii) accruals and other non-monetary costs equal to Euro 6,253 thousand, with an increase of Euro 697 thousand compared to the previous year, reflecting the accruals to the provisions for bad debts and risks and non monetary costs related to the Stock Grant Plans for the Executive Directors.

Consolidated Ebt is equal to Euro 40,337 thousand at 30 April 2017, up 7.0% compared to the previous period, thanks partly to more efficient financial management. Net financial income and charges passed from a negative net balance of Euro 6,443 thousand at 30 April 2016, to a negative net balance of Euro 4,621 thousand at 30 April 2017, recording an improvement of Euro 1,822 thousand, determined, among other things, by the reduction in factoring charges. The reduction in the net financial expense item also resulted from the exchange differences which at 30 April 2017 were negative in the amount of Euro 12 thousand but recording an improvement over the net negative balance of Euro 238 thousand at 30 April 2016.

Consolidated Net profit stood at Euro 27,098 thousand at 30 April 2017, recording a 8.2% increase compared to the Consolidated Net profit of Euro 25,055 thousand at 30 April 2016, also favoured by lower taxes, which fell from 33.5% at 30 April 2016 to 32.8% at 30 April 2017, mainly thanks to the tax benefit deriving from the allowance for corporate equity ("*ACE*", *aiuto alla crescita economica*) linked to the reinvestment policy of the Group's profits and the advantages introduced in 2017 for the purchase of new capital goods. The reduction in IRES (corporate income tax) rate from 27.5% to 24% and the related benefit in terms of lower current taxes will be applicable in the next financial year as of 30 April 30 2018.

Consolidated Net profit after non-controlling interests is equal to Euro 25,043 thousand at 30 April 2017, up 4.5% compared to Euro 23,964 thousand at 30 April 2016, a less than proportional growth compared to the Consolidated Net profit due to the greater impact of the share of profit of minority interests.

## Main balance sheet data of the Group

The reclassified consolidated balance sheet at 30 April 2017 is shown below (data in thousands of euros), compared with the reclassified consolidated balance sheet of the previous year ended 30 April 2016.

<b>Reclassified Balance Sheet</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change 2017/16</b>
Intangible assets	21,848	17,251	4,597
Property, plant and equipment	49,736	44,437	5,299
Investments valued at equity	8,835	3,938	4,897
Other non-current receivables and deferred tax assets	13,998	16,340	(2,342)
<b>Total non-current assets</b>	<b>94,417</b>	<b>81,966</b>	<b>12,451</b>
Inventories	61,570	59,079	2,491
Current trade receivables	315,399	306,474	8,925
Other current assets	25,407	23,487	1,920
<b>Current operating assets</b>	<b>402,376</b>	<b>389,040</b>	<b>13,336</b>
Payables to suppliers	270,984	261,673	9,311
Other current payables	52,847	49,719	3,128
<b>Short-term operating liabilities</b>	<b>323,831</b>	<b>311,392</b>	<b>12,439</b>
<b>Net working capital</b>	<b>78,545</b>	<b>77,648</b>	<b>897</b>
Non-current provisions and other tax liabilities	8,457	6,175	2,282
Employee benefits	17,427	15,836	1,591
<b>Non-current liabilities</b>	<b>25,884</b>	<b>22,011</b>	<b>3,873</b>
<b>Net Invested Capital</b>	<b>147,078</b>	<b>137,603</b>	<b>9,475</b>
<b>Group equity</b>	<b>199,028</b>	<b>179,414</b>	<b>19,614</b>
Medium-Term Net Financial Position	81,118	65,103	16,015
Short-Term Net Financial Position	(133,068)	(106,914)	(26,154)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(51,950)</b>	<b>(41,811)</b>	<b>(10,139)</b>
<b>Equity and Net Financial Position</b>	<b>147,078</b>	<b>137,603</b>	<b>9,475</b>

Non-current assets at 30 April 2017 amounted to Euro 94,417 thousand with an increase of Euro 12,451 thousand compared to 30 April 2016, generated essentially by investments made during the year in question. The following main effects should be noted in particular:

- net increase of Euro 4,597 thousand in the intangible assets item, rising from Euro 17,251 thousand at 30 April 2016 to Euro 21,848 thousand at 30 April 2017. The change is due mainly to the acquisition of controlling interests in Var Prime Srl (formerly NTT Srl), Globo Informatica Srl and the consolidation line by line of Yarix Srl. The difference between the price to acquire control and the net book value of related assets of Var Prime Srl, Globo Informatica Srl and Yarix Srl was allocated to the client list and technological know-how items, for a total amount of Euro 4,623, gross of deferred taxes;
- net increase of Euro 5,299 thousand in property, plant and equipment, rising from Euro 44,437 thousand at 30 April 2016 to Euro 49,736 thousand at 30 April 2017. The increase is mainly due to investments carried out by the fully owned company Computer Gross Italia SpA in order to complete the Group's headquarter in Empoli and Cash&Carry network throughout Italy, and by subsidiary Leonet Srl for the extension of the proprietary Data Center.

Further improving in the efficiency of net working capital management. The Group's net working capital amounted to Euro 78,545 thousand at 30 April 2017 (6.18% of Total Revenues and Other Income), and highlighted a 1.2% increase compared to the figure of Euro 77,648 thousand (6.31% of Total Revenues and Other Income) for the year ended at 30 April 2016, less than proportional to the growth in turnover in the period in question. Inventories showed a growth in line with the growth in turnover, recording an increase of 4.2% compared to the previous year.

By effect of the items described above, the Net invested capital, equal to Euro 147,078 thousand at 30 April 2017, rose by Euro 9,475 thousand, compared to the figure of Euro 137,603 thousand at 30 April 2016.

The consolidated shareholders' equity at 30 April 2017 amounted to Euro 199,028 thousand. The increase of Euro 19,614 thousand compared to the figure at 30 April 2016 mainly reflects the profit for the year at 30 April 2017 of Euro 27,098 thousand net of the payment of dividends made in September 2016 by the parent company Sesa SpA, equating to Euro 7,408 thousand, and of the purchase of treasury shares during the year for a total of Euro 1,342 thousand.

The Group's Net Financial Position at 30 April 2017 is positive (net liquidity) by Euro 51,950 thousand, with an improvement of Euro 10,139 thousand compared to Euro 41,811 thousand at 30 April 2016. The increase in the Net Financial Position compared to the previous year is attributable mainly to the cash flow generated by operations and by the growing efficiency in the management of working capital, net of investments in the period for the acquisition of new companies and technological infrastructures and of the dividend distributed to shareholders equating to Euro 7.4 million.

The Group's Net Financial Position (in thousands of euros) for the year ending 30 April 2017 is given below, compared with the previous year, ending 30 April 2016.

<b>Net financial position</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change 2017/16</b>
Liquidity	191,951	146,168	45,783
Current financial receivables	1,995	1,294	701
Current financial debt	60,878	40,548	20,330
<b>Short-term net financial position</b>	<b>(133,068)</b>	<b>(106,914)</b>	<b>(26,154)</b>
Non-current financial debt	81,118	65,103	16,015
<b>Net financial position</b>	<b>(51,950)</b>	<b>(41,811)</b>	<b>(10,139)</b>

## VAD Sector main economic and financial figures

Below is shown the reclassified income statement of the VAD Sector (Euro thousand) as of 30 April 2017, compared with the previous year ended 30 April 2016.

<b>VAD Segment</b> <i>(in thousand of euros)</i>	<b>2017</b>	<b>30 April</b> <b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>1,028,041</b>		<b>1,002,314</b>		<b>2.6%</b>
Inter segment revenues	68,802		75,032		-8.3%
<b>Total Revenues</b>	<b>1,096,843</b>		<b>1,077,346</b>		<b>1.8%</b>
Other income	5,640		4,231		33.3%
<b>Total Revenues and other income</b>	<b>1,102,483</b>	<b>100.0%</b>	<b>1,081,577</b>	<b>100.0%</b>	<b>1.9%</b>
Consumables and goods for resale	(1,015,968)	-92.2%	(993,271)	-91.8%	2.3%
Costs for services and rent, leasing and similar costs	(29,140)	-2.6%	(30,017)	-2.8%	-2.9%
Personnel costs	(13,610)	-1.2%	(12,304)	-1.1%	10.6%
Other operating costs	(1,951)	-0.2%	(1,926)	-0.2%	1.3%
<b>Ebitda</b>	<b>41,814</b>	<b>3.8%</b>	<b>44,059</b>	<b>4.1%</b>	<b>-5.1%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(6,305)		(5,985)	-0.6%	5.3%
<b>Ebit</b>	<b>35,509</b>	<b>3.2%</b>	<b>38,074</b>	<b>3.5%</b>	<b>-6.7%</b>
Share of profits of equity-accounted companies	145		8	0.0%	1712.5%
Net financial income and charges	(2,969)		(4,254)	-0.4%	-30.2%
<b>Profit before taxes</b>	<b>32,685</b>		<b>33,828</b>	<b>3.1%</b>	<b>-3.4%</b>
Income taxes	(9,806)		(10,587)	-1.0%	-7.4%
<b>Profit for the year</b>	<b>22,879</b>	<b>2.1%</b>	<b>23,241</b>	<b>2.1%</b>	<b>-1.6%</b>
Net profit attributable to non-controlling interests	(62)		94		-166.0%
<b>Net profit attributable to the Group</b>	<b>22,942</b>		<b>23,147</b>		<b>-0.9%</b>

The VAD Sector showed an increase in revenues of 2.6% compared to the previous year ended 30 April 2016, in a reference market characterized by modest growth also due to the transformation of the business carried out by some vendors. In such scenario, Computer Gross Italia SpA has further focused on value-added distribution for Software, Data Center, Networking and Collaboration areas, investing in the research and the conclusion of new distribution agreements in the innovative digital market areas (security and collaboration software, networking, analytics, IoT) even in cloud mode. In particular, contracts were entered into with more than 25 start-up vendors starting from the beginning of 2017 and various commercial and organizational initiatives were started to support market positioning.

EBITDA in the year under review was equal to Euro 41,814 thousand, with a decrease of 5.1% compared to 30 April 2016 as a result of a contraction in sales margin due to a less favorable margin mix also due to investments in new business and organizational initiatives to support market positioning. The Ebitda margin, measured as the ratio between Ebitda and Total Revenues and Other Income, passed from 4.1% to 30 April 2016 to 3.8% as of 30 April 2017.

Net profit for the year amounted to Euro 22,879 thousand, showing a 1.6% decrease compared to the previous year as a result of the reduction in Ebitda partially offset by lower cash flow operations (Net financial income and charges) and a lower incidence of income taxes on EBT. As of 30 April 2017, the ratio of Net Profit to Total Revenues and Other Income remained stable at 2.1%.

Below is shown the reclassified balance sheet of the VAD Sector (Euro thousand) as of 30 April 2017, compared with the previous year-end 30 April 2016.

<b>Reclassified Balance Sheet</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change</b>
Intangible assets	1,211	1,249	(38)
Property, plant and equipment	41,772	40,427	1,345
Investments valued at equity	4,749	50	4,699
Other non-current receivables and deferred tax assets	6,832	6,553	279
<b>Total non-current assets</b>	<b>54,564</b>	<b>48,279</b>	<b>6,285</b>
Inventories	51,738	51,413	325
Current trade receivables	266,331	258,454	7,877
Other current assets	7,385	5,748	1,637
<b>Current operating assets</b>	<b>325,454</b>	<b>315,615</b>	<b>9,839</b>
Payables to suppliers	245,002	238,594	6,408
Other current payables	9,534	11,639	(2,105)
<b>Short-term operating liabilities</b>	<b>254,536</b>	<b>250,233</b>	<b>4,303</b>
<b>Net working capital</b>	<b>70,918</b>	<b>65,382</b>	<b>5,536</b>
Non-current provisions and other tax liabilities	2,680	1,687	993
Employee benefits	1,479	1,421	58
<b>Non-current liabilities</b>	<b>4,159</b>	<b>3,108</b>	<b>1,051</b>
<b>Net Invested Capital</b>	<b>121,323</b>	<b>110,553</b>	<b>10,770</b>
<b>Group equity</b>	<b>160,530</b>	<b>146,193</b>	<b>14,337</b>
Medium-Term Net Financial Position	59,717	46,345	13,372
Short-Term Net Financial Position	(98,924)	(81,985)	(16,939)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(39,207)</b>	<b>(35,640)</b>	<b>(3,567)</b>
<b>Equity and Net Financial Position</b>	<b>121,323</b>	<b>110,553</b>	<b>10,770</b>

The VAD Sector showed an improvement in key financial indicators. The equity recorded an increase of Euro 14,337 thousand, reaching Euro 160,530 at 30 April 2017, thanks to profits after the dividends distributed. The Net Financial Position recorded a further improvement of Euro 3,567 thousand in the period, from a positive balance (net liquidity) of Euro 35,640 thousand as of 30 April 2016 to Euro 39,207 at 30 April 2017, net of dividend distribution to the Parent company Sesa SpA and investments in infrastructure and the acquisition of the 20% interest in Attiva SpA.





## VAR Sector main economic and financial figures

Below is shown the reclassified income statement of the VAR Sector (Euro thousand) as of 30 April 2017, compared with the previous year ended 30 April 2016.

<b>VAR Segment</b> <i>(in thousand of euros)</i>	<b>2017</b>	<b>30 April</b> <b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>230,424</b>		<b>219,475</b>		<b>5.0%</b>
Inter segment revenues	2,583		3,043		-15.1%
<b>Revenues</b>	<b>233,007</b>		<b>222,518</b>		<b>4.7%</b>
Other income	6,838		2,813		143.1%
<b>Total Revenues and other income</b>	<b>239,845</b>	<b>100.0%</b>	<b>225,331</b>	<b>100.0%</b>	<b>6.4%</b>
Consumables and goods for resale	(107,892)	-45.0%	(124,592)	-55.3%	-13.4%
Costs for services and rent, leasing and similar costs	(65,115)	-27.1%	(49,570)	-22.0%	31.4%
Personnel costs	(50,926)	-21.2%	(41,446)	-18.4%	22.9%
Other operating costs	(1,127)	-0.5%	(787)	-0.3%	43.2%
<b>Ebitda</b>	<b>14,785</b>	<b>6.2%</b>	<b>8,936</b>	<b>4.0%</b>	<b>65.5%</b>
Amortisation/depreciation, provisions and other non-monetary costs	(5,969)		(3,916)	-1.7%	52.4%
<b>Ebit</b>	<b>8,816</b>	<b>3.7%</b>	<b>5,020</b>	<b>2.2%</b>	<b>75.6%</b>
Profit from companies valued at equity	25		437	0.2%	-94.3%
Net financial income and charges	(1,681)		(2,211)	-1.0%	-24.0%
<b>Profit before taxes</b>	<b>7,160</b>		<b>3,246</b>	<b>1.4%</b>	<b>120.6%</b>
Income taxes	(3,089)		(1,700)	-0.8%	81.7%
<b>Profit for the year</b>	<b>4,071</b>	<b>1.7%</b>	<b>1,546</b>	<b>0.7%</b>	<b>163.3%</b>
Net profit attributable to minority interests	2,098		937		123.9%
<b>Net profit attributable to the Group</b>	<b>1,972</b>		<b>609</b>		<b>223.8%</b>

VAR Sector's Total Revenues and Other Income grew by 6.4% from Euro 225.3 million at 30 April 2016 to Euro 239.8 as of 30 April 2017. Growth in segment revenues was mainly generated by the development of Managed Service, Digital and ERP & Vertical services, including the recent acquisitions made during the year (Var Prime Srl, Yarix Srl, Globo Informatica Srl) with a contribution of approximately Euro 7.3 million and the acquisitions carried out in the first half of the previous fiscal year (Apra SpA, Sailing Srl, BMS SpA).

EBITDA amounted to Euro 14,785 thousand at 30 April 2017, with an increase of 65.5% compared to Euro 8,936 thousand recorded at 30 April 2016. The growth in EBITDA is mainly attributable to the positive performance of ERP & Vertical area supported by the integration of the above-mentioned acquisitions (with a positive contribution of approximately Euro 850 thousand of companies acquired during the fiscal year) and the growth of Managed Services sector thanks to the Ebitda generation of the Cloud company Leonet Srl, fully owned by Var Group SpA.

At 30 April 2017 EBIT was equal to Euro 8,816 thousand, with an increase of 75.6% compared to Euro 5,020 thousand at 30 April 2016. This change is net of higher amortization/depreciation and accruals to provision for bad debts and risks, which passed from Euro 3,916 thousand at 30 April 2016 to Euro 5,969 thousand at 30 April 2017, mainly due to higher depreciation/amortization of tangible and intangible assets for Euro 1,574 thousand resulting from investments in the proprietary datacenter to support the offer in cloud mode and as a service, as well as higher amortization of the difference in value between the acquisition price of the acquired companies and the corresponding equity and the higher accruals to provision for bad debts and risks for Euro 479 thousand.

At 30 April 2017 EBT amounted to Euro 7,160 thousand, showing a 120.6% growth compared to the previous year, benefiting from the above-mentioned increase in EBITDA and the improved cash flow operations, the negative balance of which recorded a reduction from Euro 2,211 thousand to Euro 1,681 thousand at 30 April 2017.

Net profit amounted to Euro 4,071 thousand at 30 April 2017, recording an increase of 163.3% compared to Euro 1,546 thousand at 30 April 2016.

Below is shown the reclassified balance sheet of the VAR Sector (Euro thousand) as of 30 April 2017, compared with the previous year's consolidated result.

<b>Reclassified Balance Sheet</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change</b>
Intangible assets	20,556	15,981	4,575
Property, plant and equipment	7,477	3,786	3,691
Investments valued at equity	3,296	3,100	196
Other non-current receivables and deferred tax assets	7,085	9,544	(2,459)
<b>Total non-current assets</b>	<b>38,414</b>	<b>32,411</b>	<b>6,003</b>
Inventories	9,977	7,762	2,215
Current trade receivables	80,799	76,748	4,051
Other current assets	17,738	17,449	289
<b>Current operating assets</b>	<b>108,514</b>	<b>101,959</b>	<b>6,555</b>
Payables to suppliers	70,408	68,193	2,215
Other current payables	38,490	28,702	9,788
<b>Short-term operating liabilities</b>	<b>108,898</b>	<b>96,895</b>	<b>12,003</b>
<b>Net working capital</b>	<b>(384)</b>	<b>5,064</b>	<b>(5,448)</b>
Non-current provisions and other tax liabilities	5,989	4,688	1,301
Employee benefits	14,518	13,058	1,460
<b>Non-current liabilities</b>	<b>20,507</b>	<b>17,746</b>	<b>2,761</b>
<b>Net Invested Capital</b>	<b>17,523</b>	<b>19,729</b>	<b>(2,206)</b>
<b>Group equity</b>	<b>21,136</b>	<b>18,222</b>	<b>2,914</b>
Medium-Term Net Financial Position	21,401	18,758	2,643
Short-Term Net Financial Position	(25,014)	(17,251)	(7,763)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(3,613)</b>	<b>1,507</b>	<b>(5,120)</b>
<b>Equity and Net Financial Position</b>	<b>17,523</b>	<b>19,729</b>	<b>(2,206)</b>

Even from a financial point of view, the sector recorded an improvement. Net equity passed from Euro 18,222 thousand at 30 April 2016 to Euro 21,136 thousand at 30 April 2017. The Net Financial Position showed a positive trend from a negative balance (net debt) of Euro 1,507 thousand at 30 April 2016 to a positive balance (net liquidity) of Euro 3,613 thousand, with an improvement of Euro 5,120 thousand.



## Corporate Sector main economic and financial figures

Below is shown the reclassified income statement of the Corporate Sector (Euro thousand) as of 30 April 2017, compared with the previous year ended 30 April 2016.

<b>Corporate Segment</b> <i>(in thousand of euros)</i>	<b>30 April</b>				
	<b>2017</b>	<b>%</b>	<b>2016</b>	<b>%</b>	<b>Change</b>
<b>Revenues from third parties</b>	<b>1,810</b>		<b>1,696</b>		<b>6.7%</b>
Inter segment revenues	10,727		10,242		4.7%
<b>Revenues</b>	<b>12,537</b>		<b>11,938</b>		<b>5.0%</b>
Other income	2,575		1,900		35.5%
<b>Total Revenues and other income</b>	<b>15,112</b>	<b>100.0%</b>	<b>13,838</b>	<b>100.0%</b>	<b>9.2%</b>
Consumables and goods for resale	(629)	-4.2%	(926)	-6.7%	-32.1%
Costs for services and rent, leasing and similar costs	(7,422)	-49.1%	(6,437)	-46.5%	15.3%
Personnel costs	(5,571)	-36.9%	(5,257)	-38.0%	6.0%
Other operating costs	(156)	-1.0%	(230)	-1.7%	-32.2%
<b>Ebitda</b>	<b>1,334</b>	<b>8.8%</b>	<b>988</b>	<b>7.1%</b>	<b>35.0%</b>
Amortisation, depreciation and other non-monetary costs	(825)		(424)	-3.1%	94.6%
<b>Ebit</b>	<b>509</b>	<b>3.4%</b>	<b>564</b>	<b>4.1%</b>	<b>-9.8%</b>
Share of profits of equity-accounted companies	2		17	0.1%	-88.2%
Net financial income and charges	29		22	0.2%	31.8%
<b>Profit before taxes</b>	<b>540</b>		<b>603</b>	<b>4.4%</b>	<b>-10.4%</b>
Income taxes	(360)		(353)	-2.6%	2.0%
<b>Profit for the year</b>	<b>180</b>	<b>1.2%</b>	<b>250</b>	<b>1.8%</b>	<b>-28.0%</b>
Net profit attributable to non-controlling interests	18		60		-70.0%
<b>Net profit attributable to the Group</b>	<b>162</b>		<b>190</b>		<b>-14.7%</b>

The Sector's operating results showed an increase in turnover compared to the previous year thanks to the increase in professional services provided by Sesa SpA and logistic services provided by the subsidiary ICT Logistica Srl and in EBITDA, due to the lower incidence of operating costs on revenues. Net profit is equal to Euro 180 thousand at 30 April 2017. Even from a financial point of view we note an improvement in key indicators compared to the previous year.

<b>Reclassified Balance Sheet</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change</b>
Intangible assets	81	21	60
Property, plant and equipment	777	514	263
Investments valued at equity	1,037	1,035	2
Other non-current receivables and deferred tax assets	67,538	67,669	(131)
<b>Total non-current assets</b>	<b>69,433</b>	<b>69,239</b>	<b>194</b>
Inventories			
Current trade receivables	7,940	13,598	(5,658)
Other current assets	2,958	1,147	1,811
<b>Current operating assets</b>	<b>10,898</b>	<b>14,745</b>	<b>(3,847)</b>
Payables to suppliers	4,494	3,123	1,371
Other current payables	4,885	9,440	(4,555)
<b>Short-term operating liabilities</b>	<b>9,379</b>	<b>12,563</b>	<b>(3,184)</b>
<b>Net working capital</b>	<b>1,519</b>	<b>2,182</b>	<b>(663)</b>
Non-current provisions and other tax liabilities	27	(5)	32
Employee benefits	1,430	1,357	73
<b>Non-current liabilities</b>	<b>1,457</b>	<b>1,352</b>	<b>105</b>
<b>Net Invested Capital</b>	<b>69,495</b>	<b>70,069</b>	<b>(574)</b>
<b>Group equity</b>	<b>85,125</b>	<b>82,747</b>	<b>2,378</b>
Medium-Term Net Financial Position			
Short-Term Net Financial Position	(15,630)	(12,678)	(2,952)
<b>Total Net Financial Position (Net Liquidity)</b>	<b>(15,630)</b>	<b>(12,678)</b>	<b>(2,952)</b>
<b>Equity and Net Financial Position</b>	<b>69,495</b>	<b>70,069</b>	<b>(574)</b>

## Parent Company Sesa SpA main economic and financial figures

Below is shown the reclassified income statement (Euro thousand) as of 30 April 2017, compared with the previous year ended 30 April 2016.

<b>Reclassified income statement</b>	<b>30/04/2017</b>	<b>%</b>	<b>30/04/2016</b>	<b>%</b>	<b>Change 2017/16</b>
<b>Revenues</b>	<b>5,483</b>		<b>5,116</b>		<b>7.2%</b>
Other income	1,585		955		
<b>Total Revenues and Other Income</b>	<b>7,068</b>	<b>100.0%</b>	<b>6,071</b>	<b>100.0%</b>	<b>16.4%</b>
Goods for resale	43	0.6%	49	0.8%	-12.2%
Costs for services and leased assets	1,921	27.2%	1,521	25.1%	26.3%
Personnel costs	3,972	56.2%	3,741	61.6%	6.2%
Other operating charges	70	1.0%	100	1.6%	-30.0%
<b>Total Good for resale and operating costs</b>	<b>6,006</b>	<b>85.0%</b>	<b>5,411</b>	<b>89.1%</b>	<b>11.0%</b>
<b>EBITDA</b>	<b>1,062</b>	<b>15.0%</b>	<b>660</b>	<b>10.9%</b>	<b>60.9%</b>
Amortisation and depreciation	42		35		20.0%
Accruals to provision for bad debts and risks and other non-monetary costs	713		354		101.4%
<b>EBIT</b>	<b>307</b>	<b>4.3%</b>	<b>271</b>	<b>4.5%</b>	<b>13.3%</b>
Financial income and charges	8,790		8,237		6.7%
<b>EBT</b>	<b>9,097</b>	<b>128.7%</b>	<b>8,508</b>	<b>140.1%</b>	<b>6.9%</b>
Income taxes	290		252		15.1%
<b>Net profit</b>	<b>8,807</b>	<b>124.6%</b>	<b>8,256</b>	<b>136.0%</b>	<b>6.7%</b>

In the year ended 30 April 2017, Sesa SpA recorded a significant improvement in revenues and Net profit thanks to the development of operations.

Total Revenues and Other Income amounted to Euro 7,068 thousand at 30 April 2017, with an increase of Euro 997 thousand (+16.4%) compared to Euro 6,071 thousand at 30 April 2016, thanks to the development of services and companies belonging to the Group. Sesa SpA's revenues relate to administration, finance, planning and management control, human resources management and information systems management provided to Sesa Group companies.

The total operating costs as of 30 April 2017 amounted to Euro 6,006 thousand, up by Euro 595 thousand compared to Euro 5,411 thousand at 30 April 2016, mainly due to the increase in staff in support of IT services following the growth in turnover. The incidence of total operating costs on Total Revenues and Other Income fell from 89.1% at 30 April 2016 to 85.0% as of 30 April 2017, less impacted by personnel costs that increased less than proportionally than revenues.

EBITDA amounted to Euro 1,062 thousand at 30 April 2017, with an increase of Euro 402 thousand compared to Euro 660 thousand recorded at 30 April 2016, due to the increase in operating efficiency. The ratio of EBITDA to Total Revenues and Other Income (EBITDA margin) grew from 10.9% at 30 April 2016 to 15.0% as of 30 April 2017.

Cash flow operations and the management of investments grew from Euro 8,237 thousand at 30 April 2016 to Euro 8,790 thousand at 30 April 2017, thanks to the higher dividends resolved by subsidiaries compared to the previous year.

Net profit after taxes amounted to Euro 8,807 thousand at 30 April 2017, with an increase of Euro 551 thousand compared to Euro 8,256 thousand as of 30 April 2016.

Below is shown the reclassified balance sheet(Euro thousand) as of 30 April 2017, compared with the previous year ended 30 April 2016.

<b>Reclassified balance sheet</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change 2017/16</b>
Intangible assets	70	18	52
Property, plant and equipment	322	34	288
Equity Investments and Other non-current receivables	68,761	68,897	(136)
<b>Total non-current assets</b>	<b>69,153</b>	<b>68,949</b>	<b>204</b>
<b>Net working capital</b>	<b>(552)</b>	<b>61</b>	<b>(613)</b>
Non-current provisions and other tax liabilities			
Employee benefits	1,146	1,084	62
<b>Non-current liabilities</b>	<b>1,146</b>	<b>1,084</b>	<b>62</b>
<b>Net Invested Capital</b>	<b>67,455</b>	<b>67,926</b>	<b>(471)</b>
<b>Equity</b>	<b>82,239</b>	<b>79,975</b>	<b>2,264</b>
Medium-Term Net financial position			
Short-Term Net financial position	(14,784)	(12,049)	(2,735)
<b>Total Net financial position (Net liquidity)</b>	<b>(14,784)</b>	<b>(12,049)</b>	<b>(2,735)</b>
<b>Equity and Net financial position</b>	<b>67,455</b>	<b>67,926</b>	<b>(471)</b>

Non-current assets at 30 April 2017 amounted to Euro 69,153 thousand, mainly formed by equity investments and other non-current receivables, almost entirely represented by the net book value of strategic equity investments in Computer Gross Italia SpA and Var Group SpA. In the year ended 30 April 2016 total non-current assets recorded a net increase of Euro 204 thousand, compared with the previous year, mainly due to software and technology investment for the provision of services, and the reduction in deferred tax assets.

At 30 April 2017, the net working capital, calculated as the difference between current assets and non-current financial liabilities, showed a negative balance of Euro 552 thousand compared with the balance of Euro 61 thousand at 30 April 2016.

Equity amounted to Euro 82,239 thousand at 30 April 2017, with an increase of Euro 2,264 thousand compared to Euro 79,975 thousand at 30 April 2016. The positive change is mainly due to the Net profit of the current year equal to Euro 8,807 thousand, net of dividends paid in September 2016, equal to Euro 7,408 thousand.

The Sesa SpA's net financial position is positive (net liquidity) by Euro 14,784 thousand, with an improvement of Euro 2,735 thousand compared to Euro 12,049 thousand at 30 April 2016. The positive net change is due to the self-financing in the period and the management of the strategic equity investments.

<b>Net financial position</b>	<b>30/04/2017</b>	<b>30/04/2016</b>	<b>Change 2017/16</b>
Liquidity	8,284	7,049	1,235
Current financial receivables	6,500	5,000	1,500
Current financial debt	-		
<b>Short-term net financial position</b>	<b>(14,784)</b>	<b>(12,049)</b>	<b>(2,735)</b>
Non-current financial debt			
<b>Net financial position</b>	<b>(14,784)</b>	<b>(12,049)</b>	<b>(2,735)</b>

## Corporate Governance

The Corporate Governance system adopted by Sesa SpA complies with the indications contained in the Code of Corporate Governance of Italian listed companies, published by Borsa Italiana SpA with integrations of the specific characteristics of the Group. In particular, numerous meetings of the Audit and Risks and Related Parties Committee, the Remuneration Committee and the Strategic Committee were held during the year. The first two of these Committees are made up entirely of non-executive members of the Board of Directors with a majority of independent directors.

In accordance with law 231 of 2001, the company also has a Supervisory Body and an Internal Audit function, which has also operated with reference to the main subsidiaries, Computer Gross Italia SpA and Var Group SpA. The meeting of the Board of Directors, held on 14 July 2017, on proposal of the Remuneration Committee, defined the Remuneration Policy, in compliance with the recommendations of the Code of Corporate Governance and the regulatory provisions issued by Consob (National Commission for Companies and the Stock Exchange) .

The meeting of the Board of Directors, held on 14 July 2017 also approved the Report of Corporate Governance, which contains a general description of the corporate governance system implemented by the Group and provides information on the ownership structures and compliance with the Code of Corporate Governance, including the main governance procedures applied and the characteristics of the internal audit and risk management system, also in relation to the financial reporting process.

The above Report can be consulted on the website [www.sesa.it](http://www.sesa.it), in the Corporate Governance section. The Code of Corporate Governance can be also consulted on the website of Borsa Italiana SpA [www.borsaitaliana.it](http://www.borsaitaliana.it). It should also be noted that the meeting of the Board of Directors held on 14 July 2017 approved the Audit Report at 30 April 2017, drawn up by the Internal Audit function and previously approved by the Audit and Risks Committee, having ascertained the adequacy of the organisation, administrative and accounting structure of the company and of the strategic subsidiaries and having examined and expressed a favourable opinion on the Financial Reporting Manager's Report with regard to the adequacy and effectiveness of the administrative and accounting procedures. Lastly, the Board of Directors examined and approved the annual report drawn up by the Supervisory Body.

## Treasury shares

At 30 April 2017, the parent company Sesa SpA held 44,383 shares, equal to 0.29% of the share capital, purchased at an average price of Euro 19.54 in accordance with the purchase plan of Treasury shares resolved by the shareholders' meeting on 28 August 2016. In application of the international accounting standards, these instruments are deducted from the company shareholders' equity.

## Research and development activity

Pursuant to article 2428, paragraph 2 no. 1, it is acknowledged that some Group companies, in particular Sirio Informatica e Sistemi SpA, Var Digital Srl, Delta Phi Srl, Apra SpA, Sailing Srl, Leonet Srl, Var Aldebra Srl and BMS SpA, carried out research and development activities.

## Relations with subsidiaries, associates, controlling companies and related concerns

As regards related party disclosures pursuant to article 2428 of the Italian Civil Code, and in accordance with IAS 24, it should be noted that any transactions carried out with related parties in any ordinary operations were entered into at market conditions and under conditions that were to the parties' mutual financial benefit.

The management of relations with related parties is subject to a special regulation approved by the Control and Risk Committee and Related Parties Committee in application of the Code of Corporate Governance for Listed Companies.

The Group's related parties have been identified in accordance with IAS 24. For more details as to relations with related parties, see the specific section reported in the notes to the consolidated financial statements of the Group.

These relations, which did not include atypical and/or unusual transactions, were regulated by standard market conditions.

## Information relating to the Environment and Personnel

The Group operates with the aim of respecting the environment and pursuing maximum safety for its employees. In this sense, it is important to ensure that no serious accidents occur in the workplace and that no charges of professional sickness or improper company behaviour towards employees are made that would entail the company responsibility.

It should be noted, in particular, that during the last year, the parent company took all the necessary steps to implement law 81/2008, with training programmes for human resources, involving almost all members of staff.

The Group companies received no charges or sanctions for environmental damages.

Details of the average and precise number of Group employees are given in the Notes to the Financial Statements, in the section relating to personnel costs.

## Information on Human Resources

Human capital represents the Sesa Group's main asset: skills, specialisations and integrity are the distinguishing value with which to take on the competitive challenges of the market.

The Sesa Group invests in its human resources via a programme of selection, management and enhancement, training, incentives and welfare. The average age of the Group's resources is 42.

During the year, over 60 resources (less than 30 years old) were employed in the Group's companies, mainly with university graduates and with a significant female presence (about 50%), recruited from the main Italian universities and placed through targeted training courses, in innovative and high potential growth areas such as cloud computing, digital communication, security, services and value-added IT solutions.

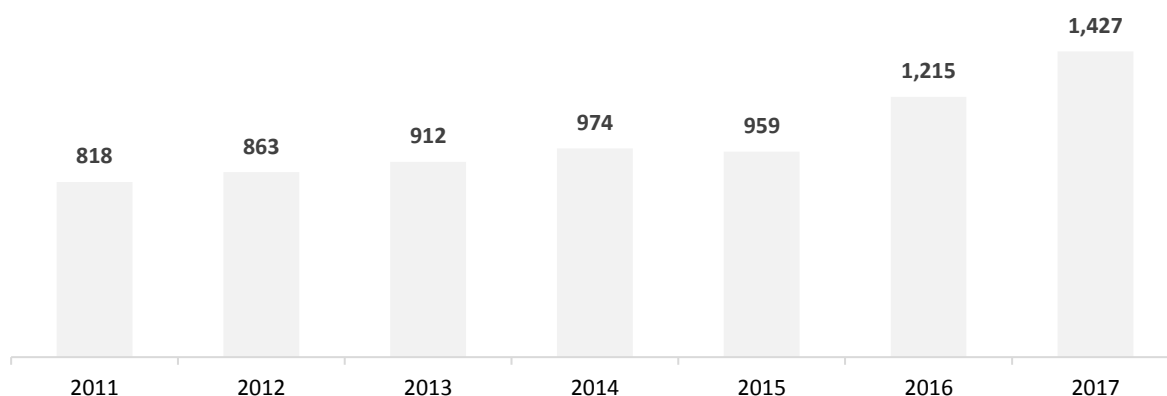
Staff recruitment aims to identify the best resources available, via agreements with the leading Italian universities, participation in career days and the use of job sites, in observance of the principles of transparency and impartiality. To this end, specific internal company procedures were developed for selection, introduction and professional development.

Moreover, some training and updating courses that involved more than 50% of the employees took place in the current year, covering technical areas (also through dedicated seminars and events), as well as regulatory and

motivation issues. The training hours provided during the year were over 10,000 including professional, technical and law updates.

In order to achieve the management goals, individual incentive programmes were assigned to most of the commercial resources and key figures in the Group, linked to achieving the quali/quantitative performances defined at the beginning of each year, in keeping with the Group strategy. Targeted career paths were also defined, along with professional development plans for the growth and improvement of key figures and human capital. The historical evolution of the Group's human resources highlights continuous growth, in support of the development of Group revenues and business.

Historical evolution of the Group workforce (exact number)



As of 30 April 2017, the Group's personnel numbered 1,427, showing a growth trend of over 200 resources, of which about 140 units as a result of the expansion of the scope of consolidation with the entry of Yarix Srl, Globo Informatica Srl, Var Prime Srl, Var Sirio Industra Srl, AFB Net Srl, Agenzia Senza Nome Srl and Centro 3 CAD Srl, and about 60 resources following targeted recruitment plans, in partnership with some of the major Italian universities.

The average and exact number of Group employees is indicated below, divided by type of contract:

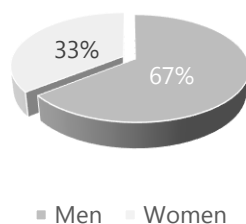
<i>(in units)</i>	Average number of employees for the financial year ended 30 April		Exact number of employees at 30 April	
	2017	2016	2017	2016
Executives	16	16	16	16
Middle managers	98	93	100	95
Office workers	1,207	1,041	1,311	1,104
<b>Total</b>	<b>1,321</b>	<b>1,150</b>	<b>1,427</b>	<b>1,215</b>

The Group considers human capital to be a strategic resource, to be retained and developed with long-term professional growth programmes. At 30 April 2017, staff on permanent contracts accounted for 97.5% of the total Group resources.

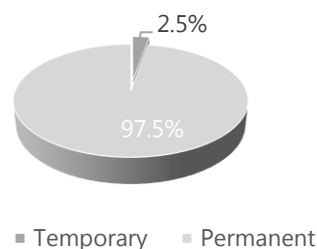
The number of female employees accounted for 33% of the total.



Group workforce by gender



Group workforce by type of contract



As proof of the close attention paid to the matter of defence and enhancement of its human resources, the Sesa Group works hard to create staff retention; it has never had recourse to redundancy schemes or put in place any laying off; in the current year the company also implemented welfare programmes which concerned almost all resources, in collaboration with the SeSa Foundation, aimed at optimising the quality of labour and balancing work with private and family life.

## Corporate Social Responsibility of the Sesa Group

Corporate Social Responsibility is a founding element of the Sesa Group's business culture.

Since its establishment, the Group has actively contributed to the construction of a fair, loyal working environment attentive to the needs of its human resources and all stakeholders. In particular, certain important activities were launched during the year to substantiate the corporate social responsibility actions of the Sesa Group in a more coherent and systematic way. The main activities are summarised below:

### ***Ethical Certification SA 8000***

During the year, the parent company obtained the Ethical Certification SA 8000, the international certification standard drawn up by the CEPAA (Council of Economical Priorities Accreditation Agency) aimed at ensuring the company's respect of certain key principles of corporate management relating to corporate social responsibility including:

- respect of human rights;
- respect of employee rights;
- defence against the exploitation of minors;
- guaranteed health and safety in the workplace.

### ***Sesa Foundation***

The Sesa Foundation was formed in July 2014 by initiative of the parent company of ITH SpA, HSE Spa, with the aim of creating a structure dedicated to activities of social solidarity, education, training, research and welfare on the territory. The main functions of the Sesa Foundation include the promotion and organisation of initiatives of a scientific and educational nature, the funding of charity and the promotion of assistance activities. In February 2016, the Sesa Foundation also promoted the development of the company crèche (SeSa Baby) for children between 3 and 12 months, located at the Group's headquarters.

It also continued the charitable activities of Sesa Foundation with philanthropic donations in the territory (Ospedale Pediatrico Meyer, Protezione Civile, Fraternita di Misericordia).

### ***Sesa Farm***

Sesa Farm was set up at the beginning of 2015 by the Sesa Foundation with the aim of developing innovative start-up projects in the ICT sector, with an industrial laboratory at the technology centre in Empoli, Via Piovola. The purpose of Sesa Farm is to examine the technological start-up projects, selecting those of industrial interest and preparing, also with the support of the university sector, business plans and plans for the introduction and acceleration of business within the Sesa Farm structures. It should be noted that, on 6 July 2015, an agreement was entered into between Sesa Farm, Sesa Foundation and Florence University, through the CSAVRI and Florence

University Incubator.

Framework agreements are in progress between Sesa Farm, Sesa Foundation and the Universities of Siena and Pisa for the realization of activities in the field of intelligent manufacturing (Industry 4.0).

### ***Company welfare programmes***

Through the personnel office of Sesa SpA, the Group promotes an organised plan of company welfare projects, which is renewed annually and includes: i) scholarships and award for the employees' children ; ii) management of a company crèche ("Sesa Baby") dedicated to the children of Group employees; iii) team building activities; iv) initiative "Carrello della Spesa" for all Group employees and (v) services supporting family spending (laundry/ironing service, on-line shopping and canteen) . The company welfare project pursues work-life balance aims, reconciling family and professional needs of Group staff.

### ***Education and training***

During the year that has just ended, important agreements and arrangements were signed with Tuscany's leading universities, including those of Florence, Pisa and Siena. In addition to ordinary training activities, in the work safety sector and ICT, it should be noted the beginning of courses of "Digital Trasformation" and the continuation of English courses for the Group's human resources. Lastly, agreements were entered into with certain higher education centres to alternate school/work and accomplish projects in the field of innovation.

Overall, over 10,000 training hours were spent on the Group's human resources.

### ***Environmental responsibility***

The Sesa Group is also sensitive to the issue of environmental responsibility. Through the use of a photovoltaic plant of 260 kWh, enhanced at the end of 2016, in the fiscal year over 260,000 Kwh was produced and thus saved at its headquarters in Empoli.

A voluntary project for the collection of used toner cartridges is also in place, sending them to the manufacturer to be recycled, and containers for separate waste collection are present in every Group office. In 2016/2017, through the "paperless" programme, the Group has further strengthened its process of digital filing of documents, even fiscal, and the review of certain company processes with a considerable reduction in printing and the use of printers, with consequent benefits also in terms of energy consumed.

Lastly, a plan has been drawn up to improve the efficiency of energy consumption for the treatment of air, heating and air-conditioning of the Headquarters in Empoli, with particular reference to the proprietary Data Center.

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

The Sesa Group adopts specific procedures for managing risk factors that may affect the Group's economic and financial position. These procedures are the result of a type of management based on the values contained in the Group's ethical code (integrity, honesty, fairness, professionalism, business continuity and attention to people) focused on pursuing sustainable growth for stakeholders.

### **External Risks**

#### ***Risks linked to the macroeconomic context and the ICT market***

With reference to management risks, they can be traced back to the possible unfavourable situation in the external environment, characterised by general conditions of the economy and the ICT sector which highlight a correlated performance and a weak growth trend in demand. The ICT market is linked to the performance of the economy of industrialised countries, where the demand for high-tech products is greater. An unfavourable economic trend at national and/or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's business and its economic, equity and financial situation.

Despite the weak demand (macroeconomic context and IT market) recorded in the last five years and the consequent potential effect on the performance of business, in the last five years the Group has succeeded in growing, out-performing the reference market with a sustainable trend in revenues and profits.

The ICT market is characterised also by a high level of competition, where in addition to national operators, the Group has to face up to multinational competitors. If the Group were unable to generate added value through its sales, taking on the reference competitors, this could have a negative impact on the economic, equity and financial situation. To cope with this risk, the Group pursues an expansion of value added products for its customers, providing competitive, efficient and innovative services.

Lastly, the IT market is subject to extensive technological evolution and, consequently, to a constant transformation of the professional skills and expertise required. To operate with a competitive advantage on the ICT market, it is necessary to constantly develop skills, the offer of products and the strategic management of relations with international vendors. The Group carries out a constant and important analysis of the market trends and opportunities, in order to pre-empt future evolutions of its customers' needs, developing internal expertise, the aggregation of external specialisations and investments in research and development.

## **Internal Risks**

### ***Risks relating to dependency on key resources***

The group's success, its business and its development depend largely on certain key managers, including the executive directors of Sesa SpA. Doing without the services of one of the key figures without an adequate replacement, as well as the inability to attract and keep new and qualified resources, could have negative effects on the Group's prospects and its economic and financial results. To cope with this risk, the Group has developed a retention strategy and long-term incentive plans based also 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 linked to the concentration of and dependence on distribution agreements and the ability to negotiate and maintain distribution contracts with Vendors***

This risk factor is important for the Group's main subsidiary, Computer Gross Italia SpA, reference operator in the value added distribution (VAD) area, and partner of the main producers of IT solutions for the Italian market. The main distribution agreements signed with Vendors are entered into on a non-exclusive basis, have a short-term duration (usually one or two years), are tacitly renewed and represent strategic assets. The Group tackles this risk offering vendors pre-and aftersales assistance with qualified staff, progressively expanding the portfolio of the vendors distributed, gradually diversifying the concentration of the brands distributed. The rates of termination of distribution agreements have usually been close to zero, confirming the Group's ability to create long-term strategic partnerships with its suppliers.

### ***Risks linked to failure to fulfil contractual and compliance obligations***

The Group offers IT services and solutions with a high technological content, and enters into agreements that can envisage the application of penalties in the event of failure to meet deadlines, performances (SLA) and quality standards agreed upon, with the consequent possibility of negative effects on the economic and financial situation. To mitigate this risk, the Group has implemented procedures to manage and monitor the services supplied and taken out adequate insurance policies.

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

## **Market risks**

### **Credit risk**

Credit risk is represented by the Group companies' exposure to potential losses arising from its customers' failure to meet their obligations. Credit risk arising from the Group companies' ordinary operations with its customers is constantly monitored using customer information and assessment procedures and covered through insurance and assignments without recourse (*pro soluto*). An appropriate provision for bad debts is allocated and monitored.

### **Liquidity risk**

During the financial year the Sesa Group Companies' core business generates a requirement for working capital with an ensuing financial exposure. Specifically, the Group closed the financial statements at 30 April 2017, with a net liquidity of Euro 51,950 thousand. In certain phases of the year, especially at the end of calendar quarters, a borrowing requirement is generated by the seasonal nature of the business and by increases in requirements for net working capital. The liquidity risk is covered by periodic planning of cash requirements and by financing these requirements with short-term self-liquidating loans and credit lines mainly concentrated with the Group's two main operating companies, Computer Gross Italia SpA and Var Group SpA. In the year ended 30 April 2017, the Group increased the medium/long-term share of financial debt by exploiting the reduction of market rates and further reducing the liquidity risk.

### **Interest rate risk**

Exposure to interest rate risk arises from the fact that the Group Companies conduct a business 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 and thus have a temporary financial exposure to the banking system caused by the need to finance their working capital requirements. These requirements are met from self-liquidating loans and credit lines at variable rates, exposed to interest rate fluctuations.

At 30 April 2017, the Group had no derivative instruments in place relating to interest rates.

In the light of present interest rate trends and the moderate level of average annual debt, the Company's risk management policy does not envisage recourse to derivatives to hedge interest rate risks.

### ***Exchange rate risk***

The Group companies do not operate on foreign markets and primarily use the euro as the currency for its commercial and financial transactions.

There were some purchases of IT goods and products, mainly involving Computer Gross Italia SpA, all using the US dollar.

Furthermore, it should be noted that there are no foreign currency derivatives, but there are forward currency contracts to hedge the exchange rate risk attached to foreign currency payables to a part of suppliers. There were 42 transactions in place at 30 April 2017 with a negative fair value of Euro 77 thousand.

### ***Price risk***

The Group did not hold any financial instruments or shares listed on stock markets as of 30 April 2017, except for Sesa SpA treasury shares as a deduction of the shareholders' equity. As regards inventory risk, the Group companies that distribute and market IT products monitor this aspect of their operations by conducting periodic inspections and analyses for the possible existence of a risk of obsolescence of the goods in order to decide the steps to take to curb the risk. Moreover, it should be noted that the value of inventories at 30 April 2017 was primarily concentrated in the accounts of Computer Gross Italia SpA and Var Group SpA.

## Significant events after the year-end

After the end of the year, Group's operations continued, in line with the strategy of focusing on the value added IT solutions and services market, confirming the commitment to developing new skills and specialisations in support of the technological and digital evolution of the Group customers.

Commercial and organisational initiatives continued with the aim of strengthening the positioning in value added areas of the IT market by the Group's two main operational sectors. These included the signing of a commercial agreement under which Computer Gross Italia SpA will operate as the first Oracle partner evolution center in Europe.

There were no significant further events after the period-end.

## Outlook on operations

In the early months of the new year, the Group operated in a context of macro-economic uncertainty and moderate growth of the IT Market, sustained by innovative trends in the digital economy, continuing to operate in line with the previous year.

## Allocation of the profit for the year of the parent Sesa SpA

The shareholders' meeting is invited to distribute a dividend equal to Euro 0.56 per share totalling Euro 8.677 million gross of treasury shares in portfolio.

Thanking you for the confidence you place in us, you are invited to approve the separate financial statements of the Parent Company Sesa SpA and the Consolidated financial statements of the Group.

*The Chairman of the Board of Directors*  
Paolo Castellacci

# Consolidated Financial Statements at 30 April 2017

## Consolidated Income Statement

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
Revenues	6	1,260,275	1,223,485
Other income	7	11,194	6,117
Consumables and goods for resale	8	(1,055,182)	(1,041,977)
Costs for services and rent, leasing, and similar costs	9	(85,812)	(71,652)
Personnel costs	10	(70,107)	(59,004)
Other operating costs	11	(8,736)	(8,516)
Amortisation and depreciation	12	(6,846)	(4,769)
<b>EBIT</b>		<b>44,786</b>	<b>43,684</b>
Profit from companies valued at equity	13	172	462
Financial income	14	4,224	4,087
Financial charges	14	(8,845)	(10,530)
<b>Profit before taxes</b>		<b>40,337</b>	<b>37,703</b>
Income taxes	15	(13,239)	(12,648)
<b>Profit for the year</b>		<b>27,098</b>	<b>25,055</b>
<i>of which:</i>			
Profit attributable to non-controlling interests		2,055	1,091
Profit attributable to the Group		25,043	23,964
Earnings per share (basic) (in euros)	25	1.62	1.55
Earnings per share (diluted) (in euros)	25	1.62	1.54

## Consolidated Statement of Comprehensive Income

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
<b>Profit for the year</b>		<b>27,098</b>	<b>25,055</b>
Actuarial gain/loss for employees benefits - gross effect	24	(71)	66
Actuarial loss for employees benefits - tax effect	24	16	(16)
<b>Comprehensive income for the year</b>		<b>27,043</b>	<b>25,105</b>
<i>of which:</i>			
Comprehensive income – non-controlling interests		2,159	1,096
Comprehensive income - Group		24,884	24,009

## Consolidated Statement of Financial Position

<i>(in thousand of euros)</i>	Note	At 30 April	
		2017	2016
Intangible assets	16	21,848	17,251
Property, plant and equipment	17	49,736	44,437
Investment property	18	290	290
Equity investments valued at equity	13	8,835	3,938
Deferred tax assets	19	5,548	5,449
Other non-current receivables and assets	20	8,160	8,783
<b>Total non-current assets</b>		<b>94,417</b>	<b>80,148</b>
Inventories	21	61,570	59,079
Current trade receivables	22	315,399	306,474
Current tax receivables		4,687	4,269
Other current receivables and assets	20	22,715	20,512
Cash and cash equivalents	24	191,951	146,168
<b>Total current assets</b>		<b>596,322</b>	<b>536,502</b>
Non-current assets held for sale	23		1,818
<b>Total assets</b>		<b>690,739</b>	<b>618,468</b>
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		6,587	5,330
Profits carried forward		114,427	96,738
<b>Total Group equity</b>		<b>191,285</b>	<b>172,339</b>
Equity attributable to non-controlling interests		7,743	7,075
<b>Total equity</b>	25	<b>199,028</b>	<b>179,414</b>
Non-current loans	26	81,118	65,103
Employee benefits	27	17,427	15,836
Non-current provisions	28	1,746	712
Deferred tax liabilities	19	6,711	5,463
<b>Total non-current liabilities</b>		<b>107,002</b>	<b>87,114</b>
Current loans	26	60,878	40,548
Payables to suppliers		270,984	261,673
Current tax payables		3,241	2,260
Other current liabilities	29	49,606	47,459
<b>Total current liabilities</b>		<b>384,709</b>	<b>351,940</b>
<b>Total liabilities</b>		<b>491,711</b>	<b>439,054</b>
<b>Total equity and liabilities</b>		<b>690,739</b>	<b>618,468</b>



## Consolidated Statement of Cash Flows

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
<b>Profit before taxes</b>		<b>40,337</b>	<b>37,703</b>
<b>Adjustments for:</b>			
Amortisation and depreciation	12	6,846	4,769
Provisions for personnel and other provisions	11,10	7,119	5,589
Net financial (income)/charges	14	1,608	5,225
Profit from companies valued at equity	13	(172)	(311)
Other non-monetary items		395	-
<b>Cash flows generated from operating activities before changes in net working capital</b>		<b>56,133</b>	<b>52,975</b>
Change in inventories	21	(2,234)	2,262
Change in trade receivables	22	(7,757)	(18,827)
Change in payables to suppliers		4,279	2,180
Change in other assets	20	(522)	4,836
Change in other liabilities	28	354	12,065
Use of provisions for risks	27	(87)	(330)
Payment of employee benefits	26	(514)	(1,383)
Change in deferred taxes		(351)	957
Change in current tax payables and receivables		(1,241)	(3,069)
Interest paid		(2,907)	(10,341)
Taxes paid		(11,435)	(12,946)
<b>Net cash flow generated from operating activities</b>		<b>33,718</b>	<b>28,379</b>
Investments in companies, net of acquired cash	5	2,226	(5,821)
Investments in property, plant and equipment	17	(7,444)	(10,035)
Investments in intangible assets	16	(2,522)	(3,669)
Disposals of property, plant and equipment and intangible assets	16,17	876	4,275
Disposals of investment property	18	-	-
Disposal of assets held for sale		-	-
Investments in associated companies	13	(5,563)	(1,452)
Disposals of associated companies	13	-	302
Investments in non-current financial assets	20	-	-
Receipts from non-current financial assets	20	462	(305)
Dividends collected		91	131
Interest collected		1,413	5,174
<b>Net cash flow generated from/(used in) investing activities</b>		<b>(14,933)</b>	<b>(11,400)</b>
New disbursements of long-term loans and finance lease	3,25	71,500	54,056
Repayments of long-term loans	3,25	(32,462)	(9,916)
(Decrease)/increase in short-term loans	3,25	(2,698)	1,607
Capital increase	24	(697)	-
Change in group equity		505	435
Change in equity attributable to non-controlling interests		(1,178)	(395)
Treasury shares		158	(1,169)
Dividends distributed		(7,860)	(7,551)
<b>Net cash flow generated from/(used in) financing activities</b>		<b>26,998</b>	<b>37,067</b>
Translation difference on cash and cash equivalents		-	-
<b>Change in cash and cash equivalents</b>		<b>45,783</b>	<b>54,046</b>
Cash and cash equivalents at the beginning of the year		146,168	92,122
<b>Cash and cash equivalents at the end of the year</b>		<b>191,951</b>	<b>146,168</b>

## 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 non-controlling interests	Total equity
<b>At 30 April 2015</b>	<b>37,127</b>	<b>34,430</b>	<b>4,799</b>	<b>79,672</b>	<b>156,028</b>	<b>4,404</b>	<b>160,432</b>
Profit for the year				23,964	23,964	1,091	25,055
Actuarial gain/(loss) for employees benefit - gross			59		59	7	66
Actuarial gain/(loss) for employees benefit - tax effect			(14)		(14)	(2)	(16)
<b>Comprehensive income for the year</b>			<b>4,844</b>	<b>103,636</b>	<b>180,037</b>	<b>5,500</b>	<b>185,537</b>
Purchase of treasury shares		(860)			(860)		(860)
Dividends distribution		(426)		(6,539)	(6,965)		(6,965)
Assignment of shares in execution Stock Grant plan			(302)		(302)		(302)
Stock Grant Plan - shares vesting in the period			346		346		346
Non-refundable shareholders' payment							
Allocation of profit for the year			344	(344)			
Other changes			98	(15)	83	1,575	1,658
<b>At 30 April 2016</b>	<b>37,127</b>	<b>33,144</b>	<b>5,330</b>	<b>96,738</b>	<b>172,339</b>	<b>7,075</b>	<b>179,414</b>
Profit for the year				25,043	25,043	2,055	27,098
Actuarial gain/(loss) for employees benefit - gross			(76)		(76)	5	(71)
Actuarial gain/(loss) for employees benefit - tax effect			18		18	(2)	16
<b>Comprehensive income for the year</b>			<b>5,272</b>	<b>121,781</b>	<b>197,324</b>	<b>9,133</b>	<b>206,457</b>
Purchase of treasury shares			(1,342)		(1,342)		(1,342)
Sale of treasury shares			1,500		1,500		1,500
Dividends distribution				(7,408)	(7,408)	(452)	(7,860)
Stock Grant Plan - shares vesting in the period			706		706		706
Non-refundable shareholders' payment							
Allocation of profit for the year			848	(848)			
Changes in the scope of consolidation and other changes			(397)	902	505	(938)	(433)
<b>At 30 April 2017</b>	<b>37,127</b>	<b>33,144</b>	<b>6,587</b>	<b>114,427</b>	<b>191,285</b>	<b>7,743</b>	<b>199,028</b>

# Explanatory Notes to the Consolidated Financial Statements

## 1 General Information

Sesa SpA (hereinafter "Sesa", the "Company" or the "Parent Company") is a company that has been incorporated and is domiciled in Italy, with registered office in Empoli, at Via Piovola no. 138, and is organised according to the legal system of the Italian Republic.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") operate in Italy in the field of Information Technology, and in particular in the value-added distribution of software and hardware (value-added distribution or VAD) and in the offering of software, technology, services and consultancy aimed at training and supporting businesses as end-users of IT (Software and System Integration or VAR). Furthermore, the Group is active in the field of logistics services, mainly for companies of its Group. The Company is owned by ITH SpA., which holds a stake of 52.81%.

This document was approved by the Company's Board of Directors on 14 July 2017.

## 2 Summary of Accounting Policies

Below are reported the main accounting policies and standards applied in the preparation of these consolidated financial statements for the financial year ended 30 April 2017 (hereinafter the "Consolidated Financial Statements").

### 2.1 Basis of Preparation

The Consolidated Financial Statements at 30 April 2017 were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, as well as with the provisions implementing Article 9 of Legislative Decree no. 38/2005. The designation "IFRS" also includes all revised International Accounting Standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and by the formerly Standing Interpretations Committee ("SIC").

The Consolidated Financial Statements were prepared on a going-concern basis, since the Directors verified that there were no financial or operating indicators, or indicators of any other kind, that suggested the existence of any doubts regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months. The procedures through which the Group manages financial risks are described in note 3 "Financial risk management" below.

The Consolidated Financial Statements were prepared and presented in Euro, which is the currency of the primary economic environment in which the Group operates. All amounts included in this document are expressed in thousands of euros, except as otherwise specified.

Below are specified the financial statement schedules and the related classification criteria adopted by the Group, within the scope of the options envisaged in IAS 1 *Presentation of financial statements*.

- The Statement of financial position was prepared by classifying assets and liabilities according to the criterion of "current/non-current" items;
- The Income Statement was prepared by classifying operating costs by nature;
- The Statement of comprehensive income includes the profit for the year arising from the income statement, as well as any other changes in equity attributable to transactions that were not carried out with the Company's shareholders;
- The Statement of Cash Flows was prepared by reporting cash flows from operating activities according to the "indirect method".

The Consolidated Financial Statements were prepared according to the conventional historical cost method, except for the measurement of financial assets and liabilities, in cases in which it is mandatory to apply the fair value criterion.

## 2.2 Scope of Consolidation and Consolidation Criteria

The Consolidated Financial Statements include the Company's separate financial statements as well as the separate financial statements of subsidiaries approved by their respective governing bodies. These financial statements were properly adjusted, if required, in order to comply them with IFRS and at the reporting date of the Company at 30 April.

The companies included in the scope of consolidation at 30 April 2017 are detailed in annex 1, which forms an integral part of the Consolidated Financial Statements. For additional information on the main changes in the scope of consolidation that occurred in the financial years under examination, see note 5.

### SUBSIDIARY COMPANIES

Subsidiary companies are consolidated on a line-by-line basis from the date on which control is actually acquired and cease to be consolidated from the date on which control is transferred to third parties. Below are reported the criteria adopted for consolidation on a line-by-line basis:

- assets and liabilities, income and expenses of subsidiary companies are accounted for on a line-by-line basis, allocating to minority shareholders their respective share of equity and of the net result for the period, if applicable; these shares are reported separately under equity and in the income statement;
- any business combinations by virtue of which control is acquired over a business entity are recognised, in accordance with IFRS 3, according to the acquisition method. The acquisition cost is represented by the current value (fair value) of the assets sold, of the liabilities assumed and of the equity instruments issued, at the acquisition date. Any identifiable assets acquired, as well as any liabilities and contingent liabilities assumed are entered at the related current value at the acquisition date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits and assets held for sale, which are entered on the basis of the related reference accounting standards. If the difference between acquisition cost and the current value (fair value) of the assets or liabilities that have been acquired is positive, it is recognised as goodwill under intangible assets and if it is negative, after rechecking that the current values of the assets and liabilities acquired and the acquisition cost have been correctly measured, it is recognised directly as income in the income statement. Any additional charges relating to the transaction are recognised in the income statement when incurred;
- the acquisition cost also includes the contingent consideration, measured at fair value on the date of the acquisition of control. Any subsequent changes in the fair value are recognised in the income statement or in the statement of comprehensive income if the contingent consideration is a financial asset or liability. Contingent considerations classified as equity are not recalculated and the subsequent settlement is recognised directly in equity;
- if the business combinations whereby control is acquired take place in more than one phase, the Group recalculates the stake that it previously held in the acquiree at its fair value at the acquisition date and recognises any resulting profit or loss in the income statement;
- any acquisitions of non-controlling interests relating to entities for which control has already been acquired or the transfer of non-controlling interests that do not entail any loss of control are considered to be equity transactions; therefore, any difference between the acquisition/transfer cost and the related fraction of equity acquired/transferred is accounted for as an adjustment to the Group equity;
- business combinations whereby the participating companies are permanently controlled by the same company or companies both before and after the combination transaction, control not being transitional, are described as transactions "under common control". These transactions do not fall within the scope of application of IFRS 3, which regulates the method of accounting for business combinations, nor of other

IFRS. In the absence of an applicable accounting standard, the Group, in accordance with OPI 1 (*Orientamenti Preliminari*; Preliminary Guidelines) – “Accounting treatment of business combinations of entities under common control in separate and consolidated financial statements” (*Trattamento contabile delle “business combinations of entities under common control” nel bilancio d’esercizio e nel bilancio consolidato*), issued by Assirevi and with IAS 8, adopted, as the accounting criterion for the recognition of such transactions that of accounting for the acquirees on the basis of their carrying amounts resulting from the financial statements of the same on the date of transfer. Any differences between the cost incurred for the acquisition and the related shares of equity acquired are accounted for directly in equity;

- any substantial profits and losses, including their tax effects, arising from transactions carried out between companies that have been consolidated on a line-by-line basis and that have not been settled with the counterparties are derecognised, except for losses that are not derecognised when the transaction provides evidence of an impairment loss of the transferred asset. Furthermore, any mutual credit and debt relations, costs and revenues, as well as financial income and charges, are also eliminated, if significant.

The financial statements of subsidiary companies have been prepared by using the currency of the primary economic environment in which they operate.

## ASSOCIATED COMPANIES

Associated companies are entities over which the Group has significant influence, which is presumed to exist when equity investments are included between 20% and 50% of voting rights. Investments in associated companies are valued according to the equity method and are initially recognised at cost. Below is described the equity method:

- the carrying amount of these equity investments appears to be in line with the adjusted equity, if required, to reflect the application of the IFRS and includes the recognition of any higher values attributed to assets and liabilities and of goodwill (if any), as identified at the time of the acquisition;
- any profits or losses attributable to the Group are reported from the date on which the significant influence starts and up to the date on which it ceases. Should the company whose value is measured using this method return negative equity as a result of the losses, the carrying amount of the investment is cancelled and any excess attributable to the Group, if the Group has undertaken to meet legal or constructive obligations in the investee company, or in any case has undertaken to cover its losses, is recognised in a specific provision; any changes in equity of companies valued according to the equity method, which are not represented by the result in the income statement, are accounted for directly in the statement of comprehensive income;
- any profits and losses that have not been realised generated on transactions carried out between the Company/subsidiaries and an investee company valued at equity, including any distribution of dividends, are derecognised according to the value of the Group’s investment in the investee itself, except for losses that represent an impairment in the underlying asset.

## TRANSLATION OF TRANSACTIONS DENOMINATED IN A CURRENCY OTHER THAN THE FUNCTIONAL CURRENCY

Any transactions in a currency other than the functional currency of the entity that undertakes the transaction are translated by using the exchange rate prevailing on the date of the transaction. Any foreign exchange gains and losses generated from the closing of the transaction or from the year-end translation of foreign currency assets and liabilities are entered in the income statement.

## 2.3 Accounting policies

Below are summarised the most significant accounting standards and policies used for the preparation of the Consolidated Financial Statements.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are entered at their purchase or production cost, net of accumulated depreciation and impairment losses (if any). Purchase or production cost includes any costs directly sustained in preparing the assets for their use, as well as any dismantling or removal costs that are to be incurred as a result of contractual obligations that require the asset to be restored to its original condition. Any borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized and depreciated on the basis of the useful life of the asset to which they refer.

Any costs of day-to-day and/or periodic maintenance and repairs are recognised in the income statement when incurred. Costs related to the enlargement, modernisation or improvement of owned or leased structural elements are capitalised within the limits to which they meet the requirements for being classified separately as assets or parts of an asset. Any assets recognised in relation to leasehold improvements are depreciated on the basis of the lease term, or on the basis of the specific useful life of the asset, if lower.

Depreciation is calculated on a straight-line basis by applying rates that allow the assets concerned to be depreciated until the end of their useful life. When the asset being depreciated is composed of distinctly identifiable elements whose useful lives differ significantly from those of the other parts of the asset, the depreciation is carried out separately for each of such parts, in the application of the component approach method.

Below is reported the indicative useful life estimated for the various categories of property, plant and equipment:

<b>Class of property, plant and equipment</b>	<b>Useful life in years</b>
Buildings	33
Generic plants	7
Specific data center plants	20
Furniture and furnishings	8
Office machines	2-5
Motor vehicles	4

The useful life of property, plant and equipment is reviewed and updated, if necessary, at least at the end of each financial year.

Land are not depreciated.

### Leased assets

Property, plant and equipment held under finance lease agreements, under which the risks and benefits of ownership are substantially transferred to the Group, are recognised as Group assets at fair value on the date of the execution of the agreement or, if lower, at the present value of the minimum lease payments, including any amount to be paid for the exercise of the option to purchase. The corresponding liability to the lessor is entered under financial payables in the accounts.

The assets are depreciated applying the policy and the rates specified above, unless the term of the lease agreement is shorter than the useful life represented by these rates and there is no reasonable certainty of the transfer of the ownership of the leased asset on the natural expiry of the agreement; in this case, the period of depreciation will be represented by the lease term.

The leases in which the lessor substantially retains all the risks and benefits incident to the ownership of the assets are classified as operating leases. Operating lease rentals are recognised as an expense on a straight-line basis over the lease term.

## INTANGIBLE ASSETS

Intangible assets are made up of identifiable non-monetary assets without physical substance, which can be controlled and from which future economic benefits are expected. These assets are initially recognised at their purchase and/or production cost, including any directly attributable cost of preparing the asset for its intended use. Any interest payable accrued during and for the development of intangible assets are considered part of the purchase cost. Specifically, the following main intangible assets can be identified within the Group:

### *(a) Goodwill*

If goodwill exists, it is classified as an intangible asset with an indefinite useful life and is initially measured at cost, as described above, and is subsequently subjected to measurement at least once a year in order to verify whether there has been any impairment (impairment test). The value of goodwill that has previously suffered an impairment loss may not be reinstated.

### *(b) Other intangible assets with definite useful life*

Intangible assets with definite useful life are recognised at cost, as previously described, net of accumulated amortization and impairment losses (if any). Amortisation begins when the asset is available for use and is allocated on a systematic basis in relation to the residual possible use of the same, i.e. on the basis of its estimated useful life.

Below is reported the estimated useful life of the Group for the various categories of intangible assets:

<b>Class of intangible asset</b>	<b>Useful life in years</b>
Software licences and similar rights	5
List of customers	10
Technological know-how	20

The useful life of intangible assets is reviewed and updated, if necessary, at least at the end of each financial year.

## INVESTMENT PROPERTY

Property held to earn rentals or for capital appreciation is classified under "Investment Property"; it is measured at its purchase or production cost, as increased by additional costs (if any), net of accumulated depreciation and impairment losses (if any).

## IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND OF INVESTMENT PROPERTY

### *(a) Goodwill*

As previously mentioned, if goodwill exists, it is subjected to an impairment test once a year or more frequently when there are indications of possible impairment. No goodwill is recognised in the Consolidated Financial Statements at 30 April 2017.

If goodwill exists, the impairment test is conducted on each of the Cash Generating Units (CGU) to which goodwill has been allocated. Any impairment of goodwill is recognised in the event that the recoverable value of the same is lower than the carrying amount. Recoverable value means the higher of fair value of the CGU, net of costs of disposal, and the related value in use, i.e. the present value of estimated future cash flows from this asset. In measuring value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money, compared to the investment period and to the risks specific to the asset. In the event that the impairment loss arising from the impairment test exceeds the value of the goodwill allocated to the CGU, any residual excess is allocated to the assets included in the CGU in proportion to their carrying amount. This allocation should not be reduced below the highest of:

- the asset's fair value, less costs of disposal;
- the value in use, as defined above;
- zero.

The original carrying amount of goodwill may not be reinstated when the reasons that led to its impairment no longer exist.

### *(b) Assets (intangible assets, property, plant and equipment and investment property) with definite useful life*

An assessment is carried out on each reporting date to verify whether there are indications that property, plant and equipment, intangible assets and investment property may have incurred an impairment loss. For this purpose, both external and internal sources of information may be made use of. Among the former (internal sources), consideration is given to the obsolescence or physical deterioration of the asset or significant changes in the use of the asset or in its economic performance in comparison with expectations. Among external sources of information, consideration is given to trends in the asset's market price or possible adverse changes in technology, the market or legislation, the trend in market interest rates or the cost of capital used to assess investments.

If such indications are found to exist, the recoverable value of the asset is estimated and the write-down (if any) with respect to its carrying amount is recognised in the income statement. The recoverable value of an asset is represented by the higher of fair value, net of additional costs to sell, and the related value in use, i.e. the present value of estimated future cash flows from this asset. In measuring value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money, compared to the investment period and to the risks specific to the asset. The recoverable value of an asset that does not generate cash flows that are largely independent is determined in relation to the cash generating unit to which said asset belongs.

An impairment loss is recognised in profit or loss when the carrying amount of an asset, or of the related CGU to which it is allocated, exceeds its recoverable amount. Any impairment losses of CGUs are firstly allocated to reduce the carrying amount of any goodwill allocated to the same and, then, to reduce the carrying amounts of other assets, on a pro-rata basis and within the limits of the related recoverable value. If the grounds for a write-down previously recognised no longer exist, the asset's carrying amount is reinstated and the increase is recognised in the income statement within the limits of the net carrying amount of the asset if the write-down had not been carried out and had been amortised/depreciated.



## RECEIVABLES FROM CUSTOMERS AND OTHER FINANCIAL ASSETS

Receivables from customers and other financial assets are initially measured at fair value and subsequently measured at amortised cost according to the effective interest rate method. Receivables from customers and other financial assets are recognised under current assets, except for those that have a contract term exceeding twelve months compared to the reporting date, which are classified under non-current assets.

For trade receivables, factoring transactions that do not envisage the risks and rewards related to the receivables assigned being transferred to the factor (therefore, the Group remains exposed to the risk of insolvency and delayed payments – so-called assignments with recourse (*pro solvendo*)), the transaction is considered equivalent to taking out a secured loan backed by the assigned receivable. In these circumstances the assigned receivable remains reported in the Group's statement of financial position until it is collected by the factor and a financial debt is reported as a contra-entry to the advance (if any) obtained from the factor. The financial cost of factoring transactions is represented by interest on advanced amounts charged to the income statement in compliance with the accruals principle, which is classified under financial charges. Any commissions that accrue on assignments with recourse are recognised under financial charges, while any commissions on assignments without recourse (*pro soluto*) are recognised under other operating costs.

Impairment losses on receivables are accounted for in the accounts if there is objective evidence that the Group will not be able to recover the receivable owed by the counterparty on the basis of the conditions of the contract.

Objective evidence includes circumstances such as:

- significant financial difficulties of the debtor;
- legal disputes entered into with the debtor in relation to the receivables;
- the likelihood of the debtor declaring bankruptcy or of the initiation of other debt restructuring procedures.

The amount of the write-down is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows and is recognised under "Other operating costs" in the income statement. If the reasons for the previous write-downs no longer exist in subsequent periods, the value of the asset is reinstated up to the amount that would have resulted from the application of amortised cost.

## AVAILABLE-FOR-SALE FINANCIAL ASSETS

Equity investments in other companies that constitute available-for-sale financial assets are measured at fair value, if this is determinable, and any profits and losses arising from fair value changes are recognised directly under other comprehensive income (expense) until they are sold or have suffered an impairment loss; at that time, other comprehensive income (expense) previously recognised under equity is charged to the income statement for the period. Any other unlisted equity investments classified under "available-for-sale financial assets", the fair value of which cannot be measured reliably, are valued at cost adjusted by any impairment losses, which are recognised in the consolidated income statement, as required by IAS 39.

Any dividends received from equity investments in other companies are recognised under financial income.

## INVENTORIES

Inventories are recognised at the lower of purchase or production cost and net realizable value, which is represented by the amount which the Group expects to obtain from their sale in the ordinary course of business, net of selling costs. Cost is determined according to the FIFO method.

The cost of finished and semi-finished products includes any costs of design, raw materials, direct labour and other production costs (as determined on the basis of the normal operating capacity). The measurement of inventories does not include financial charges, which are charged to the income statement when they are incurred, as the temporal requirements for their capitalisation are not satisfied.

Inventories of raw materials and semi-finished products that can no longer be used in the production cycle and inventories of finished products that cannot be sold are written down.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, available bank deposits and the other forms of short-term investment with an original maturity of three months or fewer. Any items entered under cash and cash equivalents are measured at fair value and the related changes are recognised through profit or loss.

## NON-CURRENT ASSETS HELD FOR SALE

Any non-current assets whose carrying amount will be recovered mainly through its sale, rather than through its continuous use, are classified as held for sale and are recognised separately from other assets in the statement of financial position. This condition is deemed to have been fulfilled when sale is highly probable and the asset or group of assets being disposed of is available for immediate sale in its or their present condition.

Non-current assets held for sale are not amortised/depreciated and are measured at the lower of carrying amount and fair value, less costs to sell.

A discontinued operation is a part of an enterprise that has been disposed of or classified as held for sale and (i) is an important branch of business or geographical area of business; (ii) is part of a coordinated plan for the disposal of an important branch of business or geographical area of business; or (iii) a subsidiary acquired exclusively in order to be sold.

The results from discontinued operations are recognised separately in the income statement, net of tax effects. The corresponding values posted in the previous financial year, if any, are reclassified and recognised separately in the income statement, net of tax effects, for comparative purposes.

## FINANCIAL PAYABLES

Financial payables are initially recognised at fair value, net of any directly-attributable additional costs, and subsequently are measured at amortised cost, applying the effective interest rate method. If there is a change in estimated expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the effective initially determined internal rate. Financial payables are classified under current liabilities, except those due by contract more than twelve months beyond the reporting date and those whose payment the Group has an unconditional right to defer for at least twelve months after the reporting date.

Financial payables are accounted for at the trade date and are derecognised at the time when they are discharged and when the Group has transferred all risks and charges related to the instrument itself.

## DERIVATIVE INSTRUMENTS

Derivatives are valued as securities held for trading and measured at fair value through profit or loss and are classified under other current and non-current assets or liabilities.

Financial assets and liabilities through profit or loss are initially recognised and subsequently measured at fair value and the related additional costs are expensed immediately in the income statement. Any profits and losses arising from fair value changes in derivatives on exchange rates are reported under financial income and financial charges in the income statement, in the period when they are recognised.

## EMPLOYEE BENEFITS

Short-term benefits are made up of salaries, wages, related social security contributions, allowance in lieu of paid annual leave and incentives paid out in the form of bonuses payable in the twelve months from the reporting date. These benefits are accounted for as components of personnel costs in the period when service is rendered. Under defined-benefit plans, which also include the severance pay due to employees pursuant to article 2120 of the Italian Civil Code ("TFR", *Trattamento di Fine Rapporto*), the amount of the benefit payable to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, length of service and compensation; therefore, the related charge is recognised in the relevant income statement on the basis of an actuarial calculation. The liability recognised for defined-benefit plans corresponds to the present value of the obligation at the reporting date.

Obligations for defined-benefit plans are determined by an independent actuary on an annual basis, by using the projected unit credit method. The present value of defined-benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in Euro and which reflects the duration of the related pension plan. Any actuarial gains and losses arising from the abovementioned adjustments and any changes in actuarial assumptions are charged to the statement of comprehensive income.

On 1 January 2007 the so-called 2007 Finance Act and the relative implementing decrees introduced substantial amendments to the regulations governing staff severance pay, among which the possibility for the workers to choose where to send their accrued entitlement. In particular, workers may send the new TFR flows to selected pension funds or retain them in their company. If the TFR is transferred to pension funds, the company is only liable to pay a defined contribution to the chosen fund and from that date the newly-accrued contributions have the nature of defined-contribution plans that are not subjected to actuarial measurement.

## STOCK GRANT PLAN

As provided for in IFRS 2 - Share-Based Payment, the total amount of the present value of stock grant at the date of assignment is recognised wholly in profit or loss under employee costs, with a counter entry recognised directly in shareholders' equity. If a "maturity period" is required, in which certain conditions are necessary before grantees become holders of the right (achievement of objectives), the cost for payments, determined on the basis of the present value of the shares at the date of assignment, is recognised under employee costs on a straight line basis for the period between the date of assignment and maturity, with a counter entry directly recognised in shareholders' equity.

## PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised for losses and charges of a determinate nature, whose existence is certain or probable, but whose amount and/or timing are uncertain. The provision is recognised only when there is a present, legal or constructive obligation entailing a future outflow of resources as the result of past events and it is probable that the outflow will be necessary in order to settle the obligation.

Such amount is the best estimate of the expenditure required to settle the obligation. The rate used in determining the present value of the liabilities reflects the current market conditions and takes account of the specific risk attached to each liability.

When the financial effect of timing is significant and the dates of the payment of the obligation can be estimated reliably, provisions are measured at the present value of the expected outflow of funds, using a rate that reflects market conditions, variations in the cost of money over time and the specific risk attached to the obligation. Any increase in the provision, determined by changes in the time value of money, is accounted for as an interest expense.

Risks for which a liability is only possible are mentioned in the appropriate section on contingent liabilities and for the same no provision has been set aside.

## PAYABLES TO SUPPLIERS AND OTHER LIABILITIES

Payables to suppliers and other liabilities are initially measured at fair value, net of any directly-attributable additional costs, and subsequently are measured at amortised cost, applying the effective interest rate method.

## EARNINGS PER SHARE

### *(a) Earnings per share - basic*

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the financial year, excluding own shares.

### *(b) Earnings per share – diluted*

Diluted earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the financial year, excluding own shares. For the purposes of the calculation of diluted earnings per share, the weighted average of outstanding shares is changed by assuming the exercise by all the assignees of rights that potentially have a dilutive effect, while the net profit attributable to the Group is adjusted to take account of effects (if any), net of taxes, of the exercise of said rights.

## TREASURY SHARES

Treasury shares are recognised as a reduction in equity. The initial cost of treasury shares and any revenues arising from subsequent sales (if any) are recognised as changes in equity.

## REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received for the sale of goods and services in the ordinary operations of the Group's business. Revenue is recognised net of added-value tax, expected returns, rebates, discounts and some marketing activities carried out with the help of the customers, whose value is a function of the revenues themselves.

Revenues from the sale of products are recognised when the risks and rewards related to the ownership of the asset are transferred to the buyer and when the sale price has been agreed and can be determined and is expected to be collected.

## COST RECOGNITION

Costs are recognised when they relate to goods and services acquired or consumed in the financial year or by systematic allocation. The invoice discounts defined with the technology vendors are reduced to the purchase cost since the commercial component is considered to be the most prevalent.

## TAXES

Current taxes are determined on the basis of the estimated taxable income, in accordance with the tax regulations applicable to the Group companies.

Deferred tax assets and liabilities are calculated on all the differences that arise between the taxable base of an asset or liability and its carrying amount, except for goodwill when initially recognised and the differences resulting from investments in subsidiaries, when the timing of the reversal of these differences is under the Group's control and it is likely that they will not be reversed in a reasonably foreseeable period of time. The portion of deferred tax assets, including those related to past tax losses, that is not offset by deferred tax liabilities, is recognised to the extent that there will be future taxable income from which they can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply in the financial years during which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised under "Income taxes" in the income statement, except for those relating to items recognised under comprehensive income components other than net profit and those relating to items directly debited or credited to equity. In the latter cases, deferred tax liabilities are recognised in the statement of comprehensive income and directly in equity. Deferred tax assets and liabilities are offset when they are applied by the same tax authority, when there is a legal right to offset them and when the net balance is expected to be settled.

Other taxes that are not correlated to income, such as indirect taxes and duties, are entered under "Other operating costs" in the income statement.

## 2.4 Recently-issued accounting standards

As at date of the Annual Report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applied to the Group on 1 May 2016.

- On 6 May 2014 the IASB issued some amendments to IFRS 11 – Joint arrangements: disclosing the acquisition of investments in joint ventures, supplying information on the disclosure of the recognition of the acquisitions of investments in joint ventures which form a business. The amendments are applicable retroactively for years beginning on or after 1 January 2016.
- On 12 May 2014 the IASB issued some amendments to IAS 16 and to IAS 38 – Clarification of acceptable methods of depreciation and amortisation. The amendments clarify the use of the revenue-based methods to calculate the amortisation/depreciation of an asset and explain that, other than in certain limited circumstances, a revenue-based amortisation/depreciation method cannot be considered acceptable for either tangible assets or intangible assets. The application of the amendments will become effective from years beginning on or after 1 January 2016.
- On 12 August 2014 the IASB issued some amendments to IAS 27 – Separate financial statements. The amendments applicable as of years beginning on or after 1 January 2016, allow the use of the equity method for the booking of investments in subsidiaries, associated companies and joint ventures in separate financial statements. The aim is to reduce the complexity of management and the relative costs for

companies operating within juridical systems where IFRSs standards are also applicable to separate financial statements.

- On 25 September 2014, the IASB issued a combination of amendments to IFRS (Annual Improvements to IFRSs - 2012-2014 Cycle). The approved provisions amended: (i) IFRS 5 "Non-current assets held for sale and discontinued operations" clarifying that the change in classification of an asset (or disposal groups) from being held for sale to being held for distribution to shareholders, must not be considered as a new plan for disposal but the continuation of the original plan. Therefore, the change in classification does not determine the interruption of the application of IFRS 5 nor the change of the date of classification; (ii) IFRS 7 "Financial instruments: disclosures" clarifying that, for the purposes of disclosure, a servicing agreement which envisages the payment of a fee may represent a continuing involvement in the transferred asset; (iii) IAS 19 "Employee benefits" clarifying that the degree of "depth" of the market for the corporate bonds to be considered for the choice of the discount rate to apply in discounting the liability for post-employment benefits (rate of return on bonds of primary companies rather than the rate of government bonds) must be evaluated in consideration of the market at the level of the currency in which the bond is expressed and not at the level of the single country in which the bond is located; (iv) IAS 34 "Interim Financial Reporting" clarifying that the disclosures required for interim situations must be either supplied in the interim financial statements or mentioned in them through reference to another statement (e.g.: the Directors Report) which is available to users of the financial statements in the same terms and at the same time as the interim financial statements. The amendments will be applicable from years beginning on or after 1 January 2016.
- On 18 December 2014, the IASB amended IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures". IFRS 10 was amended to specify that a holding company, controlled by an investment entity, is not obliged to prepare consolidated financial statements, even if the investment entity evaluates the subsidiaries at fair value in compliance with IFRS 10. With reference to IFRS 12, the amendment clarifies that an investment entity which evaluates all its subsidiaries at fair value must supply the disclosures required by IFRS 12 "Disclosure of Interests in Other Entities". As regards IAS 28, the amendment allows a company that is not an investment company but holds an investment in associates or joint ventures to be an "investment entity", evaluated using the equity method, to maintain the fair value applied by the investment company with reference to its interests in subsidiaries. The amendments are applicable from years beginning on or after 1 January 2016.
- On 18 December 2014, the IASB issued some amendments to IAS 1- Presentation of Financial Statements - with which it intends to provide clarification on the aggregation or disaggregation of the financial items if their amount is significant or "material". The amendments regard the introduction of a series of specifications on concepts of materiality and aggregation, on the methods of presentation of further partial results in addition to those envisaged by IAS 1. The amendments are applicable from years beginning on or after 1 January 2016.

The adoption of the new standards mentioned above had no significant effect on the consolidated financial statements.

As at the date of the present Consolidated Financial Statements, the competent bodies of the European Union have not yet completed the necessary process of endorsement for the adoption of the following accounting standards and amendments.

- On 12 November 2009 the IASB published IFRS 9 – Financial instruments, which was then amended on 28 October 2010 and 24 July 2014. The standard, which will be applicable for financial years commencing on or after 1 January 2018 on a retrospective basis, falls within the scope of a multi-phase process aimed at fully replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the accounts. Specifically, for financial assets the new standard adopts a single approach based on the method of the management of the financial instruments and the characteristics of their contractual cash flows in order to determine their measurement policy, replacing the different rules laid down in IAS 39. On the contrary, as regards financial liabilities, the main amendment involved the accounting treatment of changes in the fair value of a financial liability

designated as financial liability valued at fair value through profit or loss, in the event that said changes are due to a change in the credit risk of the liability itself. Based on the new standard, such adjustments have to be charged in the statement of comprehensive income rather than profit and loss statement.

- On 28 May 2014 the FASB issued IFRS 15 "Revenue from contract with customers". The new standard will be applicable as of years beginning on or after 1 January 2018. The standard replaces IAS 18 – "Revenue" IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programmes", "IFRIC 15 - Agreements for the Construction of Real Estate", IFRIC 18 – "Transfers of Assets from Customers", SIC 31 – "Revenue—Barter Transactions Involving Advertising Services". The new standard applies to all contracts with customers, apart from contracts falling within the scope of application of IAS 17 – Leases, for insurance contracts and financial instruments. It establishes a process consisting of five phases to define the timing and the amount of the revenues to be disclosed (identification of contracts with customers, identification of the performance obligations envisaged by the contract, determination of the price of the transaction, allocation of the price of the transaction, disclosure of revenues upon fulfilment of the performance obligation). The Group plans to apply this new standard from the mandatory effective date, using the method of full retrospective application. During the financial year the Group carried out a preliminary assessment of the effects of IFRS 15, which is subject to changes after the more detailed analysis currently underway. On the basis of such analysis, no significant impacts for the Group are expected.
- On 11 September 2014, the IASB issued some amendments to IFRS 10 and IAS 28: "Investments in associates and joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The amendments made to the two standards define the accounting treatment in relation to profits or losses deriving from transactions with joint ventures or associates evaluated using the equity method. In particular, it should be noted that, in the case of sale or contribution of a business to an associate or joint venture, the investor applies the principles of IFRS10 and records the whole contingent gain or contingent losses consequential to the loss of control; when the assets sold or contributed to the associate or joint venture do not constitute a business in accordance with IFRS 3, the gain or loss is disclosed in compliance with IAS 28. The application of the amendments which initially had to be effective from years beginning on or after 1 January 2016, is pending.
- On 13 January 2016 the IASB issued new IFRS 16 – Leases. This standard replaces the current guidance in IAS 17 no more suitable to represent leases in the current business. New standard now requires to recognise a lease contracts in the balance sheet as assets or liability whether financial or operating lease. Lease contracts with 12 months or less duration and leases of low-value assets are out of new standard scope. The standard will be applicable from years beginning on or after 1 January 2019. New standards can generally be adopted early by IFRS 15 (Revenue from contracts with customers) adopters.
- On February 2016 IASB issued some amendments to IAS 12 – Income taxes on the recognition of deferred tax assets for unrealised losses which clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will be applicable from years beginning on or after 1 January 2017.
- On 25 February 2016 IASB issued some amendments to IAS 7 - Statement of cash flows on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will be applicable from years beginning on or after 1 January 2017.
- On 12 April 2016 IASB issued some further amendments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some points and allowing more simplifications, with the aim to reduce costs and complexity, for early adopters. These amendments will be applicable from years beginning on or after 1 January 2018.
- On June 2016 IASB issued some further amendments to IFRS 2 - Share based payment clarifying the evaluation of the cash-settled share-based payments and how to account for certain types of share-based payment transactions. It also introduces an exception to IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments will be applicable from years beginning on or after 1 January 2018.
- On December 2016, IASB issued some further amendments to IAS 40 "Investment Property" providing guidance on transfers of property to, or from, "Investment properties" line item, underlying that transfers

to investment property can be made when there is an evident change in use. These amendments will be applicable from years beginning on or after 1 January 2018.

- On December 2016, IASB issued a collection of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). Improvements amended the following standards: (i) IFRS 1 "First-time Adoption of International Financial Reporting Standards" in relation to the deletion of some exemptions related to IFRS 7, IAS 19 and IFRS 10 in case of first-time adoption, (ii) IFRS 12 "Disclosure of Interests in Other Entities" clarifying the scope of the standard (iii) IAS 28 "Investments in Associates and Joint Ventures" relating to measurement at fair value of associates or joint ventures. These amendments will be applicable from years beginning on or after 1 January 2018.
- On December 2016, IASB issued IFRIC 22 "Foreign currency transactions and advance consideration". The document clarifies the accounting for transactions or part of transactions where there is consideration that is priced in a foreign currency. These amendments will be applicable from years beginning on or after 1 January 2018.

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

### 3 Financial risk management

The Group's business is 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 is aimed at minimizing potential adverse effects on the Group's financial performance. Some types of risk are mitigated through recourse to derivative instruments. Risk management is centralised within the treasury function that identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The treasury function provides instructions to monitor risk management, as well as provides instructions for specific areas, concerning interest rate risks, exchange rate risks and the use of derivative and non-derivative instruments.

#### MARKET RISK

The Group is exposed to market risks as regards interest rate risks and exchange rate risks.

##### Interest Rate Risk

The exposure to interest rate risks mainly arises from the fact that the Group companies carry out business activities characterized by negative financing requirements during certain periods of the year. These requirements are covered through assignments of receivables, loans and variable-rate credit lines. The Group has not deemed it appropriate to enter into specific financial instruments to hedge interest rate risks, as the same would result, as a whole, particularly onerous compared to benefits (if any), considering the current level of financial debt and interest rates.

The amount of variable-rate indebtedness that is not covered by the interest rate risk represents the main element of risk for the impact that could be produced on the income statement following an increase in market interest rates.

On the basis of the analysis of the Group's indebtedness, it should be noted that 100% of long- and short-term debt at 30 April 2017 is variable-rate debt.



## Exchange Rate Risk

The Group is active exclusively in the Italian market and its exposure limited to exchange rate risks relates to some minor purchases and sales of goods in US dollars. In order to reduce exchange rate risks arising from assets, liabilities and expected cash flows in foreign currency, the Group makes recourse to forward contracts in order to hedge cash flows in currencies other than the Euro. The Group mainly sets the exchange rates of the functional currencies of the Group companies (Euro) against 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, forecast trade flows in US dollars arising from certain or highly probable contractual commitments. The term of the existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the necessary requirements to be accounted for according to the rules of hedge accounting.

At 30 April 2017, there are 42 forward contracts with a negative fair value of Euro 77 thousand.

## CREDIT RISK

The credit risk essentially arises from receivables from customers for the sale of products and services. As regards the credit risk relating to the management of financial or cash resources, temporarily deposited with banks, the Group has in place procedures aimed at ensuring that the Group companies maintain relations with independent counterparties that are of high standing and reliable. At 30 April 2017 almost all of the financial and cash resources were held with counterparties with a good credit rating and investment grade.

In order to mitigate the credit risk correlated to its business counterparties, and therefore to its customers, the Group has implemented procedures aimed at ensuring that its products are sold to customers that are considered to be reliable on the basis of past experience and any available information. The Group also adopted procedures to hedge credit risk by purchasing credit insurance and/or through factoring without recourse. Furthermore, the Group controls its commercial exposure on an ongoing basis and monitors that the debt collection takes place within the preset contractual time limits.

With reference to trade receivables, the more risky situation concerns relations with retailers. Therefore, receipts and payment times relating to these receivables are monitored on an ongoing basis. However, the amount of financial assets that are considered to be of insignificant amount and the recoverability of which may be doubtful is covered by appropriate provisions for bad debts. For more details on the provision for bad debts, see note 22.

The table below provides a breakdown of current receivables from customers at 30 April 2017 and 30 April 2016, by overdue amounts, net of the portion of provision for bad debts.

<i>(in thousand of euros)</i>	<b>At 30 April 2017</b>	<b>At 30 April 2016</b>
Falling due	274,572	279,115
Overdue from 0-90 days	26,151	18,496
Overdue from 90-180 days	5,208	1,832
Overdue from 180-360 days	3,269	1,185
Overdue from more than 360 days	6,198	5,846
<b>Total</b>	<b>315,399</b>	<b>306,474</b>

## LIQUIDITY RISK

The liquidity risk is associated to the Group's ability to meet any commitments mainly arising from financial liabilities. A prudent management of the liquidity risk arising from the Group's ordinary operations requires the maintenance of an adequate level of cash and cash equivalents and the availability of funds that can be obtained through an adequate amount of credit lines.

Furthermore, it should be noted that:

- there are different sources of financing, with different banks;
- there are no significant concentrations of liquidity risk both as regards financial assets and as regards sources of financing.

The tables below report the expected cash flows in the coming financial years in relation to financial liabilities at 30 April 2017 and 30 April 2016:

<b>At 30 April 2017</b> <i>(in thousand of euros)</i>	<b>Book value</b>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>
Current and non-current loans	111,319	45,621	65,698	
Short-term loans	9,021	9,021		
Advances received from factors	4,787	4,787		
Liabilities for finance leases	16,869	1,449	4,622	10,798
Derivatives on exchange rates	77	77		
Payables to suppliers	270,984	270,984		
Other current and non-current payables	5,322	5,322		

<b>At 30 April 2016</b> <i>(in thousand of euros)</i>	<b>Book value</b>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>
Current and non-current loans	69,109	21,124	47,985	
Short-term loans	9,708	9,708		
Advances received from factors	8,953	8,953		
Liabilities for finance leases	17,881	763	5,253	11,865
Derivatives on exchange rates	124	124		
Payables to suppliers	261,673	261,673		
Other current and non-current payables	3,629	3,629		

## CAPITAL RISK

The Group's objective within the scope of the capital risk management is mainly that of safeguarding its continuation as a going-concern so as to guarantee returns to shareholders and benefits to any other stakeholders. The Group also intends to maintain an optimal capital structure so as to reduce the cost of debt.

## FINANCIAL ASSETS AND LIABILITIES BY CLASS

The fair value of receivables from customers and of other financial assets, payables to suppliers and other payables and of other financial liabilities, recognised under the "current" items of the consolidated statement of financial position, measured using the amortised cost method, does not differ from the book values reported in the financial statements at 30 April 2017 and 30 April 2016, as reference is mainly made to assets underlying business relations, the settlement of which is expected in the short term.

Non-current financial liabilities and assets are settled or measured at market rates and, therefore, their fair value is considered to be substantially in line with the present book values.

A classification of financial assets and liabilities by class at 30 April 2017 and 30 April 2016 is reported below:

<b>At 30 April 2017</b>	<b>Loans and receivables</b>	<b>Held-to-maturity investments</b>	<b>Financial asset or liability at fair value</b>	<b>Total financial assets or liabilities</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
<i>(in thousand of euros)</i>						
<b>Assets</b>						
Current receivables from customers	315,399			<b>315,399</b>		315,399
Other current and non-current assets	12,877	1,615	4,155	<b>18,698</b>	12,277	30,875
Cash and cash equivalents			191,951	<b>191,951</b>		191,951
<b>Total assets</b>	<b>328,276</b>	<b>1,615</b>	<b>196,106</b>	<b>525,998</b>	<b>12,277</b>	<b>538,225</b>
<b>Liabilities</b>						
Current and non-current loans	141,996			<b>141,996</b>		141,996
Payables to suppliers	270,984			<b>270,984</b>		270,984
Other current liabilities	5,322		77	<b>5,399</b>	44,207	49,606
<b>Total liabilities</b>	<b>418,302</b>		<b>77</b>	<b>418,379</b>	<b>44,207</b>	<b>462,586</b>
<b>At 30 April 2016</b>						
<i>(in thousand of euros)</i>						
<b>Assets</b>						
Current receivables from customers	306,474			<b>306,474</b>		306,474
Other current and non-current assets	11,714	898	4,794	<b>17,406</b>	11,889	29,295
Cash and cash equivalents			146,168	<b>146,168</b>		146,168
<b>Total assets</b>	<b>318,188</b>	<b>898</b>	<b>150,962</b>	<b>470,048</b>	<b>11,889</b>	<b>481,937</b>
<b>Liabilities</b>						
Current and non-current loans	105,651			<b>105,651</b>		105,651
Payables to suppliers	261,673			<b>261,673</b>		261,673
Other current liabilities	3,629		124	<b>3,753</b>	43,706	47,459
<b>Total liabilities</b>	<b>370,953</b>	<b>0</b>	<b>124</b>	<b>371,077</b>	<b>43,706</b>	<b>414,783</b>

## FAIR VALUE ESTIMATE

IFRS 13 defines the fair value as the price that would be received for the sale of an asset or that would be paid for the transferral of a liability on the date of evaluation on a free transaction between market operators.

The fair value of financial instruments listed on an active market is based on market prices on the reporting date. The fair value of instruments that are not listed on an active market is calculated using evaluation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value classification of financial instruments is given below, based on the following hierarchical levels:

*Level 1:* fair value calculated with reference to listed prices (not adjusted) on active markets for identical financial instruments;

*Level 2:* fair value calculated using evaluation techniques with reference to variables that can be observed on active markets;

Level 3: fair value calculated using evaluation techniques with reference to market variables that cannot be observed.

The table below shows the assets and liabilities which, at 30 April 2017, were measured and booked at fair value, providing an indication of the hierarchical level of the relative fair value:

<i>(in thousand of euros)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets measured at Fair Value</b>			
Financial derivatives			
Assets destined for sale			
Equity investments in other enterprises			4,155
Other Assets		1,666	
<b>Total</b>	<b>0</b>	<b>1,666</b>	<b>4,155</b>
<b>Liabilities measured at Fair Value</b>			
Financial derivatives		77	
Financial liabilities at Fair Value recognised in the Income Statement			
Other Liabilities			
<b>Total</b>	<b>0</b>	<b>77</b>	<b>0</b>

Financial derivatives are forward transactions in foreign currency entered into by the Group for the management of the exchange rate risk on certain supplies in currencies other than the Euro. The positive and negative fair value was determined using the exchange risks observable at the reporting date.

Other assets included the mutual fund investemet shares issues by primary intermediaries and measured at fair value in accordance with the data observable on the active market and an insurance policy valued at fair value on the basis of the ransom value.

In the derivatives financial instruments item is reported fair value (MtM) of the forward transactions Euro/Dollars at 30 April 2017.

Non-current equity investments in other companies refer to companies that are not listed on an active market, the fair value of which cannot be reliably measured; therefore, such equity investments are measured at cost, net of any losses in value. The measurement of the above-mentioned equity investments, therefore, represents the best approximation of the market value.

The following tables highlight the changes in Level 1, Level 2 and Level 3 during the year ended 30 April 2017:

<i>(in thousand of euros)</i>	<b>Level 1</b>
<b>Balance at 30.04.2016</b>	-
Profit and (losses) recognised in income statement	
Increases/(Decreases)	
<b>Balance at 30.04.2017</b>	-
<b>Total</b>	-

<i>(in thousand of euros)</i>	<b>Level 2</b>
<b>Balance at 30.04.2016</b>	<b>774</b>
Profit and (losses) recognised in income statement	44
Increases/(Decreases)	720
<b>Balance at 30.04.2017</b>	<b>1,538</b>
<b>Total</b>	<b>1,538</b>

<i>(in thousand of euros)</i>	<b>Level 3</b>
<b>Balance at 30.04.2016</b>	<b>6,612</b>
Profit and (losses) recognised in income statement	
Increases/(Decreases)	(2,457)
<b>Balance at 30.04.2017</b>	<b>4,155</b>
<b>Total</b>	<b>4,155</b>

The change of Level 2 value derives from the fair value measurement of forward currency transactions and the purchase of mutual fund investemet shares issues by primary intermediaries with underlying equity and bonds.

The change of Level 3 value derives from the different classification of Via Giuntini's property of Euro 1,8 million that at 30 April 2017 is recognised under tangible assets rather than under non-current assets held for sale, as it was reused in the production process.

#### 4 Estimates and Assumptions

The preparation of financial statements requires the directors to apply accounting standards and methods which, in some circumstances, are based on difficult and subjective valuations and assumptions based on historical experience and assumptions that are from time to time considered reasonable and realistic depending on the related circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statement schedules, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, as well as any information provided. The final results of the financial statement items for which the abovementioned estimates and assumptions have been used could differ from those reported in the financial statements that recognise the effects of the occurrence of the event being estimated, because of the uncertainty that characterizes the assumptions and conditions on which estimates are based.

Below are summarised the areas that require, more than others, greater subjectivity on the part of the directors in preparing estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on financial data.

##### (a) Impairment of assets

In accordance with the accounting standards applied by the Group, property, plant and equipment, intangible assets and investment property are tested for impairment in order to establish whether there is evidence of an impairment loss, which must be recognised through a write-down, when there are indications that it may be difficult to recover the related net book value through their use. The verification of the existence of the abovementioned indicators requires the directors to apply subjective valuations based on the information available within the Group and in the market, as well as on historical experience. Furthermore, if it is established that a potential impairment loss may have occurred, the Group takes steps to determine the same by using valuation techniques that are considered to be suitable. The correct identification of any evidence of the existence of a potential impairment loss of property, plant and equipment, intangible assets and investment property, as well as any estimates for the determination of the same, depend on factors that can vary over time, thus affecting the valuations and estimates made by the directors.

##### (b) Amortisation and depreciation

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful life of the related assets. The useful economic life of said assets is determined by the directors at the time when they are acquired; it is based on historical experience for similar assets, market conditions and anticipations of future events that could have an impact on the useful life of the assets, including changes in technology. Therefore, the actual economic life could differ from the estimated useful life.

##### (c) Provision for bad debts

The provision for bad debts reflects any losses estimated for the Group's portfolio of receivables. The Group has set aside provisions against expected losses on receivables, which have been estimated on the basis of past experience with reference to receivables with a similar credit risk, to current and historical outstanding amounts, as well as to the careful monitoring of the quality of the portfolio of receivables and of the current

and expected conditions of the relevant economy and markets. The estimates and assumptions are reviewed periodically and the effects of any change are reported in the income statement in the relevant financial year.

(d) Provision for obsolescence of inventories

The Group recognises probable liabilities attributable to impairment losses of inventories in the provision for obsolescence of inventories. The determination of these provisions entails the assumption of estimates based on the current knowledge of factors that can vary over time, thus being able to generate final results that may also be significantly different from those taken into account in the preparation of these disclosures.

(e) Employee benefits

The present value of pension funds entered in the Consolidated Financial Statements depends on an independent actuarial calculation and on the different assumptions taken into consideration. Any changes in the assumptions and in the discount rate used are promptly reflected in the calculation of the present value and could have a significant impact on the data reported in the accounts. The assumptions used for the purposes of the actuarial calculation are examined on an annual basis.

The present value is determined by discounting the future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan. For additional information, reference is made to notes 26 Employee benefits and 10 Personnel costs.

## 5 Business Combinations

During the year ended 30 April 2017, the most significant entities in which the Group acquired control are Var Prime Srl and Globo Informatica Srl.

In the VAR sector, Var Group SpA signed a binding agreement for the arrangement of an activity pole in Cloud services area on Microsoft Dynamics platform for SME and Enterprise segments. These agreements allowed:

- the purchase by Var Group SpA of 55% of the capital of NTT Srl (then renamed Var Prime Srl). Var Prime Srl in the year ended 31 December 2016 recorded revenues of about Euro 2.5 million, a positive Ebitda of approximately Euro 300 thousand, a Net profit of about Euro 100 thousand, with a positive Net Financial Position of Euro 50 thousand;
- the incorporation into Var Prime Srl of Dynamics Fashion Group Srl, a subsidiary of Var Prime Srl, with a turnover of approximately Euro 1.5 million in 2016, a positive Ebitda of Euro 200 thousand and a positive Net Financial Position of Euro 100 thousand. The merger by incorporation was completed on 7 December 2016;
- the acquisition of 100% of Porini Technologies Srl through Var Prime Srl on 2 December 2016. Porini Technologies Srl operates in the Cloud services area on Microsoft Dynamics ERP platform, with a turnover of about Euro 1 million and an expected Ebitda of approximately Euro 250 thousand. The process of merging by incorporation of Porini Technologies Srl into Var Prime Srl was completed on 4 April 2017.

Following the allocation of the amount paid, Euro 385 thousand (gross of taxes) was attributed to the item Technological know-how, amortized over a 20-year time period and Euro 386 thousand (gross of taxes) to the item Client list, amortized over a 10-year time period.

In March 2017, Var Group SpA acquired 57.5% of the capital of Globo Informatica Srl, an IT Consulting company specialized in solutions in the Digital Transformation area enabled by the Enterprise Content and Information Management platforms of Vendor's Software OpenText, of which is certified partner and reference of the Italian

market. Globo Informatica Srl closed the latest financial statements at 31 December 2016 with revenues equal to Euro 8.1 million (up over 20% compared to the previous year), an Ebitda of Euro 1.2 million (up by 20% compared to the previous year) and a Net profit of about Euro 0.7 million (up 20% compared to the previous year), as well as an equity of Euro 1 million. Following the allocation of the amount paid, Euro 2,215 (gross of taxes) was attributed to the item Technological know-how, amortized over a 20-year time period and Euro 739 thousand (gross of taxes) to the item Client list, amortized over a 10-year time period.

In accordance with IFRS 3, the fair value of assets, liabilities and contingent liabilities was determined definitively.

The following table shows the details of the fair value of acquired assets and liabilities for the companies reported above:

<i>(in thousand of euros)</i>	<b>Var Prime Srl</b>	<b>Globo Informatica Srl</b>
Property, plant and equipment	824	2,953
Investment property	8	57
Other current and non-current assets	184	131
Inventories		
Current trade receivables	545	2,349
Cash and cash equivalents	249	418
<b>Acquired assets</b>	<b>1,620</b>	<b>5,909</b>
Non-current loans	-	-
Employee benefits	80	852
Current loans	2	
Deferred tax liabilities	168	747
Payables to suppliers	367	2,372
Other liabilities	486	191
<b>Acquired liabilities</b>	<b>1,159</b>	<b>3,549</b>
<b>Non-controlling interests</b>	<b>(51)</b>	<b>(110)</b>
<b>Acquired net assets</b>	<b>600</b>	<b>2,250</b>

The amount paid for acquisitions made during the year is shown below:

<i>(in thousand of euros)</i>	<b>Var Prime Srl</b>	<b>Globo Informatica Srl</b>
Fee	600	2,250
Net financial debt (net cash)*	(249)	(791)
<b>Amount paid</b>	<b>352</b>	<b>1,459</b>

\* Net financial debt calculated at the date of the corporate control acquisition and entry in the scope of consolidation

## 6 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 (VAR), 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 uses 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 year 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 year.

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 table below shows the segment reporting applied for the fiscal years ended 30 April 2017 and 30 April 2016.

	FY ended 30 April 2017					FY ended 30 April 2016				
	Value Added Distribution	Software and System Integration	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations	
<i>(in thousand of euros)</i>										
<b>Revenues from third parties</b>	<b>1,028,041</b>	<b>230,424</b>	<b>1,810</b>		<b>1,260,275</b>	<b>1,002,314</b>	<b>219,475</b>	<b>1,696</b>	<b>-</b>	<b>1,223,485</b>
Inter segment revenues	68,802	2,583	10,727		82,112	75,032	3,043	10,242	-	88,317
<b>Revenues</b>	<b>1,096,843</b>	<b>233,007</b>	<b>12,537</b>	<b>(82,112)</b>	<b>1,260,275</b>	<b>1,077,346</b>	<b>222,518</b>	<b>11,938</b>	<b>(88,317)</b>	<b>1,223,485</b>
Other income	5,640	6,838	2,575	(3,859)	11,194	4,231	2,813	1,900	(2,827)	6,117
<b>Total Revenues and other income</b>	<b>1,102,483</b>	<b>239,845</b>	<b>15,112</b>	<b>(85,971)</b>	<b>1,271,469</b>	<b>1,081,577</b>	<b>225,331</b>	<b>13,838</b>	<b>(91,144)</b>	<b>1,229,602</b>
Consumables and goods for resale	(1,015,968)	(107,892)	(629)	69,307	(1,055,182)	(993,271)	(124,592)	(926)	76,812	(1,041,977)
Costs for services and rent, leasing and similar costs	(29,140)	(65,115)	(7,422)	16,571	(85,106)	(30,017)	(49,570)	(6,437)	14,719	(71,305)
Personnel costs	(13,610)	(50,926)	(5,571)		(70,107)	(12,304)	(41,446)	(5,257)	3	(59,004)
Other operating costs	(1,951)	(1,127)	(156)	45	(3,189)	(1,926)	(787)	(230)	(364)	(3,307)
<b>Ebitda</b>	<b>41,814</b>	<b>14,785</b>	<b>1,334</b>	<b>(48)</b>	<b>57,885</b>	<b>44,059</b>	<b>8,936</b>	<b>988</b>	<b>26</b>	<b>54,009</b>
Amortisation, depreciation and write-downs and other non-monetary costs	(6,305)	(5,969)	(825)	-	(13,099)	(5,985)	(3,916)	(424)	-	(10,325)
<b>Ebit</b>	<b>35,509</b>	<b>8,816</b>	<b>509</b>	<b>(48)</b>	<b>44,786</b>	<b>38,074</b>	<b>5,020</b>	<b>564</b>	<b>26</b>	<b>43,684</b>
Profit from companies valued at equity	145	25	2	-	172	8	437	17	-	462
Net financial income and charges	(2,969)	(1,681)	29	-	(4,621)	(4,254)	(2,211)	22	-	(6,443)
<b>Profit before taxes</b>	<b>32,685</b>	<b>7,160</b>	<b>540</b>	<b>(48)</b>	<b>40,337</b>	<b>33,828</b>	<b>3,246</b>	<b>603</b>	<b>26</b>	<b>37,703</b>
Income taxes	(9,806)	(3,089)	(360)	16	(13,239)	(10,587)	(1,700)	(353)	(8)	(12,648)
<b>Profit for the year</b>	<b>22,879</b>	<b>4,071</b>	<b>180</b>	<b>(32)</b>	<b>27,098</b>	<b>23,241</b>	<b>1,546</b>	<b>250</b>	<b>18</b>	<b>25,055</b>
Net profit attributable to non-controlling interests	(62)	2,098	18	1	2,055	94	937	60	-	1,091
<b>Net profit attributable to the Group</b>	<b>22,942</b>	<b>1,972</b>	<b>162</b>	<b>(33)</b>	<b>25,043</b>	<b>23,147</b>	<b>609</b>	<b>190</b>	<b>18</b>	<b>23,964</b>

The table below shows the financial segment reporting applied for the fiscal years ended 30 April 2017 and 30 April 2016.

<i>(in thousand of euros)</i>	FY ended 30 April 2017					FY ended 30 April 2016				
	Value Added Distribution	Software AND System Integration	Corporate	Eliminations		Value Added Distribution	Software AND System Integration	Corporate	Eliminations	
Intangible assets	1,211	20,556	81		21,848	1,249	15,981	21	17,251	
Property, plant and equipment	41,772	7,477	487		49,736	40,427	3,786	224	44,437	
Investment property			290		290			290	290	
Equity investments valued at equity	4,749	3,296	1,037	(247)	8,835	50	3,100	1,035	(247)	3,938
Deferred tax assets	3,172	2,119	321	(64)	5,548	3,078	1,993	413	(34)	5,450
Other non-current receivables and assets	3,660	4,966	67,217	(67,683)	8,160	3,475	5,733	67,256	(67,681)	8,783
<b>TOTAL NON-CURRENT ASSETS</b>	<b>54,564</b>	<b>38,414</b>	<b>69,433</b>	<b>(67,994)</b>	<b>94,417</b>	<b>48,279</b>	<b>30,593</b>	<b>69,239</b>	<b>(67,962)</b>	<b>80,149</b>
Inventories	51,738	9,977		(145)	61,570	51,413	7,762		(96)	59,079
Current trade receivables	266,331	80,799	14,440	(46,171)	315,399	258,454	76,748	18,598	(47,327)	306,473
Current tax receivables	619	2,075	1,993		4,687	1,004	3,068	197		4,296
Other current receivables and assets	6,766	17,658	965	(2,674)	22,715	4,744	15,675	950	(858)	20,511
Cash and cash equivalents	135,720	47,101	9,130		191,951	105,218	33,272	7,678		146,168
<b>TOTAL CURRENT ASSETS</b>	<b>461,174</b>	<b>157,610</b>	<b>26,528</b>	<b>(48,990)</b>	<b>596,322</b>	<b>420,833</b>	<b>136,525</b>	<b>27,423</b>	<b>(48,281)</b>	<b>536,500</b>
Non-current assets held for sale							1,818			1,818
<b>TOTAL ASSETS</b>	<b>515,738</b>	<b>196,024</b>	<b>95,961</b>	<b>(116,984)</b>	<b>690,739</b>	<b>469,112</b>	<b>168,936</b>	<b>96,662</b>	<b>(116,243)</b>	<b>618,467</b>
Share capital	40,000	3,800	37,127	(43,800)	37,127	40,000	3,800	37,127	(43,800)	37,127
Share premium reserve		4,051	33,144	(4,051)	33,144		4,051	33,144	(4,051)	33,144
Other reserves and Profits carried forward	119,701	7,162	14,299	(20,148)	121,014	105,298	5,093	11,926	(20,250)	102,067
<b>TOTAL GROUP EQUITY</b>	<b>159,701</b>	<b>15,013</b>	<b>84,570</b>	<b>(67,999)</b>	<b>191,285</b>	<b>145,298</b>	<b>12,944</b>	<b>82,197</b>	<b>(68,101)</b>	<b>172,338</b>
Equity attributable to non-controlling interests	829	6,123	555	236	7,743	895	5,278	550	352	7,075
<b>TOTAL EQUITY</b>	<b>160,530</b>	<b>21,136</b>	<b>85,125</b>	<b>(67,763)</b>	<b>199,028</b>	<b>146,193</b>	<b>18,222</b>	<b>82,747</b>	<b>(67,749)</b>	<b>179,413</b>
Non-current loans	59,717	21,401			81,118	46,345	18,758			65,103
Employee benefits	1,479	14,518	1,430		17,427	1,421	13,058	1,357		15,836
Non-current provisions	1,299	447			1,746	508	204			712
Deferred tax liabilities	1,381	5,542	27	(239)	6,711	1,179	4,484	(5)	(195)	5,463
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>63,876</b>	<b>41,908</b>	<b>1,457</b>	<b>(239)</b>	<b>107,002</b>	<b>49,453</b>	<b>36,504</b>	<b>1,352</b>	<b>(195)</b>	<b>87,114</b>
Current loans	36,796	24,082			60,878	23,233	17,315			40,548
Payables to suppliers	245,002	70,408	4,494	(48,920)	270,984	238,594	68,193	3,123	(48,237)	261,673
Current tax payables	1,097	2,116	18	10	3,241	232	1,109	909	10	2,260
Other current liabilities	8,437	36,374	4,867	(72)	49,606	11,407	27,593	8,531	(72)	47,459
<b>TOTAL CURRENT LIABILITIES</b>	<b>291,332</b>	<b>132,980</b>	<b>9,379</b>	<b>(48,982)</b>	<b>384,709</b>	<b>273,466</b>	<b>114,210</b>	<b>12,563</b>	<b>(48,299)</b>	<b>351,940</b>
<b>TOTAL LIABILITIES</b>	<b>355,208</b>	<b>174,888</b>	<b>10,836</b>	<b>(49,221)</b>	<b>491,711</b>	<b>322,919</b>	<b>150,714</b>	<b>13,915</b>	<b>(48,494)</b>	<b>439,054</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>515,738</b>	<b>196,024</b>	<b>95,961</b>	<b>(116,984)</b>	<b>690,739</b>	<b>469,112</b>	<b>168,936</b>	<b>96,662</b>	<b>(116,243)</b>	<b>618,467</b>

All the Group's revenues are generated in Italy. Revenues can be broken down as follows:

<i>(in thousand of euros)</i>	<b>FY ended 30 April</b>	
	<b>2017</b>	<b>2016</b>
Sale of hardware, software and accessories	1,145,009	1,128,940
Software development and other services	55,067	43,554
Hardware and software assistance	48,034	37,455
Marketing activity	7,957	10,206
Other sales	4,208	3,330
<b>Total</b>	<b>1,260,275</b>	<b>1,223,485</b>

Group revenues, equal to Euro 1,260,275 thousand at 30 April 2017 recorded a 3.0% growth compared to the previous year thanks to the positive performance of both main business segments. The hardware sales also include the transfers of goods from ITF Srl to the partner IBM Italia SpA, within the scope of a sale and lease back transaction carried out by a telecom operator. The related debits and credits of these transactions for the purchase and sale of goods were fully settled by the closing date of the financial statements. For detailed information on the activities of the main subsidiaries please see the Report on Operation and the Notes to the Financial Statements of Var Group SpA, Computer Gross Italia SpA and ITF Srl.

## 7 Other income

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>FY ended 30 April</b>	
	<b>2017</b>	<b>2016</b>
Transport activity	1,356	611
Capital gains on disposals	430	508
Commissions	945	442
Leases and hires	194	167
Training courses	160	184
Other income	8,109	4,205
<b>Total</b>	<b>11,194</b>	<b>6,117</b>

The item Other income relates mainly to the recovery of the transport costs and to other services provided by Group companies.

## 8 Consumables and Goods for resale

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Purchase of hardware	690,755	677,140
Purchase of software	362,860	364,074
Consumables and other purchases	1,567	763
<b>Total</b>	<b>1,055,182</b>	<b>1,041,977</b>

From the year ended at 30 April 2017 cash discount granted by the suppliers are reclassified to reduce the purchase cost of the goods since the commercial component is considered prevalent, as practiced in the distribution sector. For purposes of comparison the financial discounts have been reclassified from Financial income item to the cost of Consumables also in the income statement at 30 April 2016.

## 9 Costs for services and rent, leasing and similar costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Hardware and software technical assistance	27,692	23,494
Consultancy	19,516	15,130
Commissions and contributions due to agents	7,475	8,543
Leases and hires	6,961	5,657
Marketing	3,394	3,356
Transport	3,985	3,408
Insurance	1,619	1,685
Utilities	1,650	1,733
Logistics and warehousing	1,492	1,231
Support and training expenses	689	609
Maintenance	2,957	2,343
Other expenses for services	8,382	4,463
<b>Total</b>	<b>85,812</b>	<b>71,652</b>

## 10 Personnel costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Wages and salaries	48,124	39,996
Social security contributions	12,987	11,264
Contributions to defined-contribution pension funds	3,151	2,687
Contributions to defined-benefit pension funds	8	
Reimbursements and other personnel costs	5,837	5,057
<b>Total</b>	<b>70,107</b>	<b>59,004</b>

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

<i>(in units)</i>	Average number of employees for the financial year ended 30 April		Exact number of employees at 30 April	
	2017	2016	2017	2016
Executives	16	16	16	16
Middle managers	98	93	100	95
Office workers	1,207	1,041	1,311	1,104
<b>Total</b>	<b>1,321</b>	<b>1,150</b>	<b>1,427</b>	<b>1,215</b>

## 11 Other Operating Costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Net accruals to provision for bad debts (net of recovery)	4,431	4,722
Charges and commissions for assignments of receivables without recourse	1,121	1,361
Taxes and duties	582	429
Capital losses on disposals	17	45
Losses not covered by provisions for bad debts	340	553
Provisions for risks and charges	1,117	487
Other operating costs	1,128	919
<b>Total</b>	<b>8,736</b>	<b>8,516</b>

## 12 Amortisation and depreciation

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Intangible assets	2,969	1,897
Property, plant and equipment	3,877	2,872
<b>Total</b>	<b>6,846</b>	<b>4,769</b>

## 13 Profit from companies valued at equity

Below is reported the breakdown of changes in the value of equity investments in associated companies valued at equity in the financial years ended 30 April 2017 and 30 April 2016:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
<b>Balance at the beginning of the period</b>	<b>3,938</b>	<b>2,766</b>
Acquisitions and capital increases	5,563	1,452
Transfers and winding-ups		(261)
Dividends received		(151)
Profit from companies valued at equity	172	462
Reclassifications	(838)	(330)
<b>Balance at the end of the period</b>	<b>8,835</b>	<b>3,938</b>

Below is reported the share of profit of the main associated companies, and the combined value of their assets, liabilities and revenues:

<i>(in thousand of euros)</i>	Total assets	Total liabilities	Revenues	Profit (loss) for the year	Ownership %
<b>30 April 2017</b>					
ATTIVA SPA	53,608	31,808	301,385	2,850	20.0%
ZUCCHETTI INFORMATICA SPA	42,251	39,988	60,583	1,498	25.0%
M.K. ITALIA SRL	1,439	1,325	4,971	114	45.0%
STUDIO 81 DATA SYSTEM SRL	1,506	1,311	1,643	8	50.0%
C.G.N. SRL	1,473	24	277	3	47.5%

## 14 Financial income and charges

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Interest expense for assignments of receivables	1,325	1,792
Charges and commissions for assignments of receivables with recourse	727	929
Interest expense on bank accounts and loans	415	703
Other interest expense	1,166	888
Commissions and other financial charges	2,275	3,214
Financial charges relating to staff severance pay (TFR)	205	189
Foreign exchange losses	2,732	2,815
<b>Total financial charges</b>	<b>8,845</b>	<b>10,530</b>
Interest income on other short-term receivables	1,213	913
Other financial income	144	327
Interest income on bank deposits	56	139
Dividends from equity investments	91	131
Foreign exchange gains	2,720	2,577
<b>Total financial income</b>	<b>4,224</b>	<b>4,087</b>
<b>Net financial charges</b>	<b>4,621</b>	<b>6,443</b>

## 15 Income taxes

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Current taxes	13,342	12,636
Deferred tax liabilities	(103)	12
Taxes relating to previous financial years		
<b>Total</b>	<b>13,239</b>	<b>12,648</b>

The table below reports the reconciliation of the theoretical and effective tax burden for the financial years ended 30 April 2017 and 30 April 2016.

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
<b>Profit before taxes</b>	<b>40,337</b>	<b>40,473</b>
Theoretical taxes	11,093	10,368
Taxes relating to previous years	9	8
Tax relief on dividends	129	(172)
Permanent differences	(981)	117
IRAP tax, including other changes	2,989	2,327
<b>Effective tax burden</b>	<b>13,239</b>	<b>12,648</b>

## 16 Intangibles assets

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	List of customers	Software and other intangible assets	Technological know-how	Total
<b>Balance at 30 April 2016</b>	<b>6,819</b>	<b>1,857</b>	<b>8,575</b>	<b>17,251</b>
<i>Of which:</i>				
- historical cost	10,505	6,730	8,878	<b>26,113</b>
- accumulated amortisation	(3,686)	(4,873)	(303)	<b>(8,862)</b>
Change in the scope of consolidation	1,997	268	3,335	<b>5,568</b>
Investments	620	1,870		<b>2,522</b>
Disinvestments	(88)	(436)		<b>(524)</b>
Amortisation	(1,112)	(1,411)	(446)	<b>(2,969)</b>
Transfer of historical cost/accumulated amortisation				
Transfer of accumulated amortisation/historical cost				
<b>Balance at 30 April 2017</b>	<b>8,236</b>	<b>2,148</b>	<b>11,464</b>	<b>21,848</b>
<i>Of which:</i>				
- historical cost	12,060	7,888	12,251	<b>32,199</b>
- accumulated amortisation	(3,824)	(5,740)	(787)	<b>(10,351)</b>

The balance of intangible assets at 30 April 2017 was mainly made up of lists of customers and technological know-how, increasing during the year mainly for the purchase of controlling shares of Var Prime Srl and Globo Informatica Srl.



## 17 Property, plant and equipment

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Land</b>	<b>Buildings</b>	<b>Office machines</b>	<b>Leasehold improvements</b>	<b>Other property, plant and equipment</b>	<b>Total</b>
<b>Balance at 30 April 2015</b>	<b>5,225</b>	<b>23,380</b>	<b>2,637</b>	<b>1,569</b>	<b>5,142</b>	<b>37,953</b>
<i>Of which:</i>						
- historical cost	5,225	24,787	22,237	2,872	8,459	<b>63,580</b>
- accumulated depreciation		(1,407)	(19,600)	(1,303)	(3,317)	<b>(25,627)</b>
Change in the scope of consolidation			754	93	596	<b>1,443</b>
Investments		3,424	3,465	1,169	1,528	<b>9,586</b>
Disinvestments		(5)	(1,435)		(233)	<b>(1,673)</b>
Depreciation		(401)	(1,241)	(287)	(943)	<b>(2,872)</b>
Other movements						
<b>Balance at 30 April 2016</b>	<b>5,225</b>	<b>26,398</b>	<b>4,180</b>	<b>2,544</b>	<b>6,090</b>	<b>44,437</b>
<i>Of which:</i>						
- historical cost	5,225	28,206	14,182	4,290	10,372	<b>62,275</b>
- accumulated depreciation		(1,808)	(10,002)	(1,746)	(4,282)	<b>(17,838)</b>
Investments		987	3,359	1,215	1,883	<b>7,444</b>
Disinvestments			(235)		(117)	<b>(352)</b>
Change in the scope of consolidation			139	105	244	<b>266</b>
Depreciation		(567)	(1,667)	(544)	(1,099)	<b>(3,877)</b>
Other movements	2,725	(907)				<b>1,818</b>
<b>Balance at 30 April 2017</b>	<b>7,950</b>	<b>25,911</b>	<b>5,776</b>	<b>3,320</b>	<b>6,779</b>	<b>49,736</b>
<i>Of which:</i>						
- historical cost	7,950	28,287	17,477	5,624	12,124	71,462
- accumulated depreciation		(2,376)	(11,701)	(2,304)	(5,345)	(21,726)

Investments in Buildings relating to the year ended 30 April 2017 mainly included the completion of the executive offices of Sesa SpA. Purchases of office equipment during the year mainly refer to servers and storage necessary for the increase in the cloud computing services offered by Leonet Srl and the technological investments carried out by Computer Gross Italia SpA, Var Group SpA e Sesa SpA for the supply of services and the technological renewal. Improvements on third party assets mainly refer to the fitting-out of the Cash&Carry points of sale of Computer Gross Italia SpA. The Other movements related to the item Land refer to the spinning-off of the related building value, based in Via Piovola, and object of the real-estate leasing for which the termination of work was certificated in the year.

## 18 Investment Property

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<b>Balance at 30 April 2015</b>	<b>281</b>	<b>9</b>	<b>290</b>
<i>Of which:</i>			
- historical cost	281	10	<b>291</b>
- accumulated depreciation		(1)	<b>(1)</b>
Depreciation			
Disposals			
<b>Balance at 30 April 2016</b>	<b>281</b>	<b>9</b>	<b>290</b>
<i>Of which:</i>			
- historical cost	281	10	<b>291</b>
- accumulated depreciation		(1)	<b>(1)</b>
Investments			
Disposals			
Depreciation			
<b>Balance at 30 April 2017</b>	<b>281</b>	<b>9</b>	<b>290</b>

## 19 Deferred tax assets and liabilities

Below is the breakdown of the expected maturity of deferred tax assets and deferred tax liabilities:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Deferred tax assets due within 12 months	4951	4997
Deferred tax assets due beyond 12 months	597	452
<b>Total deferred tax assets</b>	<b>5,549</b>	<b>5,449</b>
Deferred tax liabilities within 12 months	400	257
Deferred tax liabilities beyond 12 months	6,311	5,206
<b>Total deferred tax liabilities</b>	<b>6,711</b>	<b>5,463</b>

The net change in the items in question can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
<b>Balance at the beginning of the year</b>	<b>(14)</b>	<b>3,157</b>
<i>Of which:</i>		
- deferred tax assets	5,449	5,238
- deferred tax liabilities	5,463	(2,081)
Change in the scope of consolidation	(1,270)	(2,981)
Effect on the income statement	105	(174)
Effect on the statement of comprehensive income	16	(16)

<b>Balance at the end of the year</b>		<b>(1,163)</b>	<b>(14)</b>
<i>Of which:</i>			
- deferred tax assets		5,548	5,449
- deferred tax liabilities		6,711	5,463

The change in deferred tax assets can be broken down as follows:

<b>Deferred tax assets</b>	<b>Value differences on property, plant and equipment and intangible assets</b>	<b>Provisions for risks and charges and other allocations</b>	<b>Employee benefits</b>	<b>Other items</b>	<b>Total</b>
<i>(in thousand of euros)</i>					
<b>Balance at 30 April 2015</b>	<b>1,943</b>	<b>3,108</b>	<b>130</b>	<b>57</b>	<b>5,238</b>
Change in the scope of consolidation	260		68	(55)	<b>273</b>
Effect on the income statement		(62)			<b>(62)</b>
Effect on the statement of comprehensive income					
<b>Balance at 30 April 2016</b>	<b>2,203</b>	<b>3,046</b>	<b>198</b>	<b>2</b>	<b>5,449</b>
Change in the scope of consolidation	126				<b>126</b>
Effect on the income statement	(4)	(39)		16	<b>(27)</b>
Effect on the statement of comprehensive income					
<b>Balance at 30 April 2017</b>	<b>2,325</b>	<b>3,007</b>	<b>198</b>	<b>18</b>	<b>5,548</b>

The change in deferred tax liabilities can be broken down as follows:

<b>Deferred tax liabilities</b>	<b>Value differences on property, plant and equipment and intangible assets</b>	<b>Employee benefits</b>	<b>Other items</b>	<b>Total</b>
<i>(in thousand of euros)</i>				
<b>Balance at 30 April 2015</b>	<b>1,804</b>	<b>(307)</b>	<b>584</b>	<b>2,081</b>
Change in the scope of consolidation	3,254			<b>3,254</b>
Effect on the income statement	112			<b>112</b>
Effect on the statement of comprehensive income	-	16		<b>16</b>
<b>Balance at 30 April 2016</b>	<b>5,170</b>	<b>(291)</b>	<b>584</b>	<b>5,463</b>
Change in the scope of consolidation	1,525		(129)	1,396
Effect on the income statement	(157)	25		<b>(132)</b>
Effect on the statement of comprehensive income		(16)		<b>(16)</b>
<b>Balance at 30 April 2017</b>	<b>6,538</b>	<b>(282)</b>	<b>455</b>	<b>6,711</b>

Receivables for deferred tax assets refer to accruals to provisions for obsolescence, bad debts and risks, which will be deductible for tax purposes only when the loss becomes certain, and to intangible assets used to reduce equity during transition to IFRS.

Deferred tax liabilities are mainly related to tangible and intangible assets (client lists and technological know-how) for which the value deductible for tax purposes is lower than the book value.

## 20 Other current and non-current receivables and assets

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Non-current receivables from others	3,705	3,889
Non-current equity investments in other companies	4,155	4,794
Non-current securities	51	37
Other non-current tax receivables	249	63
Non-current receivables from associated companies		
<b>Total other non-current receivables and assets</b>	<b>8,160</b>	<b>8,783</b>
Current receivables from others	9,117	7,825
Other current tax receivables	2,761	3,415
Accrued income and prepaid expenses	9,167	8,286
Derivative assets		3
Other current securities	1,615	858
Current receivables from Group's companies out of the scope of consolidation	5	125
<b>Total other current receivables and assets</b>	<b>22,715</b>	<b>20,512</b>

Non-current receivables from others mainly include receivables relating to the recovery of VAT for invoices issued to customers subject to bankruptcy procedures.

Non-current equity investments in other companies refer to companies not listed on an active market, the fair value of which cannot be measured reliably; therefore, these investments are valued at cost, net of any losses in value. Among these, we point out Dedagroup SpA and Aldebra SpA.

Non-current equity investments in other companies can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
<b>Balance at the beginning of the year</b>	<b>4,794</b>	<b>6,204</b>
Acquisitions and capital increase	356	393
Disposals, write-downs and impairment	(798)	(607)
Reclassifications	(197)	(1,196)
<b>Balance at the end of the year</b>	<b>4,155</b>	<b>4,794</b>

In the year ended 30 April 2017 increases in other equity investments are due to the acquisition of equity investments by companies belonging to the VAR segment. In particular, we note the acquisition of interest in Synergy Srl for Euro 200 thousand. Among the divestments, writedowns and impairment, we highlight the sale of the investment in ITD Srl for Euro 400 thousand and the distribution of reserves by Heureca Srl for Euro 247 thousand.

## 21 Inventories

This item can be broken down as follows:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
Finished products and goods for resale	57,813	56,524
Work in progress and semi-finished products	3,758	2,555
<b>Total</b>	<b>61,570</b>	<b>59,079</b>

Finished products and goods for resale were recognised net of the provision for write-down for obsolescence. The related changes are reported in the table below.

<i>(in thousand of euros)</i>	Provision for obsolescence of finished products and goods for resale
<b>Balance at 30 April 2016</b>	<b>812</b>
Net changes	454
<b>Balance at 30 April 2017</b>	<b>1,266</b>

## 22 Current trade receivables

This item can be broken down as follows:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
Receivables from customers (*)	324,205	317,283
Provision for write-down of receivables from customers (**)	(12,381)	(12,030)
<b>Receivables from customers, net of provision for bad debts</b>	<b>311,824</b>	<b>305,253</b>
Receivables from associated companies	3,575	1,221
<b>Total current trade receivables</b>	<b>315,399</b>	<b>306,474</b>

(\*) For the purposes of a better portrayal of receivables from customers, they are presented net of the balance of customers subject to bankruptcy and composition with creditors proceedings which at 30 April 2017 were equal to Euro 28,789 thousand, compared to Euro 26,404 thousand at 30 April 2016. These positions have been fully written down via the booking of a specific provision.

The table below reports the change in the provision for bad debts:

<i>(in thousand of euros)</i>	<b>Provision for bad debts</b>
<b>Balance at 30 April 2016 (**)</b>	<b>12,030</b>
Allocation	4,848
Use	(4,552)
Change in scope of consolidation	55
<b>Balance at 30 April 2017 (**)</b>	<b>12,381</b>

(\*\*) For the purposes of a better portrayal of the provision for bad debts, its value is presented net of the accrual set aside to cover receivables subject to bankruptcy and composition with creditors proceedings which at 30 April 2017 amounted to Euro 28,789 thousand, compared to Euro 26,404 thousand at 30 April 2016.

## 23 Cash and cash equivalents

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Bank and postal deposits	191,620	146,098
Cheques	281	6
Cash	50	64
<b>Total cash and cash equivalents</b>	<b>191,951</b>	<b>146,168</b>

The following table shows the Group's cash and cash equivalents by currency at 30 April 2017 and 30 April 2016:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Cash and cash equivalents in euros	190,258	142,128
Cash and cash equivalents in other currency	1,693	4,040
<b>Total cash and cash equivalents</b>	<b>191,951</b>	<b>146,168</b>

## 24 Equity

### Share capital

At 30 April 2017 the Parent Company's share capital, fully subscribed and paid-up, amounted to Euro 37,127 thousand and was divided into 15,494,590 ordinary shares, all of which were no-par-value shares. The Company has no outstanding Warrants or shares other than ordinary ones.

The table below shows details of the changes during the year of the outstanding and treasury shares:

<i>(in thousand of euros)</i>	<b>Number of shares</b>
<b>Balance at 30 April 2016</b>	
Issued shares	15,651,101
Treasury shares	240,707
Outstanding shares	15,410,394
<b>Changes during the year</b>	
Assignment of shares in execution of the Stock Grant Plan	26,000
Purchase of treasury shares	71,755
Cancellation of treasury shares	156,511
Sale of treasury shares	85,568
<b>Balance at 30 April 2017</b>	
Issued shares	15,494,590
Treasury shares	44,383
Outstanding shares	15,450,207

Below are the Shareholders who, at 30 April 2017, held a significant equity investment with voting right of the share capital of the Issuer:

<b>Declarer</b>	<b>Direct Shareholder</b>	<b>No. of shares with voting right held</b>	<b>% on the total share capital with voting right</b>
HSE S.p.A.	ITH S.p.A.	8,183,323	52.814%
Amiral Gestion	Amiral Gestion	765,903	4.943%
Franklin Templeton Institutional LLC	Franklin Templeton Institutional LLC	753,000	4.860%

There are no other shareholders in addition to those mentioned above, with a significant equity investment who informed Consob and Sesa SpA, pursuant to art. 117 of the Consob Regulation no. 11971/99 about the obligation to notify any significant equity investments.

## Other reserves

The item "Other reserves" and "Reserve for actuarial gain (loss) attributable to non-controlling interests" can be broken down as follows:

<i>(in thousand of euros)</i>	Legal reserve	Treasury shares reserve	Reserve for actuarial gain (loss) attributable to the Group	Sundry reserves	Total Other reserves	Reserve for actuarial gain (loss) attributable to Non-controlling Interests
<b>At 30 April 2015</b>	<b>682</b>	<b>(2,159)</b>	<b>(1,271)</b>	<b>7,547</b>	<b>4,799</b>	<b>(296)</b>
Actuarial gain/(loss) for employee benefits – gross	-	-	59	-	59	7
Actuarial gain/(loss) for employee benefits – tax effect	-	-	(14)	-	(14)	(2)
Purchase of treasury shares	-	(860)	-	860		
Stock Grant Plan - shares vesting in the period				44	44	
Allocation of the profit for the year	344	-	-		344	
Other changes	-	-	19	79	98	
<b>At 30 April 2016</b>	<b>1,026</b>	<b>(3,019)</b>	<b>(1,207)</b>	<b>8,530</b>	<b>5,330</b>	<b>(291)</b>
Actuarial gain/(loss) for employee benefits – gross			(76)		(76)	5
Actuarial gain/(loss) for employee benefits – tax effect			18		18	(2)
Purchase of treasury shares		(1,342)			(1,342)	
Sale of treasury shares		3,167		(1,667)	1,500	
Assignment of shares in execution Stock Grant plan		327		(327)		
Stock Grant Plan - shares vesting in the period				706	706	
Allocation of the profit for the year	413			435	848	
Changes in the scope of consolidation				(397)	(397)	
<b>At 30 April 2017</b>	<b>1,439</b>	<b>(867)</b>	<b>(1,265)</b>	<b>7,280</b>	<b>6,587</b>	<b>(288)</b>

## Dividends

On 13 September 2016 a dividend of 0.48 Euro per share was distributed and approved by the Shareholders' Meeting on 26 August 2016. The net profit distributed by the parent company Sesa SpA amounted to Euro 7.4 million.



## Earnings per Share

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

<i>(in euros, except otherwise specified)</i>	FY ended 30 April	
	2017	2016
Profit for the year – attributable to the Group in thousands of euros	<b>25,043</b>	<b>23,964</b>
Average number of ordinary shares (*)	15,418,016	15,436,353
<b>Earnings per share – basic</b>	<b>1.62</b>	<b>1.55</b>
Average number of ordinary shares and warrants (**)	15,471,016	15,515,353
<b>Earnings per share – diluted</b>	<b>1.62</b>	<b>1.54</b>

(\*) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio;

(\*\*) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio, included the impact related to Stock Options/Grants Plans, Warrants and/or convertible bonds.

Other components of the statement of comprehensive income:

<i>(in euros, except otherwise specified)</i>	Earnings Reserve	Total Group	Non-controlling interests	Total other comprehensive Income
<b>At 30 April 2017</b>				
<b>Items that cannot be reclassified in the income statement</b>				
Actuarial gain/(loss) for employee benefits	(58)	(58)	3	(55)
<b>Total</b>	<b>(58)</b>	<b>(58)</b>	<b>3</b>	<b>(55)</b>
<b>Items that may be reclassified in the income statement</b>				
<b>Total</b>				
<b>Other comprehensive income</b>	<b>(58)</b>	<b>(58)</b>	<b>3</b>	<b>(55)</b>

## 25 Current and non-current loans

This item at 30 April 2017 and 30 April 2016 can be broken down as follows:

<b>At 30 April 2017</b> <i>(in thousand of euros)</i>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>	<b>Total</b>
Long-term loans	45,621	65,698		111,319
Short-term loans	9,021			9,021
Advances received from factors	4,787			4,787
Finance lease liability	1,449	4,622	10,798	16,869
<b>Total</b>	<b>60,878</b>	<b>70,320</b>	<b>10,798</b>	<b>141,996</b>
<b>At 30 April 2016</b> <i>(in thousand of euros)</i>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>	<b>Total</b>
Long-term loans	21,124	47,985		69,109
Short-term loans	9,708			9,708
Advances received from factors	8,953			8,953
Finance lease liability	763	5,253	11,865	17,881
<b>Total</b>	<b>40,548</b>	<b>53,238</b>	<b>11,865</b>	<b>105,651</b>

The table below summarises the main outstanding loans with a book value higher than Euro 5,000 thousand:

<i>(in thousand of euros)</i>	Lending bank	Initial amount	New loan	Expiry	Applied rate	At 30 April				
						2017	of which current	2016	of which current	2015
	BNL BNP Paribas S.p.A.	10,000	Jun-16	Dec-17	Taeg 0.35%	10,000	10,000			
	Unicredit S.p.A.	10,000	Apr-17	May-19	Taeg 0.75%	10,000	0			
	Banca MPS S.p.A.	10,000	Apr-17	Jun-22	Taeg 0.50%	10,000	1,500			
	CARIPARMA S.p.A. - Credit Agricole	10,000	May-16	May-20	Euribor 3m + 0.9%	8,144	2,490			
	Banca MPS S.p.A.	10,000	Nov-15	Dec-20	Euribor 6m + 1.10%	8,000	2,000	10,000	2,000	
	BNL BNP Paribas S.p.A.	8,000	Jun-15	May-17	Euribor 3m + 0.90%	8,000	8,000	8,000		
	Banca CRF	10,000	Nov-15	Dec-20	Euribor 3m + 1.00%	7,500	2,000	9,500	2,000	
	Unicredit S.p.A.	7,000	Apr-17	Jul-19	Taeg 0.815%	7,000	3,096			
	<b>Total</b>					<b>68,644</b>	<b>29,086</b>	<b>27,500</b>		

It should be noted that current loans do not include capital and / or financial covenants, but essentially termination clauses in case of cross-default or change-of-control events with the exception of the loan of 7.5 million Euro entered into by Var Group SpA with Banca CR Firenze SpA, expiring December 2020. Financial parameters have to comply with certain ratios of Net financial position / Equity and/or Net financial position / Ebitda on a consolidated basis. In the year ended 30 April 2017, these parameters are respected.

The "advances received from factors" item refers to advances granted by factoring companies against transactions with recourse.

The table below summarises the financial lease agreements of which the main ones were entered into with Leasint SpA and refer to properties in Empoli owned by Computer Gross Italia SpA:

<i>(in thousand of euros)</i>			At 30 April					
			2017	<i>of which current</i>	2016	<i>of which current</i>	2015	<i>of which current</i>
Lending bank	New lease agreement	Expiry						
Leasint SpA	Jan-17	Sep -25	8,552	671	8,801		9,254	
Leasint SpA	Sep-13	Sep -25	579	38	615	36	649	34
Leasint SpA	Oct-10	Sep -25	6,990	475	7,456	466	7,913	457
Leasint SpA	Dec-08	Oct-23	542	70	608	66	649	61
Dell Bank International Limited	May-15	Apr-18	206	195	401	195		
Altri minori	n.a.	n.a.					22	2
<b>Total</b>			<b>16,869</b>	<b>1,449</b>	<b>17,881</b>	<b>763</b>	<b>18,487</b>	<b>554</b>

The table below summarises the minimum payments for finance lease liabilities:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
<b>Minimum payments due</b>		
Within 12 months	1,861	962
Between 1 and 5 years	6,674	5,900
Beyond 5 years	10,691	12,279
	<b>19,226</b>	<b>19,141</b>
Future financial charges	(2,357)	(1,260)
<b>Present value of finance lease liabilities</b>	<b>16,869</b>	<b>17,881</b>

At 30 April 2017 and 30 April 2016, the Group's financial debt was represented by loans raised in Euro.

A summary of the Group's net financial position is shown below:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
A. Cash	51	64
B. Cheques and bank and postal deposits	191,900	146,104
C. Securities held for trading		-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>191,951</b>	<b>146,168</b>
<b>E. Current financial receivables</b>	<b>1,995</b>	<b>1,294</b>
F. Current bank debts	13,808	18,661
G. Current portion of non-current debt	45,621	21,124
H. Other current financial payables	1,449	763
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>60,878</b>	<b>40,548</b>
<b>J. Net current financial debt (I) - (E) - (D)</b>	<b>(133,068)</b>	<b>(106,914)</b>
K. Non-current bank debts	65,698	47,985
L. Bonds issued		-
M. Other non-current payables	15,420	17,118
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>81,118</b>	<b>65,103</b>
<b>O. Net financial debt (J) + (N)</b>	<b>(51,950)</b>	<b>(41,811)</b>

## 26 Employee Benefits

This item includes the provision relating to the staff severance pay (TFR) for the employees of the Group companies.

The change in the item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
<b>Balance at the beginning of the year</b>	<b>15,836</b>	<b>13,057</b>
Service cost	1,142	1,004
Interest on the obligation	205	189
Uses and advances	(729)	(1,155)
Actuarial loss/(gain)	107	(66)
Change in the scope of consolidation and purchase of corporate branches	866	2,807
<b>Balance at the end of the year</b>	<b>17,427</b>	<b>15,836</b>

The table below shows details of the actuarial calculation assumptions for the purposes of the determination of defined-benefit pension plans:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
<b>Economic assumptions</b>		
Rate of inflation	1.50%	1.75%
Discount rate	1.35%	1.45%
Rate of increase in staff severance pay (TFR)	2.63%	2.81%

As regards the discount rate, reference has been made to the iBoxx Eurozone Corporates AA index with duration 10+ as at the various valuation dates, commensurate with the residual average term of the staff subject to assessment.

### *Sensitivity analysis*

According to IAS 19R, a sensitivity analysis was carried out when the main actuarial assumptions used in the calculation model changed. In detail, the most significant assumptions, meaning the average annual discount rate, the average annual rate of inflation and the turnover rate, were increased and decreased by half a percentage point, a quarter of a percentage point and two percentage points, respectively.

<i>(in thousand of euros)</i>	Scenario	Past service liability
Annual discount rate	0.50%	16,491
	-0.50%	18,010
Average annual rate of inflation	0.25%	17,475
	-0.25%	16,976
Turnover rate	2.00%	16,968
	-2.00%	17,504

## 27 Provisions for risks and charges

The change in the items in question can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Provision for agents' pension fund</b>	<b>Other provisions for risks</b>	<b>Total</b>
<b>At 30 April 2016</b>	<b>317</b>	<b>395</b>	<b>712</b>
Change in the scope of consolidation		(8)	(8)
Allocations	36	1,093	1,129
Uses	(87)		(87)
Releases			
<b>At 30 April 2017</b>	<b>266</b>	<b>1,480</b>	<b>1,746</b>

Other provisions for risks equal to Euro 1,480 thousand at 30 April 2017 are aimed to cover of the risks relating to fiscal and legal disputes and, in particular, include an estimate of the future charges connected with the notices of assessment notified by the Florence Revenue Agency to Computer Gross Italia SpA on 18 December 2015 and 12 December 2016, concerning value added tax for the year 2010 and 2011 respectively.

The higher tax established amounts to a total of € 5.05 million, in addition to sanctions and interest, for both notices and involves the sale of non-taxable assets under art. 8 para. 2 of the Presidential Decree 633/72.

From an examination of the analogous disputes in the abovementioned notices, after hearing the opinion of its legal and tax consultants, Computer Gross Italia SpA deems that the claims of the revenue authorities are groundless. The company also believes that it has had a proper tax behavior, having progressively strengthened the validation and monitoring procedures of customers who resort to this type of transaction in order to reduce potential fiscal risk.

In relation to the notice issued in December 2015 referred to taxes for 2010, Computer Gross Italia SpA filed an appeal in February 2016. In January 2017, the decision of the Provincial Tax Commission was served which accepted the appeal filed and allowed the repayment of the expenses. Following said decision, which fully confirms the company's correct conduct, the revenue authorities filed an appeal in June 2017.

In relation to the notice notified in December 2016 with reference to taxes for 2011 the appeal filed by Computer Gross Italia SpA, which is based on the same assumptions of the appeal won for 2010, is pending with the Provincial Commission.

It is also stated that at the date of the preparation of this Annual Report, the above is the only tax claim of insignificant amount for all the Sesa Group companies.

## 28 Other current liabilities

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Accrued expenses and deferred income	19,006	16,202
Tax payables	6,599	10,072
Payables to personnel	10,934	9,999
Other payables	5,322	3,629
Payables to social security institutions	2,408	2,011
Advances from customers	5,260	5,422
Derivative liabilities	77	124
<b>Total other current liabilities</b>	<b>49,606</b>	<b>47,459</b>

## 29 Other information

### Potential Liabilities

We are not aware of the existence of additional tax disputes or proceedings able to have a material impact on the Group's economic and financial position with the exception of the tax disputes mentioned above in Note 27 - Provisions for risks and charges.

### Other information

During the year the Group was subject to two inspections by the Tax Police. The first one was related to the possible existence of the conditions for Computer Gross Italia SpA to apply withholding taxes on royalties, but it was subsequently completed without any findings. The other inspection was carried out with ITF Srl and Var Group SpA with the aim of acquiring the documentation within the judicial investigation on third parties' operations which was also mentioned by the press.

There is no further information to underline.

### Commitments

At 30 April 2017 the Group did not undertake commitments which were not recognised in the accounts.

### Fees due to Directors and Statutory Auditors

Details of fees due to the parent company Directors and Statutory Auditors are given below, gross of welfare charges and taxes paid by Sesa SpA and the other Group's companies for the year. For a full description and analysis of the fees due to Directors, Statutory Auditors and Executives with strategic responsibilities, please refer to the Remuneration Report, which is available for consultation at head office and on the company website, in the "Corporate Governance" section.

	<b>FY ended 30 April 2017</b>
<i>(in thousand of euros)</i>	
Fees due to Directors	712
Fees due to Statutory Auditors	64

The fees of Directors reported in the table include fixed and variable amounts, as well as those due for participation in internal committees. They do not include amounts to be paid to directors and shares assigned under the stock grant plan approved by the Shareholders' Meeting on 28 August 2015. In relation to the stock grant plan destined to executive directors, it should be noted that, at 30 April 2017, 53,000 shares matured, equal to a cost accrued for the year of Euro 706 thousand.

To gain an organic picture of the fees and payments disbursed to the corporate bodies, please see the Remuneration Report.

### Fees due to Independent Auditors

The following statement, drawn up in compliance with article 149-duodecies of the Consob Issuers' Regulations, highlights the payments related to the year ended 30 April 2017 for auditing and other services rendered by the Independent Auditors and by organisations belonging to their network, including expenses.

<b>Service</b>	<b>Entity providing the service</b>	<b>Recipient</b>	<b>Fees for the year ended 30 April 2017</b> (Thousands of euros)
<b>Audit</b>	PwC	Parent company Sesa SpA	98
<b>Audit</b>	PwC	Subsidiaries	158

The amounts include fees, out-of-pocket expenses and the supervisory fee. No services other than the audit were rendered.

### 30 Transactions with Related Parties

Relations maintained by the Group with associated and controlling companies are mainly of a commercial nature and mainly concern the purchase and sale of hardware and software materials and their related technical assistance.

The Company believes that all relations maintained with related parties are substantially regulated on the basis of standard market conditions.

The table below shows details of the financial balances with related parties at 30 April 2017 and 30 April 2016:

<i>(in thousand of euros)</i>	<b>Associated companies</b>	<b>Controlling companies</b>	<b>Top management</b>	<b>Other related parties</b>	<b>Total</b>	<b>Effect on the balance -sheet item</b>
<b>Current trade receivables</b>						
At 30 April 2017	3,529	5	1	30	3,565	<b>1.13%</b>
At 30 April 2016	10,720	6		5	10,731	<b>3.40%</b>
<b>Other current receivables and assets</b>						
At 30 April 2017	198				198	<b>0.87%</b>

At 30 April 2016	835	6	841	<b>4.10%</b>
<b>Employee benefits</b>				
At 30 April 2017		108	108	<b>0.62%</b>
At 30 April 2016		123	123	<b>0.78%</b>
<b>Payables to suppliers</b>				
At 30 April 2017	1,905	83	1,988	<b>0.73%</b>
At 30 April 2016	1,990	132	2,122	<b>0.81%</b>
<b>Other current liabilities</b>				
At 30 April 2017	375	140	515	<b>1.04%</b>
At 30 April 2016	247	155	402	<b>0.85%</b>

The table below reports the effects on the income statement of the transactions with related parties in the financial years ended 30 April 2017 and 30 April 2016:

<i>(in thousand of euros)</i>	<b>Associated companies</b>	<b>Parent companies</b>	<b>Top management</b>	<b>Other related parties</b>	<b>Total</b>	<b>Effect on the balance sheet item</b>
<b>Revenues</b>						
At 30 April 2017	32,913	53	3	164	33,099	<b>2.63%</b>
At 30 April 2016	21,427	62	3	13	21,505	<b>1.76%</b>
<b>Other income</b>						
At 30 April 2017	30	1	13	7	51	<b>0.46%</b>
At 30 April 2016	17	1	19	3	40	<b>0.65%</b>
<b>Consumables and goods for resale</b>						
At 30 April 2017	1,275				1,275	<b>0.12%</b>
At 30 April 2016	1,054				1,054	<b>0.10%</b>
<b>Costs for services and rent, leasing and similar costs</b>						
At 30 April 2017	4,691		1,582	385	6,552	<b>7.76%</b>
At 30 April 2016	4,669		1,149	789	6,607	<b>9.22%</b>
<b>Personnel costs</b>						
At 30 April 2017			727		727	<b>1.04%</b>
At 30 April 2016	36		730		766	<b>1.30%</b>
<b>Other operating costs</b>						
At 30 April 2017	1				1	<b>0.01%</b>
At 30 April 2016	1				1	<b>0.01%</b>
<b>Financial income</b>						
At 30 April 2017	2				2	<b>0.05%</b>
At 30 April 2016	2				2	<b>0.05%</b>
<b>Financial charges</b>						
At 30 April 2017	2				2	<b>0.02%</b>
At 30 April 2016	3				3	<b>0.03%</b>



## Associated companies

Relationships with associated companies mainly relate to the purchase of hardware and software and to related technical assistance services carried out at ordinary market conditions. The associated companies operate in ICT sector and are mainly owned by Var Group SpA. The changes in the balance of revenues towards associated companies refer to the ordinary activity with Zucchetti informatica SpA, with an increase in business relations during the year.

## Parent Companies

Relations with parent companies are related to services carried out by Sesa SpA.

## Top management

Relations with top management mainly relate to the fees due to directors and executives with strategic responsibilities, as well as to their close relatives. In particular, "personnel costs" include the remuneration of directors and executives with strategic responsibilities as wage-earning employee, while "costs for service and rent, leasing and similar costs" include fees due as company directors.

## Other related parties

Relations with other related parties, which are mainly companies in which statutory auditors or directors of the controlling companies of Sesa SpA hold equity investments, relate to commercial activities regulated under standard market conditions.

## 31 Events After the Year-end

No significant events occurred after the end of the year at 30 April 2017.

## 32 Authorization for publication

Publication of the Sesa Group's consolidated financial statements as at 30 April 2017 was authorised by resolution of the Board of Directors on 14 July 2017.

## Attestation of the Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board of Directors, and Alessandro Fabbroni, in his capacity as Financial Reporting Manager Of Sesa S.p.A's accounting documents certify, also taking into account that envisaged by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
  - The adequacy in relation to the enterprise characteristics and
  - the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements at 30 April 2017.
  
2. No important aspects emerged from the application of the administrative and accounting procedures for the preparation of the consolidated financial statements at 30 April 2017.
  
3. It is also certified that:
  - 3.1 The consolidated financial statements:
    - a) are drawn up in compliance with the applicable international accounting standards recognised in the European Community, pursuant to EC regulation no. 1606/2002 of the European Parliament and the Council, dated 19 July 2002;
    - b) correspond to the company accounts, books and records;
    - c) offer a true and fair representation of the financial position, result of operations and cash flows of the issuer and of the groups of companies included within the scope of consolidation.
  - 3.2 the Report on Operations includes a reliable analysis of the performance and of the operating result as well as of the situation of the issuer and of the groups of companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Empoli, 14 July 2017

Paolo Castellacci  
Chairman of the Board of Directors

Alessandro Fabbroni  
Financial Reporting Manager

# Independent Auditors' Report on the Consolidated Financial Statements of the Sesa Group



## INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of  
Sesa SpA

### *Report on the consolidated financial statements*

We have audited the accompanying consolidated financial statements of the Sesa Group, which comprise the consolidated statement of financial position as of 30 April 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibility for the consolidated financial statements*

The directors of Sesa SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree no. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *PricewaterhouseCoopers SpA*

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 0712132311 - Bari 70122 Via Abate Gimma 72 Tel. 0805640211 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wührer 23 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Piccapietra 9 Tel. 01029041 - Napoli 80121 Via dei Mille 16 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43121 Viale Tanara 20/A Tel. 0521275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696011 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscolle 43 Tel. 043225789 - Varese 21100 Via Albuzzi 43 Tel. 0332285039 - Verona 37135 Via Francia 21/C Tel. 0458263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444393311



### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Sesa Group as of 30 April 2017 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

### ***Report on compliance with other laws and regulations***

*Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure*

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the directors of Sesa SpA, with the consolidated financial statements of the Sesa Group as of 30 April 2017. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Sesa Group as of 30 April 2017.

Florence, 27 July 2017

PricewaterhouseCoopers SpA

*Signed by*

Luigi Necci  
(Partner)

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

# Annex 1

## Subsidiary Companies

Owned by	Company	Registered Office	Share capital in Euro	Ownership percentage at 30 April	
				2017	2016
VAR GROUP SRL	365ONLINE S.r.l.	Empoli (Florence)	100,650	100.0%	100.0%
VAR DIGITAL SRL	AFB NET SRL	Ponte San Giovanni (Perugia)	15,790	62.0%	62.0%
APRA SPA	AGENZIA SENZA NOME SRL	Jesi (Ancona)	25,000	75.0%	70.0%
VAR GROUP SPA	APRA SPA	Jesi (Ancona)	150,000	60.0%	60.0%
SESA SPA	ARCIPELAGO CLOUD SRL	Empoli (Florence)	50,000	100.0%	100.0%
VAR GROUP SPA	BIG S.r.l.	Empoli (Florence)	25,000	n.a.	53.0%
VAR GROUP SPA	BMS SPA	Milan	1,000,000	51.0%	51.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (Ancona)	10,000	80.0%	80.0%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS ACCADIS SRL	Rome	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS ITALIA SPA	Empoli (Florence)	40,000,000	100.0%	100.0%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS NESSOS SRL	Empoli (Florence)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa	10,000	100.0%	100.0%
VAR GROUP SPA	COSESA SRL	Empoli (Florence)	15,000	100.0%	60.0%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (Florence)	99,000	100.0%	100.0%
VAR GROUP SPA	GLOBO INFORMATICA SRL	Druento (Torino)	10,200	57.5%	n.a.
COMPUTER GROSS ITALIA SPA	ICT LOGISTICA SRL	Empoli (Florence)	775,500	33.3%	33.3%
VAR GROUP SPA				33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (Florence)	10,000	100.0%	100.0%
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (Florence)	62,950	55.4%	51.1%
M.F. SERVICES SRL				3.0%	3.5%
ITF SRL	INTEGRATED CUSTOMER CENTER SRL	Empoli (Florence)	104,000	100.0%	100.0%
COMPUTER GROSS ITALIA SPA	ITF SRL	Empoli (Florence)	100,000	100.0%	100.0%
VAR GROUP SPA	LEONET SRL	Empoli (Florence)	60,000	100.0%	100.0%
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (Reggio Emilia)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (Florence)	20,000	100.0%	100.0%
VAR GROUP SPA	OPENIA SRL	Empoli (Florence)	10,000	70.0%	n.a.
VAR GROUP SPA	VAR DIGITAL SRL	Empoli (Florence)	10,400	100.0%	100.0%
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	51.0%	51.0%
VAR ONE SRL	SYNERGY SRL	Carpi (Modena)	10,400	51.0%	n.a.
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan	1,020,000	51.0%	51.0%
VAR GROUP SPA	VAR COM SRL	Empoli (Florence)	26,786	51.0%	51.0%
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini (Rimini)	223,325	50.5%	62.4%
VAR GROUP SRL				63.0%	63.0%
VAR ALDEBRA SRL	VAR ENGINEERING SRL	Empoli (Florence)	50,000	15.0%	15.0%
SESA SPA	VAR GROUP SPA	Empoli (Florence)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (Florence)	100,000	100.0%	100.0%
VAR GROUP SPA	VAR ONE SRL	Empoli (Florence)	248,535	65.3%	64.9%
VAR GROUP SPA	VAR PRIME SRL	Empoli (Florence)	108,070	51.0%	n.a.
SIRIO INFORMATICA E SISTEMI SPA	VAR SIRIO INDUSTRIA SRL	Milan	165,000	54.6%	n.a.
VAR GROUP SRL	VAR TECH SRL	Empoli (Florence)	22,000	71.8%	51.8%

VAR GROUP SPA	YARIX SRL	Montebelluna (Treviso)	30,000	50.0%	50.0%
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## Associated Companies

Owned by	Company	Registered Office	Share capital in Euro	Ownership percentage at 30 April	
				2017	2016
COSESA SRL	ARCOS SRL	Empoli (Florence)	20,000	50.0%	n.a.
COMPUTER GROSS ITALIA SPA	ATTIVA SPA	Brendola (Vicenza)	4,680,000	20.0%	n.a.
BMS SPA	B.I.T. SRL	Milan	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan	100,000	47.5%	47.5%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (Florence)	15,000	29.0%	29.0%
APRA SPA	CONSORZIO 3 CAD	Milan	15,000	33.3%	33.3%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (Florence)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (Ascoli Piceno)	30,000	20.0%	n.a.
AFBNET SRL	GO2TECH SRL	Perugia (Perugia)	28,334	40.0%	n.a.
VAR DIGITAL SRL	G.G. SERVICES SRL	Pontedera (Pisa)	10,200	33.3%	33.3%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (Arezzo)	16,519	39.5%	39.5%
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (Florence)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (Florence)	10,000	20.0%	20.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (Cagliari)	118,000	24.0%	24.0%
VAR GROUP SPA	OPENIA SRL	Cascina (PI)	15,000	n.a.	40.0%
LEONET SRL	S.A. CONSULTING SRL	Milan	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (Pisa)	10,400	25.0%	25.0%
SIRIO INFORMATICA E SISTEMI SPA	VAR SIRIO INDUSTRIA SRL	Milan	10,000	n.a.	49.0%
APRA SPA	SO WINE SRL	Verona (Verona)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome	18,504	50.0%	50.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (Florence)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (Parma)	50,000	22.0%	22.0%
VAR GROUP SPA	VAR ITT SRL	Verona (Verona)	196,136	30.0%	n.a.
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (Alessandria)	10,200	25.0%	25.0%
VAR GROUP SPA	ZUCCHETTI INORMATICA SPA	Lodi (Lodi)	100,000	25.0%	25.0%

## Other Companies

Owned by	Company	Registered Office	Share capital in Euro	Ownership percentage at 30 April	
				2017	2016
DELTA PHI SRL	3ND PROGETTI SRL	Turin	50,000	20.00%	n.a.
SESA SPA	A.RE.A. SCRL	Empoli (Florence)	100,000	1.00%	1.00%
VAR GROUP SPA	ALDEBRA SPA	Trento (Trento)	1,398,800	9.00%	9.00%
VAR GROUP SPA	AXED SPA	Latina (Latina)	2,000,000	0.14%	0.20%
VAR GROUP SPA	BIG SRL	Empoli (Florence)	25,000	2.50%	n.a.
APRA SPA	C.F.M. Scarl	Ancona (Ancona)	220,000	n.a.	2.30%
VAR GROUP SPA	CAP SOLUTIONS SRL	Genoa	100,000	15.00%	15.00%
VAR DIGITAL SRL	VAR CONNECT SRL	Milan	115,000	19.00%	19.00%
VAR GROUP SPA	CITEMME INFORMATICA SRL	Bergamo (Bergamo)	99,000	10.00%	n.a.
VAR GROUP SPA	VAR ITT SRL	Verona (Verona)	196,136	n.a.	7%
APRA SPA	COMPUTER VAR TORINO SRL	Turin	20,000	14.00%	14.00%
APRA SPA	CONSORZIO EIDOS	Civitanova Marche (Macerata)	16,527	10%	10%
APRA SPA	CONSORZIO NIDO INDUSTRIA VALLESI	Ancona (Ancona)	55,555	1.80%	1.80%
LEONET SRL	CONSORZIO SIS	Sassari (Sassari)	50,000	4.00%	4.00%
VAR GROUP SPA	CONSORZIO TEKNOBUS	San Donà di Piave (Venice)	16,000	25.00%	25.00%
YARIX SRL	D3LAB SRL	Rosignano M.mo (Livorno)	21,053	10%	n.a.
VAR GROUP SPA	DEDAGROUP SPA	Trento (Trento)	1,409,182	4.10%	4.10%
VAR GROUP SRL	DELTA INFOR SRL	Lodi (Lodi)	100,000	10.00%	10.00%
COMPUTER GROSS ITALIA SPA	EMPOLI F.B.C. SPA	Empoli (Florence)	1,040,000	3.40%	3.40%
APRA SPA	FACCIAMO 31 SRL	Jesi (Ancona)	4,500	n.a.	16.70%
APRA SPA	G.L. ITALIA Srl	Milan	10,400	9.00%	9.00%
VAR GROUP SPA	G.T.S. Srl	Reggio Emilia (Reggio Emilia)	10,000	10.00%	10.00%
VAR GROUP SPA	INTERNATIONAL TRADING DEVICE SRL	Milan	50,000	n.a.	10.70%
VAR GROUP SPA	MACRO GROUP COMMERCIALE SRL	Bologna (Bologna)	50,000	19.00%	19.00%
COSESA SRL	NEGENTIS SRL	Florence (Florence)	82,051	2.50%	2.50%
VAR GROUP SPA	NEKTE SRL	Milan	52,000	10.60%	10.60%
MF SERVICES SRL	QUASAR SERVICE SRL	San Donà di Piave (Venice)	50,000	10.00%	10.00%
DELTA PHI SRL				6.30%	6.30%
ICT LOGISTICA SPA				6.30%	6.30%
VAR DIGITAL SRL	SESA CONSORZIO-CENTRO SOLUZIONE	Empoli (Florence)	33,053	6.30%	6.30%
VAR GROUP SPA				12.50%	12.50%
DELTA PHI SRL	SIGLA TAILOR MADE SRL	Empoli (Florence)	10,000	19.00%	19.00%
VAR SERVICE SRL	SIRIO NORD SRL	Rome	10,400	10.00%	10.00%
VAR GROUP SPA	SYS-DAT SPA	Milan	1,015,000	5.00%	5.00%
VAR GROUP SPA	SYSDAT.IT Srl	Milan	100,000	10.00%	10.00%
SAILING SRL	TECNOLOGICA SRL	Albenga (Savona)	10,400	10.00%	10.00%
VAR GROUP SRL	VAR SOLUTIONS SRL	Milan	10,000	10.00%	10.00%
VAR GROUP SPA	VKEY SRL	Roma (Rome)	14,815	n.a.	19.00%
VAR GROUP SPA	VTF SRL	Empoli (Florence)	1,412,700	18.60%	18.60%

# Separate Financial Statements at 30 April 2017



## Separate Income Statement

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
Revenues	5	5,483	5,116
Other income	6	1,585	955
Consumables and goods for resale	7	(43)	(49)
Costs for services and rent, leasing, and similar costs	8	(2,627)	(1,868)
Personnel costs	9	(3,972)	(3,741)
Other operating costs	10	(77)	(107)
Amortisation and depreciation	11	(42)	(35)
<b>EBIT</b>		<b>307</b>	<b>271</b>
Profit from companies valued at equity			
Financial income	12	8,822	8,310
Financial charges	12	(32)	(73)
<b>Profit before taxes</b>		<b>9,097</b>	<b>8,508</b>
Income taxes	13	(290)	(252)
<b>Profit for the year</b>		<b>8,807</b>	<b>8,256</b>

## Separate Statement of Comprehensive Income

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
<b>Profit for the year</b>		<b>8,807</b>	<b>8,256</b>
Actuarial gain (loss) for employees benefits - gross effect		1	(37)
Actuarial gain (loss) for employees benefits - tax effect		0	9
<b>Comprehensive income for the year</b>		<b>8,808</b>	<b>8,228</b>

## Separate Statement of Financial Position

<i>(in thousand of euros)</i>	Note	At 30 April	
		2017	2016
Intangible assets	14	70	18
Property, plant and equipment	15	322	34
Investment property	16	289	290
Equity investments	17	68,241	68,241
Deferred tax assets	18	187	317
Other non-current receivables and assets	19	44	49
<b>Total non-current assets</b>		<b>69,153</b>	<b>68,949</b>
Current trade receivables	20	675	1,102
Current tax receivables		1,916	108
Other current receivables and assets	19	10,131	13,402
Cash and cash equivalents	21	8,284	7,049
<b>Total current assets</b>		<b>21,006</b>	<b>21,661</b>
<b>Total assets</b>		<b>90,159</b>	<b>90,610</b>
Share capital	22	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves	22	3,161	1,448
Profits carried forward		8,807	8,256
<b>Total Equity</b>		<b>82,239</b>	<b>79,975</b>
Non-current loans	23		
Employee benefits	24	1,146	1,084
Non-current provisions	25		
Deferred tax liabilities	18		
<b>Total non-current liabilities</b>		<b>1,146</b>	<b>1,084</b>
Current loans	23		
Payables to suppliers		409	331
Current tax payables			
Other current liabilities	26	6,365	9,220
<b>Total current liabilities</b>		<b>6,774</b>	<b>9,551</b>
<b>Total liabilities</b>		<b>7,920</b>	<b>10,635</b>
<b>Total equity and liabilities</b>		<b>90,159</b>	<b>90,610</b>

## Separate Statement of Cash Flows

<i>(in thousand of euros)</i>	Note	FY ended 30 April	
		2017	2016
<b>Profit before taxes</b>		<b>9,097</b>	<b>8,508</b>
<b>Adjustments for:</b>			
Amortisation and depreciation	11	42	35
Provisions for personnel and other provisions	24	113	274
Net financial (income)/charges	12	(8,804)	(8,294)
Profit from companies valued at equity			-
Other non-monetary items		706	-
<b>Cash flows generated from operating activities before changes in net working capital</b>		<b>1,154</b>	<b>523</b>
Change in inventories			-
Change in trade receivables	20	427	187
Change in payables to suppliers		78	34
Change in other assets	19	4,771	(5,928)
Change in other liabilities	26	(2,855)	5,801
Use of provisions for risks			-
Payment of employee benefits	24	(68)	(119)
Change in deferred taxes			108
Change in current tax payables and receivables		(1,954)	116
Interest paid			-
Taxes paid		(12)	(111)
<b>Net cash flow generated from operating activities</b>		<b>1,541</b>	<b>611</b>
Investments in companies, net of acquired cash		-	-
Investments in property, plant and equipment	15	(319)	(4)
Investments in intangible assets	14	(63)	(1)
Disposals of property, plant and equipment and intangible assets			28
Disposals of other non-current investments	19	4	102
Disbursement of loans		(1,500)	
Dividends collected		8,750	8,200
Interest collected		72	110
<b>Net cash flow generated from/(used in) investing activities</b>		<b>6,944</b>	<b>8,435</b>
Repayments of financial assets	19,23		
(Decrease)/increase in short-term loans	19,23		
Treasury shares		158	(1,169)
Capital increase and/or shareholders payment			
Change in equity			308
Dividends distribution		(7,408)	(6,964)
<b>Net cash flow generated from/(used in) financing activities</b>		<b>(7,250)</b>	<b>(7,825)</b>
Translation difference on cash and cash equivalents			
Cash and cash equivalents of assets held for sale			
<b>Change in cash and cash equivalents</b>		<b>1,235</b>	<b>1,221</b>
Cash and cash equivalents at the beginning of the year		7,049	5,828
<b>Cash and cash equivalents at the end of the year</b>		<b>8,284</b>	<b>7,049</b>

## Separate 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	Equity
<b>At 30 April 2015</b>	<b>37,127</b>	<b>34,430</b>	<b>1,088</b>	<b>6,883</b>	<b>79,528</b>
Actuarial gain/(loss) for employees benefit - gross			(37)		(37)
Actuarial gain/(loss) for employees benefit - tax effect			9		9
Capital increase due to Warrants exercise					
Purchase of treasury shares		(860)			(860)
Dividends ditribution		(426)		(6,538)	(6,964)
Assignment of shares in execution Stock Grant plan			(302)		(302)
Stock Grant Plan - shares vesting in the period			346		346
Other changes				(1)	(1)
Allocation of the profit for the year			344	(344)	
Profit for the year				8,256	8,256
<b>At 30 April 2016</b>	<b>37,127</b>	<b>33,144</b>	<b>1,448</b>	<b>8,256</b>	<b>79,975</b>
Actuarial gain/(loss) for employees benefit - gross			1		1
Actuarial gain/(loss) for employees benefit - tax effect					
Purchase of treasury shares			(1,342)		(1,342)
Sale of treasury shares			1,500		1,500
Dividends ditribution				(7,408)	(7,408)
Assignment of shares in execution Stock Grant plan					
Stock Grant Plan - shares vesting in the period			706		706
Other changes					
Allocation of the profit for the year			848	(848)	
Profit for the year				8,807	8,807
<b>At 30 April 2017</b>	<b>37,127</b>	<b>33,144</b>	<b>3,161</b>	<b>8,807</b>	<b>82,239</b>

# Explanatory Notes to the Separate Financial Statements

## 1 General Information

Sesa SpA is a company that has been incorporated and is domiciled in Italy, with registered office in Empoli, at Via Piovola no. 138, and is organised according to the legal system of the Italian Republic.

Sesa SpA is the parent company of the Sesa Group and provides administrative and financial services, namely organisation, planning and management control, manages IT systems and human resources on behalf of subsidiaries and also acts as a holding company, mainly as regards companies operating in the ICT sector.

In particular, Sesa SpA is the company resulting from the merger of the pre-merger Sesa SpA into Made in Italy 1 SpA that was the first special purpose acquisition company (so-called "SPAC") established in Italy. On 1 February 2013, the merger of the pre-merger Sesa S.p.A. into Made in Italy 1 became effective and at the same time, the company name was changed from "Made in Italy 1 SpA" to "Sesa SpA".

Sesa SpA is an Italian company with shares listed on the Italian Stock Exchange - MTA market, STAR segment.

This document was approved by the Company's Board of Directors on 14 July 2017.

## 2 Summary of Accounting Policies

Below are reported the main accounting policies and standards applied in the preparation of these separate financial statements for the financial year ended 30 April 2017.

### 2.1 Basis of Preparation

The Separate Financial Statements at 30 April 2017 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, as well as with the provisions implementing Article 9 of Legislative Decree no. 38/2005. The designation "IFRS" also includes all the revised International Accounting Standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and by the formerly Standing Interpretations Committee ("SIC").

These separate financial statements present the comparative data at 30 April 2016 that were prepared in compliance with the same standards.

The Separate Financial Statements were prepared on a going-concern basis, since the Directors verified that there were no financial or operating indicators, or indicators of any other kind, that suggested the existence of any doubts regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months. The procedures through which the Company manages financial risks are described in note 3 "Financial risk management" below.

The Separate Financial Statements were prepared and presented in Euro, which is the currency of the primary economic environment in which the Company operates. All amounts included in this document are expressed in thousands of euros, except as otherwise specified.

Below are specified the financial statement schedules and the related classification criteria adopted by the Group, within the scope of the options envisaged in IAS 1 *Presentation of financial statements*.

- The Statement of financial position was prepared by classifying assets and liabilities according to the criterion of "current/non-current" items;
- The Income Statement was prepared by classifying operating costs by nature;
- The Statement of comprehensive income includes the profit for the year arising from the income statement, as well as any other changes in equity attributable to transactions that have not been carried out with the Company's shareholders;
- The Statement of Cash Flows was prepared by reporting cash flows from operating activities according to the "indirect method".

The Separate Financial Statements were prepared according to the conventional historical cost method, except for the measurement of financial assets and liabilities, in cases in which it is mandatory to apply the fair value criterion.

## 2.2 Accounting policies

Below are summarised the most significant accounting standards and policies used for the preparation of the Separate Financial Statements.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are entered at their purchase or production cost, net of accumulated depreciation and impairment losses (if any). Purchase or production cost includes any costs directly sustained in preparing the assets for their use, as well as any dismantling or removal costs that are to be incurred as a result of contractual obligations that require the asset to be restored to its original condition. Any borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized and depreciated on the basis of the useful life of the asset to which they refer.

Any costs of day-to-day and/or periodic maintenance and repairs are recognised in the income statement when incurred. Costs related to the enlargement, modernisation or improvement of owned or leased structural elements are capitalised within the limits to which they meet the requirements for being classified separately as assets or parts of an asset. Any assets recognised in relation to leasehold improvements are depreciated on the basis of the lease term, or on the basis of the specific useful life of the asset, if lower.

Depreciation is calculated on a straight-line basis by applying rates that allow the assets concerned to be depreciated until the end of their useful life. When the asset being depreciated is composed of distinctly identifiable elements whose useful lives differ significantly from those of the other parts of the asset, the depreciation is carried out separately for each of such parts, in the application of the "component approach" method.

Below is reported the indicative useful life estimated for the various categories of property, plant and equipment:

<b>Class of property, plant and equipment</b>	<b>Useful life in years</b>
Buildings	33
Furniture and furnishings	8
Office machines	5
Motor vehicles	4

The useful life of property, plant and equipment is reviewed and updated, if necessary, at least at the end of each financial year.

## Leased assets

Property, plant and equipment held under finance lease agreements, under which the risks and benefits of ownership are substantially transferred to the Company, are recognised as Company's assets at fair value at the date of the execution of the agreement or, if lower, at the present value of the minimum lease payments, including any amount to be paid for the exercise of the option to purchase.

The corresponding liability to the lessor is entered under financial payables in the accounts. The assets are depreciated applying the policy and the rates specified above, unless the term of the lease agreement is shorter than the useful life represented by these rates and there is no reasonable certainty of the transfer of the ownership of the leased asset on the natural expiry of the agreement; in this case, the period of depreciation will be represented by the lease term.

The leases in which the lessor substantially retains all the risks and benefits incident to the ownership of the assets are classified as operating leases. Operating lease rentals are recognised as an expense on a straight-line basis over the lease term.

## INTANGIBLE ASSETS

Intangible assets are made up of identifiable non-monetary assets without physical substance, which can be controlled and from which future economic benefits are expected. These assets are initially recognised at their purchase and/or production cost, including any directly attributable cost of preparing the asset for its intended use. Any interest payable accrued during and for the development of intangible assets are considered part of the purchase cost. Specifically, the following main intangible assets can be identified within the Company:

### *(a) Goodwill*

If goodwill exists, it is classified as an intangible asset with an indefinite useful life and is initially measured at cost, as described above, and is subsequently subjected to measurement at least once a year in order to verify whether there has been any impairment ("impairment test"). The value of goodwill that has previously suffered an impairment loss may not be reinstated.

### *(b) Other intangible assets with definite useful life*

Intangible assets with definite useful life are recognised at cost, as previously described, net of accumulated amortization and impairment losses (if any).

Amortisation begins when the asset is available for use and is allocated on a systematic basis in relation to the residual possible use of the same, i.e. on the basis of its estimated useful life.

Below is reported the useful life estimated for the various categories of intangible assets:

<b>Class of intangible asset</b>	<b>Useful life in years</b>
Software licences and similar rights	5
List of customers	10
Trademarks and patents	5

The useful life of intangible assets is reviewed and updated, if necessary, at least at the end of each financial year.

## INVESTMENT PROPERTY

Properties held to earn rentals or for capital appreciation are classified under "Investment Property"; they are measured at their purchase or production cost, as increased by additional costs (if any), net of accumulated depreciation and impairment losses (if any).

## IMPAIRMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND OF INVESTMENT PROPERTY

### *(a) Goodwill*

As previously mentioned, if goodwill exists, it is subjected to an impairment test once a year or more frequently when there are indications of possible impairment. No goodwill was recognised at 30 April 2017.

If goodwill exists, the impairment test is conducted on each of the "Cash Generating Units" ("CGU") to which goodwill has been allocated. Any impairment of goodwill is recognised in the event that the recoverable value of the same is lower than the carrying amount. Recoverable value means the higher of fair value of the CGU, net of costs of disposal, and the related value in use, i.e. the present value of estimated future cash flows from this asset. In measuring value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money, compared to the investment period and to the risks specific to the asset.

In the event that the impairment loss arising from the impairment test exceeds the value of the goodwill allocated to the CGU, any residual excess is allocated to the assets included in the CGU in proportion to their carrying amount. This allocation should not be reduced below the highest of:

- the asset's fair value, less costs of disposal;
- the value in use, as defined above;
- zero.

The original carrying amount of goodwill may not be reinstated when the reasons that led to its impairment no longer exist.

### *(b) Assets (intangible assets, property, plant and equipment and investment property) with definite useful life*

An assessment is carried out on each reporting date to verify whether there are indications that property, plant and equipment, intangible assets and investment property may have incurred an impairment loss. For this purpose, both external and internal sources of information may be made use of. Among the former (internal sources), consideration is given to the obsolescence or physical deterioration of the asset or significant changes in the use of the asset, if any, and its economic performance in comparison with expectations. Among external sources of information, consideration is given to trends in the asset's market price or possible adverse changes in technology, the market or legislation, the trend in market interest rates or the cost of capital used to assess investments.

If such indications are found to exist, the recoverable value of the asset is estimated and the write-down (if any) with respect to its carrying amount is recognised in the income statement. The recoverable value of an asset is represented by the higher of fair value, net of additional costs to sell, and the related value in use, i.e. the present value of estimated future cash flows from this asset. In measuring value in use, the expected future cash flows are discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money, compared to the investment period and to the risks specific to the asset. The recoverable value of an asset that does not generate cash flows that are largely independent is determined in relation to the cash generating unit to which said asset belongs.

An impairment loss is recognised in profit or loss when the carrying amount of an asset, or of the related CGU to which it is allocated, exceeds its recoverable amount. Any impairment losses of CGUs are firstly allocated to reduce the carrying amount of any goodwill allocated to the same and, then, to reduce the carrying amounts of other



assets, on a pro-rata basis and within the limits of the related recoverable value. If the grounds for a write-down previously recognised no longer exist, the asset's carrying amount is reinstated and the increase is recognised in the income statement within the limits of the net carrying amount of the asset if the write-down had not been carried out and had been amortised/depreciated.

## RECEIVABLES FROM CUSTOMERS AND OTHER FINANCIAL ASSETS

Receivables from customers and other financial assets are initially measured at fair value and subsequently measured at amortised cost according to the effective interest rate method. Receivables from customers and other financial assets are recognised under current assets, except for those that have a contract term exceeding twelve months compared to the reporting date, which are classified under non-current assets.

For trade receivables, factoring transactions that do not envisage the risks and benefits related to the receivables assigned being transferred to the factor (therefore, the Company remains exposed to the risk of insolvency and delayed payments – so-called assignments with recourse (*pro solvendo*)), the transaction is considered equivalent to taking out a secured loan backed by the assigned receivable. In these circumstances the assigned receivable remains reported in the Company's statement of financial position until it is collected by the factor and a financial debt is reported as a contra-entry to the advance (if any) obtained from the factor. The financial cost of factoring transactions is represented by interest on advanced amounts charged to the income statement in compliance with the accruals principle, which is classified under financial charges. Any commissions that accrue on assignments with recourse are recognised under financial charges, while any commissions on assignments without recourse (*pro soluto*) are recognised under other operating costs.

Impairment losses on receivables are accounted for in the accounts if there is objective evidence that the Company will not be able to recover the receivable owed by the counterparty on the basis of the conditions of the contract. Objective evidence includes circumstances such as:

- significant financial difficulties of the debtor;
- legal disputes entered into with the debtor in relation to the receivables;
- the likelihood of the debtor declaring bankruptcy or of the initiation of other debt restructuring procedures.

The amount of the write-down is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows and is recognised under "Other operating costs" in the income statement. If the reasons for the previous write-downs no longer exist in subsequent periods, the value of the asset is reinstated up to the amount that would have resulted from the application of amortised cost.

## AVAILABLE-FOR-SALE FINANCIAL ASSETS

Equity investments in other companies that constitute available-for-sale financial assets are measured at fair value, if this is determinable, and any profits and losses arising from fair value changes are recognised directly under other comprehensive income (expense) until they are sold or have suffered an impairment loss; at that time, other comprehensive income (expense) previously recognised under equity is charged to the income statement for the period.

Any other unlisted equity investments classified under "available-for-sale financial assets", the fair value of which cannot be measured reliably, are valued at cost adjusted by any impairment losses, which are recognised in the income statement, as required by IAS 39.

Any dividends received from equity investments in other companies are recognised under financial income.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, available bank deposits and the other forms of short-term investment with an original maturity of three months or fewer. Any items entered under cash and cash equivalents are measured at fair value and the related changes are recognised through profit or loss.

## NON-CURRENT ASSETS HELD FOR SALE

Any non-current assets whose carrying amount will be recovered mainly through its sale, rather than through its continuous use, are classified as held for sale and are recognised separately from other assets in the statement of financial position. This condition is deemed to have been fulfilled when sale is highly probable and the asset or group of assets being disposed of is available for immediate sale in its or their present condition.

Non-current assets held for sale are not amortised/depreciated and are measured at the lower of carrying amount and fair value, less costs to sell.

A discontinued operation is a part of an enterprise that has been disposed of or classified as held for sale and (i) is an important branch of business or geographical area of business; (ii) is part of a coordinated plan for the disposal of an important branch of business or geographical area of business; or (iii) a subsidiary acquired exclusively in order to be sold.

The results from discontinued operations are recognised separately in the income statement, net of tax effects. The corresponding values posted in the previous financial year, if any, are reclassified and recognised separately in the income statement, net of tax effects, for comparative purposes.

## FINANCIAL PAYABLES

Financial payables are initially recognised at fair value, net of any directly-attributable additional costs, and subsequently are measured at amortised cost, applying the effective interest rate method. If there is a change in estimated expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the effective initially determined internal rate. Financial payables are classified under current liabilities, except those due by contract more than twelve months beyond the reporting date and those whose payment the Company has an unconditional right to defer for at least twelve months after the reporting date.

Financial payables are accounted for at the trade date and are derecognised at the time when they are discharged and when the Company has transferred all risks and charges related to the instrument itself.

## DERIVATIVE INSTRUMENTS

Derivatives are valued as securities held for trading and measured at fair value with contra-entry in profit or loss and are classified under other current and non-current assets or liabilities.

Financial assets and liabilities through profit or loss are initially recognised and subsequently measured at fair value and the related additional costs are expensed immediately in the income statement. Any profits and losses arising from fair value changes in derivatives on exchange rates are reported under financial income and financial charges in the income statement, in the period when they are recognised.

## EMPLOYEE BENEFITS

Short-term benefits are made up of salaries, wages, related social security contributions, allowance in lieu of paid annual leave and incentives paid out in the form of bonuses payable in the twelve months from the reporting date. These benefits are accounted for as components of personnel costs in the period when service is rendered.

Under defined-benefit plans, which also include the severance pay due to employees pursuant to article 2120 of the Italian Civil Code ("TFR", *Trattamento di Fine Rapporto*), the amount of the benefit payable to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, length of service and compensation; therefore, the related charge is recognised in the relevant income statement on the basis of an actuarial calculation. The liability recognised for defined-benefit plans corresponds to the present value of the obligation at the reporting date. Obligations for defined-benefit plans are determined by an independent actuary on an annual basis, by using the projected unit credit method. The present value of defined-benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in Euro and which reflects the duration of the related pension plan. Any actuarial gains and losses arising from the abovementioned adjustments and any changes in actuarial assumptions are charged to the statement of comprehensive income.

On 1 January 2007 the so-called 2007 Finance Act and the related implementing decrees introduced substantial amendments to the regulations governing staff severance pay, among which the possibility for the workers to choose where to send their accrued entitlement. In particular, workers may send the new TFR flows to selected pension funds or retain them in their company. If the TFR is transferred to pension funds, the company is only liable to pay a defined contribution to the chosen fund and from that date the newly-accrued contributions have the nature of defined-contribution plans that are not subjected to actuarial measurement.

## STOCK GRANT PLAN

As provided for in IFRS 2 - Share-Based Payment, the total amount of the present value of stock grant at the date of assignment is recognised wholly in profit or loss under employee costs, with a counter entry recognised directly in shareholders' equity. If a "maturity period" is required, in which certain conditions are necessary before grantees become holders of the right (achievement of objectives), the cost for payments, determined on the basis of the present value of the shares at the date of assignment, is recognised under employee costs on a straight line basis for the period between the date of assignment and maturity, with a counter entry directly recognised in shareholders' equity.

## PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised for losses and charges of a determinate nature, whose existence is certain or probable, but whose amount and/or timing are uncertain. The provision is recognised only when there is a present, legal or constructive obligation entailing a future outflow of resources as the result of past events and it is probable that the outflow will be necessary in order to settle the obligation. Such amount is the best estimate of the expenditure required to settle the obligation. The rate used in determining the present value of the liabilities reflects the current market conditions and takes account of the specific risk attached to each liability.

When the financial effect of timing is significant and the dates of the payment of the obligation can be estimated reliably, provisions are measured at the present value of the expected outflow of funds, using a rate that reflects market conditions, variations in the cost of money over time and the specific risk attached to the obligation. Any increase in the provision, determined by changes in the time value of money, is accounted for as an interest expense.

Risks for which a liability is only possible are mentioned in the appropriate section on contingent liabilities and for the same no provision has been set aside.

## PAYABLES TO SUPPLIERS AND OTHER LIABILITIES

Payables to suppliers and other liabilities are initially measured at fair value, net of any directly-attributable additional costs, and subsequently are measured at amortised cost, applying the effective interest rate method.

## EARNINGS PER SHARE

### *(a) Earnings per share - basic*

Basic earnings per share are calculated by dividing the net profit attributable to the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding own shares.

### *(b) Earnings per share – diluted*

Diluted earnings per share are calculated by dividing the net profit attributable to the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding own shares. For the purposes of the calculation of diluted earnings per share, the weighted average of outstanding shares is changed by assuming the exercise by all the assignees of rights that potentially have a dilutive effect, while the net profit attributable to the Company is adjusted to take account of effects (if any), net of taxes, of the exercise of said rights.

## TREASURY SHARES

Treasury shares are recognised as a reduction in equity. The initial cost of treasury shares and any revenues arising from subsequent sales (if any) are recognised as changes in equity.

## REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received for the sale of goods and services in the ordinary operations of the Company's business. Revenue is recognised net of added-value tax, expected returns, rebates, discounts and some marketing activities carried out with the help of the customers, whose value is a function of the revenues themselves.

Revenues from the sale of products are recognised when the risks and benefits related to the ownership of the asset are transferred to the buyer and when the sale price has been agreed and can be determined and is expected to be collected.

## COST RECOGNITION

Costs are recognised when they relate to goods and services acquired or consumed in the financial year or by systematic allocation.

## TAXES

Current taxes are determined on the basis of the estimated taxable income, in accordance with the tax regulations applicable to the Company.

Deferred tax assets and liabilities are calculated on all the differences that arise between the taxable base of an asset or liability and its carrying amount, except for goodwill when initially recognised and the differences resulting from investments in subsidiaries, when the timing of the reversal of these differences is under the Company's control and it is likely that they will not be reversed in a reasonably foreseeable period of time.

The portion of deferred tax assets, including those related to past tax losses, that is not offset by deferred tax liabilities, is recognised to the extent that there will be future taxable income from which they can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply in the financial years during which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised under "Income taxes" in the income statement, except for those relating to items recognised under comprehensive income components other than net profit and those relating to items directly debited or credited to equity. In the latter cases, deferred tax liabilities are recognised in the statement of comprehensive income and directly in equity. Deferred tax assets and liabilities are offset when they are applied by the same tax authority, when there is a legal right to offset them and when the net balance is expected to be settled.

Other taxes that are not correlated to income, such as indirect taxes and duties, are entered under "Other operating costs" in the income statement.

## 2.4 Recently-issued accounting standards

As at date of the Annual Report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applied to the Company on 1 May 2016.

- On 6 May 2014 the IASB issued some amendments to IFRS 11 – Joint arrangements: disclosing the acquisition of investments in joint ventures, supplying information on the disclosure of the accounts of the acquisitions of investments in joint ventures which form a business. The amendments are applicable retroactively for years beginning on or after 1 January 2016.
- On 12 May 2014 the IASB issued some amendments to IAS 16 and to IAS 38 – Clarification of acceptable methods of depreciation and amortisation. The amendments clarify the use of the revenue-based methods to calculate the amortisation/depreciation of an asset and explain that, other than in certain limited circumstances, a revenue-based amortisation/depreciation method cannot be considered acceptable for either tangible assets or intangible assets. The application of the amendments will become effective from years beginning on or after 1 January 2016.
- On 12 August 2014 the IASB issued some amendments to IAS 27 – Separate financial statements. The amendments applicable as of years beginning on or after 1 January 2016, allow the use of the equity method for the booking of investments in subsidiaries, associated companies and joint ventures in separate financial statements. The aim is to reduce the complexity of management and the relative costs for companies operating within juridical systems where IFRSs standards are also applicable to separate financial statements.
- On 25 September 2014, the IASB issued a combination of amendments to IFRS (Annual Improvements to IFRSs - 2012-2014 Cycle). The approved provisions amended: (i) IFRS 5 "Non-current assets held for sale and discontinued operations" clarifying that the change in classification of an asset (or disposal groups) from being held for sale to being held for distribution to shareholders, must not be considered as a new plan for disposal but the continuation of the original plan. Therefore, the change in classification does not determine the interruption of the application of IFRS 5 nor the change of the date of classification; (ii) IFRS 7 "Financial instruments: disclosures" clarifying that, for the purposes of disclosure, a servicing agreement which envisages the payment of a fee may represent a continuing involvement in the transferred asset; (iii) IAS 19 "Employee benefits" clarifying that the degree of "depth" of the market for the corporate bonds to be considered for the choice of the discount rate to apply in discounting the liability for post-employment benefits (rate of return on bonds of primary companies rather than the rate of government bonds) must be evaluated in consideration of the market at the level of the currency in which the bond is expressed and not at the level of the single country in which the bond is located; (iv) IAS 34 "Interim Financial Reporting" clarifying that the disclosures required for interim situations must be either supplied in the interim financial statements or mentioned in them through reference to another statement (e.g.: the Directors Report) which is available to users of the financial statements in the same terms and at the same time as the interim financial statements. The amendments will be applicable from years beginning on or after 1 January 2016.
- On 18 December 2014, the IASB amended IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures". IFRS 10 was amended to specify that a holding company, controlled by an investment entity, is not obliged to prepare consolidated financial statements, even if the investment entity evaluates the subsidiaries at fair value in compliance with IFRS 10. With reference to IFRS 12, the amendment clarifies that an investment entity which evaluates all its subsidiaries at fair value must supply the disclosures required by IFRS 12 "Disclosure of Interests in Other Entities". As regards IAS 28, the amendment allows a company that is not an investment company but holds an investment in associates or joint ventures to be an "investment entity", evaluated using the equity method, to maintain the fair value applied by the investment company with reference to its interests in subsidiaries. The amendments are applicable from years beginning on or after 1 January 2016.

- On 18 December 2014, the IASB issued some amendments to IAS 1- Presentation of Financial Statements - with which it intends to provide clarification on the aggregation or disaggregation of the financial items if their amount is significant or "material". The amendments introduce a number of clarifications on materiality and aggregation concepts and on the ways in which partial results are presented in addition to those set forth in IAS 1. The amendments are applicable from years beginning on or after 1 January 2016.

The adoption of the new standards mentioned above had no significant effect on the separate financial statements.

As at the date of the present Separate Financial Statements, the competent bodies of the European Union have not yet completed the necessary process of endorsement for the adoption of the following accounting standards and amendments.

- On 12 November 2009 the IASB published IFRS 9 – Financial instruments, which was then amended on 28 October 2010 and 24 July 2014. The standard, which will be applicable for financial years commencing on or after 1 January 2018 on a retrospective basis, falls within the scope of a multi-phase process aimed at fully replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the accounts. Specifically, for financial assets the new standard adopts a single approach based on the method of the management of the financial instruments and the characteristics of their contractual cash flows in order to determine their measurement policy, replacing the different rules laid down in IAS 39. On the contrary, as regards financial liabilities, the main amendment involved the accounting treatment of changes in the fair value of a financial liability designated as financial liability valued at fair value through profit or loss, in the event that said changes are due to a change in the credit risk of the liability itself. Based on the new standard, such adjustments have to be charged in the statement of comprehensive income rather than profit and loss statement.
- On 28 May 2014 the FASB issued IFRS 15 “Revenue from contracts with customers”. The new standard will be applicable as of years beginning on or after 1 January 2018. The standard replaces IAS 18 – “Revenue” IAS 11 “Construction Contracts”, IFRIC 13 “Customer Loyalty Programmes”, “IFRIC 15 - Agreements for the Construction of Real Estate”, IFRIC 18 – “Transfers of Assets from Customers”, SIC 31 – “Revenue—Barter Transactions Involving Advertising Services”. The new standard applies to all contracts with customers, apart from contracts falling within the scope of application of IAS 17 – Leases, for insurance contracts and financial instruments. It establishes a process consisting of five phases to define the timing and the amount of the revenues to be disclosed (identification of contracts with customers, identification of the performance obligations envisaged by the contract, determination of the price of the transaction, allocation of the price of the transaction, disclosure of revenues upon fulfilment of the performance obligation). The company plans to apply this new standard from the mandatory effective date, using the method of full retrospective application. During the financial year the company carried out a preliminary assessment of the effects of IFRS 15, which is subject to changes after the more detailed analysis currently underway. On the basis of such analysis, no significant impacts for the Company are expected.
- On 11 September 2014, the IASB issued some amendments to IFRS 10 and IAS 28: “Investments in associates and joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”. The amendments made to the two standards define the accounting treatment in relation to profits or losses deriving from transactions with joint ventures or associates evaluated using the equity method. In particular, it should be noted that, in the case of sale or contribution of a business to an associate or joint venture, the investor applies the principles of IFRS10 and records the whole contingent gain or contingent losses consequential to the loss of control; when the assets sold or contributed to the associate or joint venture do not constitute a business in accordance with IFRS 3, the gain or loss is disclosed in compliance with IAS 28. The application of the amendments which initially had to be effective from years beginning on or after 1 January 2016, is pending.
- On 13 January 2016 the IASB issued new IFRS 16 – Leases. This standard replaces the current guidance in IAS 17 no more suitable to represent leases in the current business. New standard now requires to

recognise in the balance Sheet a lease contracts as assets or liability whether financial or operating lease. Lease contracts with 12 months or less duration and leases of low-value assets are out of new standard scope. The standard will be applicable from years beginning on or after 1 January 2019. New standards can generally be adopted early by IFRS 15 (Revenue from contracts with customers) adopters.

- On February 2016 IASB issued some amendments to IAS 12 – Income taxes on the recognition of deferred tax assets for unrealised losses which clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will be applicable from years beginning on or after 1 January 2017.
- On 25 February 2016 IASB issued some amendments to IAS 7 - Statement of cash flows on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will be applicable from years beginning on or after 1 January 2017.
- On 12 April 2016 IASB issued some further amendments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some points and allowing more simplifications, with the aim to reduce costs and complexity, for early adopters. These amendments will be applicable from years beginning on or after 1 January 2018.
- On June 2016 IASB issued some further amendments to IFRS 2 - Share based payments - clarifying the evaluation of the cash-settled share-based payments and how to account for certain types of share-based payment transactions. It also introduces an exception to IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments will be applicable from years beginning on or after 1 January 2018.
- On December 2016, IASB issued some further amendments to IAS 40 "Investment Property" providing guidance on transfers of property to, or from, "Investment properties" line item, underlying that transfers to investment property can be made when there is an evident change in use. These amendments will be applicable from years beginning on or after 1 January 2018.
- On December 2016, IASB issued a collection of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). Improvements amended the following standards: (i) IFRS 1 "First-time Adoption of International Financial Reporting Standards" in relation to the deletion of some exemptions related to IFRS 7, IAS 19 and IFRS 10 in case of first-time adoption, (ii) IFRS 12 "Disclosure of Interests in Other Entities" clarifying the scope of the standard (iii) IAS 28 "Investments in Associates and Joint Ventures" relating to measurement at fair value of associates or joint ventures. These amendments will be applicable from years beginning on or after 1 January 2018.
- On December 2016, IASB issued IFRIC 22 "Foreign currency transactions and advance consideration". The document clarifies the accounting for transactions or parts of transactions where there is consideration that is priced in a foreign currency. These amendments will be applicable from years beginning on or after 1 January 2018.

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

### 3 Financial risk management

The Company business is exposed to the credit risk.

Risk management strategy is aimed at minimizing potential adverse effects on the company financial performance. Risk management is centralised within the treasury function that identifies, assesses and hedges financial risks. The treasury function provides instructions to monitor risk management, as well as provides instructions for specific areas, concerning interest rate risks and exchange rate risks.

#### MARKET RISK

The Company is exposed to market risks only in relation to credit risks.

## Interest Rate Risk

The Company presents a financial structure characterized by a positive net financial position thus is not exposed to interest rate risk.

## Exchange Rate Risk

In the financial year ended 30 April 2017, the Company did not operate with a currency different from Euro.

## Credit Risk

Credit risk is represented by the Company's exposure to potential losses arising from its customers' failure to meet their obligations. In order to mitigate the credit risk correlated to its business counterparties, and therefore to its customers, the Company has implemented procedures aimed at ensuring that services were delivered to customers that are considered to be reliable on the basis of past experience and any available information. Furthermore, the company controls its commercial exposure on an ongoing basis and monitors that the debt collection takes place within the preset contractual time limits. Furthermore, the exposure of the Company is mainly related to the Sesa Group companies.

Credit risk due to ordinary operations is monitored on an ongoing basis through the use of information and client assessment with an appropriate provision for bad debts.

The table below provides a breakdown of current receivables from customers at 30 April 2017 and 30 April 2016, by overdue amounts, net of provision for bad debts.

	FY ended 30 April	
	2017	2016
Falling due	653	1,065
Overdue from 0-30 days	8	27
Overdue from 31-90 days	8	3
Overdue from 91-360 days	3	1
Overdue from more than 360 days	3	6
<b>Total</b>	<b>675</b>	<b>1,102</b>

## LIQUIDITY RISK

The liquidity risk is associated to the Company's ability to meet any commitments mainly arising from financial liabilities. A prudent management of the liquidity risk arising from the Company's ordinary operations requires the maintenance of an adequate level of cash and cash equivalents and the availability of funds that can be obtained through an adequate amount of credit lines.

The Company has a financial structure characterized by a structurally positive net financial position and is therefore not exposed to liquidity risk.



The tables below report the expected cash flows in the coming financial years in relation to financial liabilities at 30 April 2017 and 30 April 2016:

<b>At 30 April 2017</b> <i>(in thousand of euros)</i>	<b>Book value</b>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>
Payables to suppliers	409	409	-	-
Other current and non-current payables	6,365	6,365	-	-

<b>At 30 April 2016</b> <i>(in thousand of euros)</i>	<b>Book value</b>	<b>Within 12 months</b>	<b>Between 1 and 5 years</b>	<b>Beyond 5 years</b>
Payables to suppliers	331	331		
Other current and non-current payables	9,220	9,220		

Other current and non-current payables refers mainly to the tax liabilities for group Vat and other relationships with the company within the scope of tax consolidation.

## CAPITAL RISK

The Company's objective within the scope of the capital risk management is mainly that of safeguarding its continuation as a going-concern so as to guarantee returns to shareholders and benefits to any other stakeholders. The Company also intends to maintain an optimal capital structure so as to reduce the cost of debt.

## FINANCIAL ASSETS AND LIABILITIES BY CLASS

The fair value of receivables from customers and of other financial assets, payables to suppliers and other payables and of other financial liabilities, recognised under the "current" items of the statement of financial position and measured at amortised cost, mainly related to commercial transactions to be settled in the short term, does not differ from the book values reported in the financial statements at 30 April 2017 and 30 April 2016.

Non-current financial liabilities and assets are settled or measured at market rates, and, therefore, the fair value of the same is considered to be substantially in line with the present book values.

Below is reported a classification of financial assets and liabilities by class at 30 April 2017 and 30 April 2016:

<b>At 30 April 2017</b> <i>(in thousand of euros)</i>	<b>Loans and receivables</b>	<b>Held-to-maturity investments</b>	<b>Financial asset or liability at fair value</b>	<b>Total financial assets or liabilities</b>	<b>Non-financial assets and liabilities</b>	<b>Total</b>
<b>Assets</b>						
Current receivables from customers	675			<b>675</b>		675
Other current and non-current assets	12,278			<b>12,278</b>		12,278
Cash and cash equivalents	8,284			<b>8,284</b>		8,284
<b>Total assets</b>	<b>21,237</b>			<b>21,237</b>		<b>21,237</b>
<b>Liabilities</b>						
Current and non-current loans						-
Payables to suppliers	409			<b>409</b>		409
Other current liabilities	6,365			<b>6,365</b>		6,365
<b>Total liabilities</b>	<b>6,774</b>			<b>6,774</b>		<b>6,774</b>

<b>At 30 April 2016</b>						
<i>(in thousand of euros)</i>	Loans and receivables	Held-to- maturity investments	Financial asset or liability at fair value	Total financial assets or liabilities	Non-financial assets and liabilities	Total
<b>Assets</b>						
Current receivables from customers	1,102			<b>1,102</b>		1,102
Other current and non-current assets	13,876			<b>13,876</b>		13,876
Cash and cash equivalents	7,049			<b>7,049</b>		7,049
<b>Total assets</b>	<b>22,027</b>			<b>22,027</b>		<b>22,027</b>
<b>Liabilities</b>						
Current and non-current loans						-
Payables to suppliers	331			<b>331</b>		331
Other current liabilities	9,220			<b>9,220</b>		9,220
<b>Total liabilities</b>	<b>9,551</b>			<b>9,551</b>		<b>9,551</b>

## FAIR VALUE ESTIMATE

IFRS 13 defines the fair value as the price that would be received for the sale of an asset that would be paid for the transferral or a liability at the date of evaluation on a free transaction between market operators.

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of instruments that are not listed on an active market is calculated using evaluation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value classification of financial instruments is given below, based on the following hierarchical levels:

*Level 1:* fair value calculated with reference to listed prices (not adjusted) on active markets for identical financial instruments;

*Level 2:* fair value calculated using evaluation techniques with reference to variables that can be observed on active markets;

*Level 3:* fair value calculated using evaluation techniques with reference to market variables that cannot be observed.

At 30 April 2017 the amount of non current equity investments in other companies is equal to zero.

## 4 Estimates and Assumptions

The preparation of financial statements requires the directors to apply accounting standards and methods which, in some circumstances, are based on difficult and subjective valuations and assumptions based on historical experience and assumptions that are from time to time considered reasonable and realistic depending on the related circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statement schedules, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, as well as any information provided.

The final results of the financial statement items for which the abovementioned estimates and assumptions have been used could differ from those reported in the financial statements that recognise the effects of the occurrence of the event being estimated, because of the uncertainty that characterizes the assumptions and conditions on which estimates are based.

Below are summarised the areas that require, more than others, greater subjectivity on the part of the directors in preparing estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on financial data.

#### (a) Impairment of assets

In accordance with the accounting standards applied by the Company, property, plant and equipment, intangible assets and investment property are tested for impairment in order to establish whether there is evidence of an impairment loss, which must be recognised through a write-down, when there are indications that it may be difficult to recover the related net book value through their use. The verification of the existence of the abovementioned indicators requires the directors to apply subjective valuations based on the information available within the Company and in the market, as well as on historical experience.

Furthermore, if it is established that a potential impairment loss may have occurred, the Company takes steps to determine the same by using valuation techniques that are considered to be suitable. The correct identification of any evidence of the existence of a potential impairment loss of property, plant and equipment, intangible assets and investment property, as well as any estimates for the determination of the same, depend on factors that can vary over time, thus affecting the valuations and estimates made by the directors.

#### (b) Amortisation and depreciation

The cost of property, plant and equipment and intangible assets is amortised/depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of said assets is determined by the directors at the time when they are acquired; it is based on historical experience for similar assets, market conditions and anticipations of future events that could have an impact on the useful life of the assets, including changes in technology. Therefore, the actual economic life could differ from the estimated useful life.

#### (c) Provision for bad debts

The provision for bad debts reflects any losses estimated for the Company portfolio of receivables. The Company has set aside provisions against expected losses on receivables, which have been estimated on the basis of past experience with reference to receivables with a similar credit risk, to current and historical outstanding amounts, as well as to the careful monitoring of the quality of the portfolio of receivables and of the current and expected conditions of the relevant economy and markets. The estimates and assumptions are reviewed periodically and the effects of any change are reported in the income statement in the relevant financial year.

#### (d) Employee benefits

The present value of pension funds entered in the Separate Financial Statements depends on an independent actuarial calculation and on the different assumptions taken into consideration. Any changes in the assumptions and in the discount rate used are promptly reflected in the calculation of the present value and could have a significant impact on the data reported in the accounts. The assumptions used for the purposes of the actuarial calculation are examined on an annual basis.

The present value is determined by discounting the future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in the currency in which the liability will be settled and which takes account of the duration of the related pension plan. For additional information, reference is made to notes 24 Employee benefits and 9 Personnel costs.

## 5 Revenues

All the Group's revenues are generated in Italy. Revenues can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Services rendered and other revenues	4,983	4,660
Other revenues	500	456
<b>Total</b>	<b>5,483</b>	<b>5,116</b>

Revenues were mainly relative to services such as administration, finance and control services, personnel management and information systems management rendered to the companies of the Sesa Group.

## 6 Other Income

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Leases and hires	40	48
Other income	1,545	907
<b>Total</b>	<b>1,585</b>	<b>955</b>

Leases were related to the lease of the premises in Rome and Ancona.

Other income was mainly related to the reversible fees of the Chairman of the Board of Directors and of an Executive Vice-Chairman.

## 7 Consumables and Goods for resale

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Consumables and other purchases	43	49
<b>Total</b>	<b>43</b>	<b>49</b>

## 8 Costs for services and rent, leasing and similar costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Hardware and software technical assistance	51	62
Consultancy	2,085	1,368
Leases and hires	171	169
Marketing	79	69
Transport		
Insurance	58	66
Utilities	10	21
Support and training expenses	6	5
Maintenance		9
Other expenses for services	167	99
<b>Total</b>	<b>2,627</b>	<b>1,868</b>

## 9 Personnel costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Wages and salaries	2,812	2,653
Social security contributions	835	794
Contributions to defined-contribution pension funds	185	180
Contributions to defined benefit pension funds		
Reimbursements and other personnel costs	140	114
<b>Total</b>	<b>3,972</b>	<b>3,741</b>

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

<i>(in units)</i>	Average number of employees at 30 April		Actual number of employees at 30 April	
	2017	2016	2017	2016
Executives	2	2	2	2
Middle managers	8	8	8	8
Office workers	65	62	66	63
<b>Total</b>	<b>75</b>	<b>72</b>	<b>76</b>	<b>73</b>

## 10 Other Operating costs

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Accruals to provision for bad debts		8
Taxes and duties	31	27
Losses not covered by provision for bad debts	3	6
Losses on disposal		11
Other operating costs	43	55
<b>Total</b>	<b>77</b>	<b>107</b>

## 11 Amortisation and depreciation

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Intangible assets	11	14
Property, plant and equipment	31	21
Investment property		
<b>Total</b>	<b>42</b>	<b>35</b>

## 12 Financial income and charges

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Other interest expense		
Commissions and other financial charges	(15)	(57)
Financial charges relating to staff severance pay (TFR)	(17)	(16)
<b>Total financial charges</b>	<b>(32)</b>	<b>(73)</b>
Other financial income	40	62
Interest income on bank deposits	32	47
Dividends from equity investments	8,750	8,201
<b>Total financial income</b>	<b>8,822</b>	<b>8,310</b>
<b>Net financial income</b>	<b>8,790</b>	<b>8,237</b>

## 13 Income taxes

This item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Current taxes	156	(5)
Deferred taxes	134	257
<b>Total</b>	<b>290</b>	<b>252</b>

Starting from financial year ended 30 April 2014 and with renew in January 2017, the Company exercised, as consolidating company, the option to adopt the national tax consolidation mechanism (*Consolidato fiscale nazionale*) (art. 117 et seq. of TUIR, Consolidated Income Tax Code) which enables to calculate the IRES (Corporate income tax) tax on a consolidated taxable base, made up of the sum of taxable profits and losses of each company adopting the tax consolidation mechanism, specifically Computer Gross Italia SpA, Var Group SpA and ICT Logistica Srl (the consolidated companies). The financial statements were prepared taking into account the effects of the consolidated companies' tax positions transferred to the consolidating entity arising from the mechanism above and as governed by the relevant tax consolidation arrangements; in particular, the financial statements reflect receivables/payables from/to the consolidated companies accordingly.

Furthermore, in February 2017, the option to adopt the VAT Group regime was exercised, sending the specific form to the Revenue Agency. Therefore, Sesa SpA has acted, since such date, as the payer of the VAT receivables and payables also for the subsidiaries Computer Gross Italia SpA and Var Group SpA.

The table below reports the reconciliation of the theoretical tax burden with the effective tax burden for the financial years ended 30 April 2017 and 30 April 2016:

<i>(in thousand of euros)</i>	FY ended 30 April			
	2017		2016	
<b>Profit before taxes</b>	<b>9,097</b>		<b>8,508</b>	
Theoretical taxes	2,502	27.5%	2,340	27.5%
Taxes relating to previous years	3		(13)	
Favourable taxation on dividends	(2,286)		(2,142)	
Taxes on costs for the year charged as a reduction of equity during the FTA	(184)		(232)	
Other differences	113		42	
IRAP tax, including other changes	142		257	
<b>Effective tax burden</b>	<b>290</b>	<b>3.19%</b>	<b>252</b>	<b>2.97%</b>

## 14 Intangible assets

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	<b>List of customers</b>	<b>Software and other intangible assets</b>	<b>Trademarks and patents</b>	<b>Total</b>
<b>Balance at 30 April 2015</b>	<b>15</b>	<b>14</b>	<b>2</b>	<b>31</b>
<i>Of which:</i>				
- historical cost	25	55	9	<b>89</b>
- accumulated amortisation	(10)	(41)	(7)	<b>(58)</b>
Investments		1		<b>1</b>
Disinvestments				
Amortisation	(3)	(10)	(1)	<b>(14)</b>
<b>Balance at 30 April 2016</b>	<b>12</b>	<b>5</b>	<b>1</b>	<b>18</b>
<i>Of which:</i>				
- historical cost	25	56	9	<b>90</b>
- accumulated amortisation	(13)	(51)	(8)	<b>(72)</b>
Investments		63		<b>63</b>
Disinvestments				
Amortisation	(2)	(8)	(1)	<b>(11)</b>
<b>Balance at 30 April 2017</b>	<b>10</b>	<b>60</b>		<b>70</b>
<i>Of which:</i>				
- historical cost	25	119	9	<b>153</b>
- accumulated amortisation	(15)	(59)	(9)	<b>(83)</b>

The balance of intangible assets as of 30 April 2017 is mainly formed by management software used by the Company. For further details please refer to note 4.

## 15 Property, plant and equipment

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Office machines</b>	<b>Other property, plant and equipment</b>	<b>Total</b>
<b>Balance at 30 April 2015</b>	<b>44</b>	<b>35</b>	<b>79</b>
<i>Of which:</i>			
- historical cost	133	184	<b>317</b>
- accumulated depreciation	(89)	(149)	<b>(238)</b>
Investments	9	1	<b>10</b>
Disinvestments	(1)	(53)	<b>(54)</b>
Depreciation	(19)	(2)	<b>(21)</b>
Other changes historical cost			
Other changes accumulated depreciation		20	20
<b>Balance at 30 April 2016</b>	<b>33</b>	<b>1</b>	<b>34</b>
<i>Of which:</i>			



- historical cost	142	131	273
- accumulated depreciation	(109)	(130)	(239)
Investments	317	2	319
Disinvestments			
Depreciation	(30)	(1)	(31)
Other changes historical cost			
Other changes accumulated depreciation			
<b>Balance at 30 April 2017</b>	<b>320</b>	<b>2</b>	<b>322</b>
<i>Of which:</i>			
- historical cost	457	133	590
- accumulated depreciation	(137)	(131)	(268)

The investments made during the year ended 30 April 2017 mainly include the purchase of office machines (server e storage) for corporate services performed by the Company.

## 16 Investment Property

This item and the related change can be broken down as follows:

<i>(in thousand of euros)</i>	Land	Buildings	Total
<b>Balance at 30 April 2015</b>	<b>281</b>	<b>9</b>	<b>290</b>
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation	-	(1)	(1)
Depreciation			
<b>Balance at 30 April 2016</b>	<b>281</b>	<b>9</b>	<b>290</b>
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation	-	(1)	(1)
Depreciation		(1)	(1)
<b>Balance at 30 April 2017</b>	<b>281</b>	<b>8</b>	<b>289</b>
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation	-	(2)	(2)

## 17 Equity Investments

This item and the related changes can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
Computer Gross Italia S.p.A.	53,163	53,163
Var Group S.p.A.	13,999	13,999

C.G.N. S.r.l.	994	994
Arcipelago Cloud S.r.l.	50	50
Idea Point S.r.l.	35	35
<b>Total</b>	<b>68,241</b>	<b>68,241</b>

The changes in Equity investments can be broken down as follows:

<i>(in thousand of euros)</i>	<b>Equity Investments</b>
<b>Balance at 30 April 2015</b>	<b>68,241</b>
<i>Changes:</i>	
- Purchases or subscriptions	-
- Sales	-
<b>Balance at 30 April 2016</b>	<b>68,241</b>
<i>Changes:</i>	
- Purchases or subscriptions	-
- Sales	-
<b>Balance at 30 April 2017</b>	<b>68,241</b>

## 18 Deferred tax assets and Deferred tax liabilities

Below is the breakdown of the expected maturity of deferred tax assets and deferred tax liabilities:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Deferred tax assets due within 12 months	184	314
Deferred tax assets due beyond 12 months	3	3
<b>Total deferred tax assets</b>	<b>187</b>	<b>317</b>
Deferred tax liabilities within 12 months		
Deferred tax liabilities beyond 12 months		
<b>Total deferred tax liabilities</b>		

The net change in the items in question can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
<b>Balance at the beginning of the year</b>	<b>317</b>	<b>566</b>
Increase by merger		
Effect on the income statement	(130)	(249)
Effect on the statement of comprehensive income		
Reclassifications		
<b>Balance at the end of the year</b>	<b>187</b>	<b>317</b>
<i>Of which:</i>		
- deferred tax assets	187	317

The change in deferred tax assets can be broken down as follows:

<b>Deferred tax assets</b>	<b>Value differences on property, plant and equipment and intangible assets</b>	<b>Provisions for risks and charges and other allocations</b>	<b>Employee benefits</b>	<b>Other items</b>	<b>Total</b>
<i>(in thousand of euros)</i>					
<b>Balance at 30 April 2015</b>	<b>576</b>		<b>(10)</b>	-	<b>566</b>
Effect on the income statement	(249)			-	<b>(249)</b>
Effect on the statement of comprehensive income					
Other changes					
<b>Balance at 30 April 2016</b>	<b>327</b>		<b>(10)</b>	-	<b>317</b>
Effect on the income statement	(130)			-	<b>(130)</b>
Effect on the statement of comprehensive income					
Other changes					
<b>Balance at 30 April 2017</b>	<b>197</b>		<b>(10)</b>	-	<b>187</b>

## 19 Other current and non-current receivables and assets

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Non-current receivables from others	44	49
Non-current equity investments in other companies	68,241	68,241
Non-current securities		
<b>Total other non-current receivables and assets</b>	<b>68,285</b>	<b>68,290</b>
Current receivables from subsidiaries	9,743	13,106
Current receivables from others	132	11
Other current tax receivables	13	13
Accrued income and prepaid expenses	243	272
Derivative assets	-	-
<b>Total other current receivables and assets</b>	<b>10,131</b>	<b>13,402</b>

Non-current equity investments in other companies relate to companies that are not listed on an active market and the fair value of which cannot be measured reliably; therefore, these investments are valued at cost, net of any losses in value.

Among receivables from subsidiaries we note the interest-bearing financial receivables for Euro 6.5 million from Computer Gross Italia SpA and Var Group SpA.

## 20 Current trade receivables

This item can be broken down as follows:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
Receivables from customers (*)	601	750
Provision for write-down of receivables from customers (**)	(8)	(8)
<b>Receivables from customers, net of provision for bad debts</b>	<b>593</b>	<b>742</b>
Receivables from parent companies, subsidiaries and associated companies	82	360
<b>Total current trade receivables</b>	<b>675</b>	<b>1,102</b>

(\*)For the purposes of a better portrayal of receivables from customer, they are presented net of the balance relating to customers subject to bankruptcy and composition with creditors proceedings which, at 30 April 2016 and 30 April 2017 were respectively Euro 143 thousand and Euro 109 thousand. These positions have been fully written down via the booking of a specific provision. Receivables from customers pertain mainly to the companies of the Sesa Group despite not having a controlling relationship or connection with Sesa SpA.

The table below reports the change in the provision for bad debts:

<i>(in thousand of euros)</i>	Provision for bad debts
<b>Balance at 30 April 2016 **</b>	<b>8</b>
Allocation	0
Use	0
<b>Balance at 30 April 2017 **</b>	<b>8</b>

(\*\*)For the purposes of a better representation, the value of the provision for bad debts is presented net of accrual set aside to cover receivables subject to bankruptcy proceedings which, at 30 April 2016 and 30 April 2017 amounted respectively to Euro 143 thousand and Euro 109 thousand. Receivables from customers pertain mainly to companies of the Sesa Group despite not having a controlling relationship or connection with Sesa SpA.

## 21 Equity

### Share capital

At 30 April 2017 the Parent Company's share capital, fully subscribed and paid-up, amounted to Euro 37,127 thousand and was divided into 15,494,590 ordinary shares.

The changes in the outstanding shares and treasury shares during the financial year can be broken down as follows:

<i>(in thousand of euros)</i>	Number of shares
<b>Balance at 30 April 2016</b>	
Issued shares	15,651,101
Treasury shares	240,707
Outstanding shares	15,410,394

<b>Movements during the year</b>	
Assignment of shares in execution Stock Grant plan	26,000
Purchase of treasury shares	71,755
Cancellation of treasury shares	156,511
Sale of treasury shares	85,568
<b>Balance at 30 April 2017</b>	
Issued shares	15,494,590
Treasury shares	44,383
Outstanding shares	15,450,207

## Other reserves

The item "Other reserves" and "Reserve for actuarial gain (loss) attributable to non-controlling interests" can be broken down as follows:

	<b>Legal reserve</b>	<b>Treasury shares reserve</b>	<b>Reserve for actuarial gain (loss)</b>	<b>Sundry reserves</b>	<b>Total Other reserves</b>
<i>(in thousand of euros)</i>					
<b>At 30 April 2015</b>	<b>682</b>	<b>(2,159)</b>	<b>(136)</b>	<b>2,701</b>	<b>1,088</b>
Actuarial gain/(loss) for employee benefits – gross			(37)		(37)
Actuarial gain/(loss) for employee benefits – tax effect			9		9
Purchase of treasury shares		(860)			(860)
Dividends distributed					
Assignment of shares in execution Stock Grant plan				(302)	(302)
Stock Grant Plan - shares vesting in the period				346	346
Other changes				860	860
Allocation of the profit for the year	344				344
Profit for the year					
<b>At 30 April 2016</b>	<b>1,026</b>	<b>(3,019)</b>	<b>(164)</b>	<b>3,605</b>	<b>1,448</b>
Actuarial gain/(loss) for employee benefits – gross			1		1
Actuarial gain/(loss) for employee benefits – tax effect					
Purchase of treasury shares		(1,342)			(1,342)
Sale/cancellation of treasury shares		3,167		(1,667)	1,500
Dividends distributed					
Assignment of shares in execution Stock Grant plan					
Stock Grant Plan - shares vesting in the period		327		(327)	0
Other changes				706	706
Allocation of the profit for the year					0
Profit for the year	413			435	848
<b>At 30 April 2017</b>	<b>1,439</b>	<b>(867)</b>	<b>(163)</b>	<b>2,752</b>	<b>3,161</b>

## 22 Earnings per Share

For the purposes of calculating the earnings per share and the diluted earnings per share, please see the notes to the Group's Consolidated Financial Statements.

## 23 Current and non-current loans

At 30 April 2017 and 30 April 2016 the item is equal to zero.

Below is a summary of the net financial position:

<i>(in thousand of euros)</i>	At 30 April	
	2017	2016
A. Cash		
B. Cheques and bank and postal deposits	8,284	7,049
C. Securities held for trading	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>8,284</b>	<b>7,049</b>
<b>E. Current financial receivables</b>	<b>6,500</b>	<b>5,000</b>
F. Current bank debt	-	-
G. Current portion of non-current debt	-	-
H. Other current financial payables	-	-
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>-</b>	<b>-</b>
<b>J. Net current financial debt (I) - (E) - (D)</b>	<b>(14,784)</b>	<b>(12,049)</b>
K. Non-current bank debt	-	-
L. Bonds issued	-	-
M. Other non-current payables	-	-
<b>N. Non-current financial debt (K) + (L) + (M)</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt (J) + (N)</b>	<b>(14,784)</b>	<b>(12,049)</b>

Under current financial receivables are recognised the interest-bearing financial receivables for Euro 6.5 million from Computer Gross Italia SpA and Var Group SpA. At 30 April 2016 the balance of financial receivables from Computer Gross Italy SpA amounted to Euro 5 million.

## 24 Employee benefits

This item includes the provision relating to the staff severance pay (TFR).

The change in the item can be broken down as follows:

<i>(in thousand of euros)</i>	FY ended 30 April	
	2017	2016
<b>Balance at the beginning of the year</b>	<b>1,084</b>	<b>979</b>
Service cost	113	115
Interest on the obligation	17	16
Uses and advances	(67)	(63)
Actuarial loss/(gain)	(1)	37
Changes for personnel transfers		
<b>Balance at the end of the year</b>	<b>1,146</b>	<b>1,084</b>

The table below reports the actuarial calculation assumptions for the purposes of the determination of defined-benefit pension plans:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
<b>Economic assumptions</b>		
Rate of inflation	1.50%	1.75%
Discount rate	1.35%	1.45%
Rate of increase in staff severance pay (TFR)	2.63%	2.81%

As regards the discount rate, reference has been made to the iBoxx Eurozone Corporates AA index with duration 10+ as at the various valuation dates, commensurate with the residual average term of the staff subject to assessment.

### *Sensitivity analysis*

According to IAS 19R, a sensitivity analysis was carried out when the main actuarial assumptions used in the calculation model changed. In detail, the most significant assumptions, meaning the average annual discount rate, the average annual rate of inflation and the turnover rate, were increased and decreased by half a percentage point, a quarter of a percentage point and two percentage points, respectively.

<i>(in thousand of euros)</i>	<b>Scenarios</b>	<b>Past service liability</b>
Annual discount rate	0.50%	1,160
	-0.50%	1,280
Rate of inflation	0.25%	1,239
	-0.25%	1,197
Turnover rate	2.00%	1,185
	-2.00%	1,248

## 25 Provisions for risks and charges

At 30 April 2017 the item was equal to zero.

## 26 Other current liabilities

This item can be broken down as follows:

<i>(in thousand of euros)</i>	<b>At 30 April</b>	
	<b>2017</b>	<b>2016</b>
Accrued expenses and deferred income	18	67
Tax payables	3,550	8,181
Payables to personnel	724	694
Other payables	1,944	161
Payables to social security institutions	129	117

Advances from customers		
Derivatives		
<b>Total other current liabilities</b>	<b>6,365</b>	<b>9,220</b>

## 27 Other information

### Contingent liabilities

There are no pending disputes.

### Commitments

The Company issued surety guarantees in favour of a leading Group supplier, in the interest of certain Group companies. At 30 April 2017, the amount of the guarantees, net of the sum already paid, is equal to Euro 7,467 thousand.

### Fees due to Directors and Statutory Auditors

Details of fees due to Sesa SpA directors and Statutory Auditors are given below, gross of welfare charges and taxes paid by them for the year. For a full description and analysis of the fees due to Directors, Statutory Auditors and Executives with strategic responsibilities, please refer to the Remuneration Report, which is available for consultation at the head office and on the website of the company in the "Corporate Governance" section.

	<b>FY ended 30 April</b>
<i>(in thousand of euros)</i>	<b>2017</b>
Fees due to Directors	452
Fees due to Statutory Auditors	51

Fees to Directors reported in the table above, include fixed and variable amounts, as well as those due for participation in internal committees. They do not include reversible fees to directors and shares assigned under the stock grant plan approved by the shareholders' meeting on 28 August 2014. In relation to the foregoing, it should be noted that, at 30 April 2017, a total of 53,000 shares matured, for an imputed cost of Euro 706 thousand, and were equally assigned to 4 executive directors.

### Fees due to Independent Auditors

The following table, prepared pursuant to art. 149 duodecies of the Consob Issuers' Regulations, shows the fees for the year ended 30 April 2017 for audit and non-audit services provided by the independent Auditors and by entities belonging to their network, including expenses.

<b>Service</b>	<b>Entity providing the service</b>	<b>Recipient</b>	<b>Fees for the year ended 30 April 2017</b> (thousands of euros)
<b>Audit</b>	PWC	Sesa SpA	60

The amount includes the fees, out-of-pocket expenses and the supervisory fee.



## 28 Transactions with related parties

Relations maintained by the Group with related parties that are associated and controlling companies are mainly of a commercial and financial nature.

The Company believes that all relations maintained with related parties are substantially regulated on the basis of standard market conditions.

The table below shows details of the financial balances with related parties at 30 April 2017 and 2016.

<i>(in thousand of euros)</i>	<b>Subsidiaries</b>	<b>Associated Companies</b>	<b>Parent Companies</b>	<b>Top management</b>	<b>Other related parties</b>	<b>Total</b>	<b>% on the balance-sheet item</b>
<b>Current trade receivables</b>							
At 30 April 2017	222	13	5			240	<b>35.6%</b>
At 30 April 2016	516	9	5			530	<b>78.5%</b>
<b>Other current receivables and assets</b>							
At 30 April 2017	9,857					9,857	<b>97.3%</b>
At 30 April 2016	13,106					13,106	<b>97.8%</b>
<b>Employee benefits</b>							
At 30 April 2017				1		1	<b>0.1%</b>
At 30 April 2016				1		1	<b>0.1%</b>
<b>Payables to suppliers</b>							
At 30 April 2017	40					40	<b>9.8%</b>
At 30 April 2016	19					19	<b>4.6%</b>
<b>Other current liabilities</b>							
At 30 April 2017	1			63		64	<b>1.0%</b>
At 30 April 2016	1			70		71	<b>1.0%</b>

The following table details the effects on the income statement of transactions with related parties for the years ended 30 April 2017 and 30 April 2016.

<i>(in thousand of euros)</i>	<b>Subsidiaries</b>	<b>Associated Companies</b>	<b>Parent Companies</b>	<b>Top management</b>	<b>Other related parties</b>	<b>Total</b>	<b>% on the balance-sheet item</b>
<b>Revenues</b>							
At 30 April 2017	5,196	80	52			5,328	97.17%
At 30 April 2016	4,807	72	53			4,932	89.95%
<b>Other income</b>							
At 30 April 2017	1,534	1	1	5		1,541	97.22%
At 30 April 2016	912	1	1	7		921	58.11%
<b>Consumables and goods for resale</b>							
At 30 April 2017	11					11	-25.58%
At 30 April 2016	14					14	-32.56%

<b>Costs for services and rent, leasing and similar costs</b>							
At 30 April 2017	136	25	1,220	28	1,409	-53.64%	
At 30 April 2016	136		798	29	963	-36.66%	
<b>Personnel costs</b>							
At 30 April 2017			323		323	-8.13%	
At 30 April 2016			316		316	-7.96%	
<b>Other operating costs</b>							
At 30 April 2017						0.00%	
At 30 April 2016						0.00%	
<b>Financial income</b>							
At 30 April 2017	40				40	0.45%	
At 30 April 2016	62				62	0.70%	
<b>Financial charges</b>							
At 30 April 2017						0.00%	
At 30 April 2016						0.00%	

The information provided in the table does not include dividends received by subsidiaries and associates.

### Subsidiaries, Associated and Parent Companies

Relations with subsidiaries, associated and parent companies mainly relate to the supply of administration, finance and control services, organisation, personnel management and the management of information systems for the Group companies. At 30 April 2017 there are interest-bearing financial receivables from subsidiaries for Euro 6.5 million. Under payables and receivables to/from subsidiaries are recognised receivables and payables relating to tax consolidation and Group VAT.

### Top Management

Relations with top management mainly relate to the fees due to directors and executives with strategic responsibilities. Specifically, "personnel costs" include fees due to members of the companies' Board of Directors, which were not included in "costs for services".

### 29 Events After the Year-End

No significant events occurred after the year-end.

### 30 Authorisation for publication

The publication of the Separate financial statements of Sesa SpA at 30 April 2017 was authorised by resolution of the Board of Directors on 14 July 2017.

## Attestation of the Separate Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board of Directors, and Alessandro Fabbroni, in his capacity as Financial Reporting Manager of Sesa S.p.A.'s accounting documents, certify, also taking into account that envisaged by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
  - the adequacy in relation to the enterprise characteristics and
  - the effective application of the administrative and accounting procedures for the preparation of the separate financial statements at 30 April 2017.
2. No important aspects emerged from the application of the administrative and accounting procedures for the preparation of the separate financial statements at 30 April 2017.
3. It is also certified that:
  - 3.1 The separate financial statements:
    - a) are drawn up in compliance with the applicable international accounting standards recognised by the European Community, pursuant to EC regulation no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
    - b) correspond to the company accounts, books and records;
    - c) offer a true and fair representation of the financial position, results of operations and cash flows of the issuer.
  - 3.2 the Report on Operations includes a reliable analysis of the performance and of the operating result, as well as of the situation of the issuer and of the groups of companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Empoli, 14 July 2017

Paolo Castellacci  
Chairman of the Board of Directors

Alessandro Fabbroni  
Financial Reporting Manager

# Independent Auditors' Report on the Separate Financial Statements of Sesa SpA



## INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of  
Sesa SpA

### *Report on the separate financial statements*

We have audited the accompanying separate financial statements of Sesa SpA, which comprise the separate statement of financial position as of 30 April 2017, the separate income statement, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibility for the separate financial statements*

The directors of Sesa SpA are responsible for the preparation of separate financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree no. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of separate financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *PricewaterhouseCoopers SpA*

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08126181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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*Opinion*

In our opinion, the separate financial statements give a true and fair view of the financial position of Sesa SpA as of 30 April 2017 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

***Report on compliance with other laws and regulations***

*Opinion on the consistency with the separate financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure*

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the directors of Sesa SpA, with the separate financial statements of Sesa SpA as of 30 April 2017. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of Sesa SpA as of 30 April 2017.

Florence, 27 July 2017

PricewaterhouseCoopers SpA

*Signed by*

Luigi Necci  
(Partner)

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

# Report of the Board of Statutory Auditors to the Shareholders' Meeting

Registered office VIA PIOVOLA 138 – 50053 EMPOLI  
Share Capital euro 37,126,927  
Fiscal Code and Florence Register of Companies n. 07116910964

Dear Shareholders,

With this report, prepared pursuant to art. 153 of Legislative Decree no. 58/98 and art. 2429, paragraph 3 of Civil Code, the Board of Statutory Auditors of Sesa S.p.A. wants to make you aware of supervisory and control activities, according to its role, during the year ended 30 April 2017.

## 1. NORMATIVE, REGULATORY AND DEONTOLOGICAL SOURCES AND BOARD OF STATUTORY AUDITORS' ACTIVITIES

During the year ended 30 April 2017, the Board of Statutory Auditors carried out the supervisory activity pursuant to article 149 of Legislative Decree no. 58/98 in accordance with the Rules of Conduct of the Board of Statutory Auditors, as recommended by the National Councils of Professional and Public Accountants with document of 15 April 2015 (Consigli Nazionali dei Dottori Commercialisti e degli Esperti Contabili) and the recommendations of Consob about audit and activities of the Board of Statutory Auditors (and , in particular: Communication no . 1025564 of 6 April 2001, as subsequently integrated with Communication no. 3021582 of 4 April 2003 and Communication no. 6031329 of 7 April 2006) and the guidance provided in the Code of Corporate Governance in the version updated to July 2015, adopted by the Company.

The Board of Statutory Auditors, during the year, carried out its activities by performing 6 meetings, all duly recorded, lasting about 80 minutes each; at the meetings of the Board of Statutory Auditors attended the Group's Internal Auditor.

The Board also took part in 6 meetings of the Board of Directors held during the year ended 30 April 2017.

The Board of Statutory Auditors, together with the Supervisory Board (of which a member of the Board of Statutory Auditors holds the office of President), every six months, met with representatives of the company in charge of statutory audit of accounts.

The Chairman of the Board of Statutory Auditors attended the meetings of Control and Risk Committee.

The Board of Statutory Auditors asked for and received regular reports from the administrative body, the Independent Auditors, the Parties involved in Control and Risk Management, the Internal Auditor, the Supervisory Board.

The Board of Statutory Auditors also examined the company's documentation, accounting and not, that was provided by the persons responsible of the various functions.

On the Basis of the information acquired during the supervisory activities, the Board of Statutory Auditors did not verify any omissions and/or reprehensible events and/or irregularities or anyway significant facts, such as to be reported to supervisory Bodies or to be mentioned in this report; the Board of Statutory Auditors also noted that have not received any complaints pursuant to art. 2408 Civil Code.

During the year, a positive opinion were issued about the equal allocation of n. 53,000 ordinary shares of the Company to the 4 Executive Directors, according to Stock Grant Plan and resolved by the Board of Directors.

## 2. SUPERVISORY ACTIVITY

### 2.1. Supervisory activity on compliance with the law, the Statute and the Code of Corporate Governance for Listed Companies currently in force

The Board of Statutory Auditors notes that the flow of internal and external information, have been implemented by the Company by means the coordination between the parties involved pursuant the law, the Statute and the Code of Corporate Governance, as outlined in the Report on Corporate Governance and ownership structure prepared by Board of Directors pursuant to art . 123-bis of TUF.

The Board of Statutory Auditors also states that:

- the obligations relative to confidential information are regulated by a "Procedure for reporting to the public of Confidential Information" adopted by the Board of Directors in the meeting of 25 June 2013;
- The Group continues to manage and update the Register of Internal Dealing according to Internal Dealing Procedure approved by the Board of Directors on 25 June 2013, recently updated by Board of Directors on 30 May 2016 in order to make it compliant to some of the provisions contained in art. 18 of the EU Regulation n. 596/2014, even in advance of its applications on 3 July 2016, issuing a mandate to the Chairman of the Board of Directors to make the amendments to the Internal Dealing Procedure that would have been necessary following any interventions by Consob ;
- the management of the requirements arising from the Internal Dealing regulation takes place according to the Internal Dealing Procedure approved by the Board of Directors on 25 June 2013, as amended on 22 December 2015 and on 30 May 2016 and finally on 14 July 2017.

The Board of Statutory Auditors acknowledges that, according to information collected during its supervisory activity, every office or function of the Company has duly complied with the information requirements imposed by law.

Based on information obtained referring to the period before the appointment of this Board of Statutory Auditors, no violations of law, the Code of Corporate Governance, Statute of the Company and its Board/Committees have been noted or compliant received from shareholders.

The Board of Statutory Auditors met regularly in the year, during which it also took part in meetings of the Board of Directors (about this, please refer to sub §2).

### 2.2. Supervisory activity on compliance with principles of proper management

Based on information obtained performing control and supervisory activities, in particular information received from the Directors on quarterly basis regarding the Group (parent and subsidiaries) main

activities and operations with economic, financial and patrimonial impact, as well as information obtained from corporate documentation, We are not aware of any:

- operations not compliant with principles of good management;
- operations not compliant with law and the Statute;
- operations outside Company scope;
- operations in contrast with Shareholders' Meetings' resolutions or such as to compromise the integrity of social assets;
- operations in a potential conflict of interest.

### 2.3. Supervisory activity on adequacy of the Company's structure

The Board of Statutory Auditors checked the adequacy of the Company's structure, through information collecting from the function responsables and regular exchanges of information with the Auditing Company.

The Board of Statutory Auditors has no particular observations about the Company's organization, that, as regards the structure, procedures, skills and responsibilities, at the moment, seems to be appropriate to the size of the Company, as well as the nature and mode through which it is proposed the achievement of the corporate objects.

The Board of Directors in office is made up of eight components; The members of the Board of Directors include three independent directors, of which the company confirmed compliance with independence requirements art. 147-ter, par. 4, of the TUF and by art. 3 of the Code of Corporate Governance, according with art. 2.2.3, par. 3, letter l) of the Regulation of the Borsa Italiana and by art. IA.2.10.6 of the Instructions for Regulation of the Borsa - both applicable to issuers in possession of STAR qualification. In this respect, Board of Statutory Auditors confirms the compliance by the Company with the law and regulations and principles and criteria established by the Code of Corporate Governance.

The Company's Board of Directors has full powers for the ordinary and extraordinary management of the Company, with the authority to perform all acts deemed appropriate to achieve the corporate objects, excluding only those reserved by law to the Shareholders' Meeting; In compliance with art. 15 of the Statute, the board of directors is granted the faculty, notwithstanding the concurrent competence of the extraordinary Shareholders' Meeting, to take on the resolutions concerning mergers and demergers in the cases envisaged by articles 2505 and 2505-bis, c.c., the setting up or shutting down of secondary offices, the indication of which among the Directors shall represent the Company, the reduction of the share capital in the event of withdrawal by a Shareholder, the adaptations of the Statute to legislative provisions, the transferral of the registered office within Italy. Board of directors decided to allocate powers within the Board instead of appoint an Executive Committee. In this respect, Board of Statutory Auditors verified correspondence between organizational structure and power of attorney.

Board of Statutory Auditors in charge, composed by three standing auditors and two supplementary auditors, verified the existence of the requirements of independence of each auditors (check performed and sent on 30 May 2017) , in compliance with art. 2397 Civil Code, as well as no grounds for ineligibility or incompatibility exist, and that they meet the requirements established by art. 2382 and 2399 Civil Code, art. 148, paragraph 3 of the TUF and art.8 of the Code of Corporate Governance.



Members of the Board of Statutory Auditors compliant with the limits on the cumulation of positions established by the prevailing legislation art 148-bis of TUF and artt. 144-duodecies and following of the Consob Issuer's Regulation.

The function of audit of accounts has been given in accordance with art. 2364 Civil Code to the Auditing Company PricewaterhouseCoopers SpA, by resolution of 15 July 2013 with effect until approval of the financial year ended 30 April 2022.

#### 2.4. Supervisory activity on adequacy of internal control systems and risk management

Board of Statutory Auditors confirms that the Board of Directors of Sesa Spa established the type and level of risk compatible with the issuer's strategic aims, both during the preparation for the listing and systematically in relation to the indications supplied by the Audit and Risks Committee. This has been disclosed in the Annual Report at 30 April 2017 and Board of Statutory Auditors has no issues to report. The Board of Directors, in line with the contents of par. 7.C.1 of the Code of Corporate Governance, performs the role of guiding and assessing the adequacy of the internal audit and risk management system, using work performed by Appointed Director for the Internal Audit and Risk Management System and an Audit and Risks Committee.

The subjects and functions involved in internal control systems and risk management are:

- the Board of Directors, assisted by the Control and Risk Committee and the Internal Auditor;
- the Board of Statutory Auditors;
- the Supervisory Board;
- Internal Auditor;
- the Manager responsible for drawing up the Company's accounts.

The Board of Statutory Auditors states that, in the year:

- checked the activities of Subjects responsible of internal control;
- had regular meetings with subjects involved in internal control systems and risk management; in this regard, it should be noted that the Internal Auditor participated in all Board of Statutory Auditors' meetings;
- its Chairman participated to meetings of Control and Risk Committee;
- one of its members participated to the Supervisory Board's meetings, as Chairman;
- examined business documents;
- analyzed the results obtained by the Independent Auditors;
- verified the results obtained by the Supervisory Board.

During the year, Board of Statutory Auditors obtained from the Supervisory Board all the useful information in order to verify independence, adequacy, and competences requirements necessary to performs activities assigned.

Board of Statutory Auditors has been informed by the Supervisory Board regarding the effectiveness and observance of the Organisational and management model pursuant to Legislative Decree 231/2001.

With a report of 30 May 2017, the Supervisory Board disclosed results of its activities of the year ended at 30 April 2017 with no significant issue, confirming compliance with the management model pursuant to Legislative Decree 231/2001 and demanding update of the general part of the management model. The Board of Statutory Auditors appreciated the effort of the Company to improve and amend its internal control framework, quickly updated in order to be compliant to the latest regulatory requirements adopted. In this regard, we noted:

- the update of 30 May 2016 and 14 July 2017 of the procedure adopted by the Board of Directors on 25 June 2013 for the management of the Group Register of persons who have access to Confidential Information to comply with the regulatory updates introduced by art. 18 of EU Regulation n. 596/2014, empowering the Chairman of the Board of Directors to review the procedure in order to be compliant with Consob;
- Management model pursuant to Legislative Decree 231/2001 adopted on 27 February 2013 has been amended in particular the special part over 2015 and 2016;
- issuing of the strategic guidelines of the Internal Audit and Risk Management System with the aim to set actions to manage in order to be compliant to recent amendments of the Code of Corporate Governance (July 2015) and assessment of Internal control operations.

Based on information obtained we confirm the methods of coordination set up by the Company among the various parties involved in the Internal Audit and Risk Management System guarantee, an effective and efficient sharing of information among the bodies with these functions and Company internal controls is adequate. Considering Internal Audit Report and Supervisory Board Reports still exists some possible improvements.

The companies ITF and Var Group underwent a probative sequestration of documents relating to some sale and lease-back operations, in the course of investigations involving third parties, in no way related to Group companies. Nowadays, based on the information and documentation acquired, there are no issues to report.

## 2.5. Supervisory activity on adequacy of administrative and accounting system and auditing activity

### 2.5.1. Supervisory activity on administrative and accounting system

The Board of Statutory Auditors supervised on the adequacy of administrative and accounting system to correctly represent the business events through direct observations, information obtained from the heads of the various departments, the exam of company's documents and the analysis of the results obtained by the Independent Auditors.

The Board of Statutory Auditors examined the results of tests conducted by KPMG S.p.A. (the relative report was made available on 07/07/2017) to test the operating effectiveness of the internal control system on the administrative and accounting procedures to oversee the financial reporting and, taking into account the outcome of the tests, no deficiencies in the adequacy and effective application of procedures is revealed.

### 2.5.2. Supervisory activity on Independent Auditors' job

The Board of Statutory Auditors carried out the supervisory activity on the job of Independent Auditors which, as said, is PricewaterhouseCoopers S.p.A.

The Board of Statutory Auditors met the Independent Auditors several times during the year in order to exchange data and information relating to their respective activities.

The Board of Statutory Auditors acknowledges that PricewaterhouseCoopers S.p.A. performed the audit of financial statements in accordance with International Standards on Auditing (ISA Italy) established pursuant to art. 11 of Legislative Decree no. 39/2010 and that the resulting report pursuant to art. 14, paragraph 2, of Legislative Decree no. 39/2010, issued on 27 July 2017, did not reveal any facts considered reprehensible or irregularities to be pointed out pursuant art. 155 of Consolidated Financial Act (TUF).

It is pointed out that, according to the express declaration of the Board of Directors, confirmed by PricewaterhouseCoopers S.p.A., Sesa S.p.A. did not confer additional assignments to the Independent Auditors or to parties related to the latter by continuous relationships.

### 2.6. Comments on statutory and consolidated financial statements

The Board of Statutory Auditors examined the draft of the statutory and consolidated financial statements at 30 April 2017, which is available notwithstanding to art. 154-ter, paragraph 1-ter of Legislative Decree no. 58/98 .

Not being entitled to this Board the analytical control of the content of the financial statements, the Board of Statutory Auditors monitored the compliance with the procedural requirements concerning the preparation and setting of the draft of the statutory and consolidated financial statements at 30 April 2017 and points out to have no particular comments.

In particular, regarding the statutory financial statements as of 30 April 2017, the Board of Statutory Auditors verified the compliance with laws regulating its setting and development, by means of checks and through the information provided by the Independent Auditors, within the Board's competence pursuant to art. 149 Legislative Decree no. 58/98 .

The Board of Statutory Auditors also verified the compliance of the financial statements to the facts and information known following the execution of its duties and has no comments.

The Board of Statutory Auditors has no specific comments about the Report on Operations which has been prepared in accordance with the law.

As the knowledge of the Board of Statutory Auditors, the Board of Directors has not deviated from the law in preparing the financial statements, pursuant to art. 2423, paragraph 4 Civil Code.

### 2.7. Application of corporate governance principles

Board of Statutory Auditors noted the Company's adoption of the Code of Corporate Governance drawn up by the Committee for Corporate Governance of listed companies in the latest version of July 2015 and relative amendments to corporate governance structure.

Board of Statutory Auditors confirmed the Report on corporate governance and ownership structures has been prepared in compliance with art. 123-bis of the TUF, according to instructions and principles

included in Regulation of the Borsa Italiana and noted the disclosure of adoption level of the Code of Corporate Governance.

### 2.8. Supervisory activities regarding intra-group transactions and related parties

Board of Statutory Auditors confirmed periodic inspections and audits of the Company didn't show atypical and/or unusual, with third parties, related parties or within the Group, as defined by Consob Communication of 28 July 2006.

Regarding intra-group transactions, Board of Statutory Auditors confirmed, as disclosed by the Directors in the Note to financial statements, the existence of numerous commercial relations, concerning overall the sale and purchase of hardware and software products and technical support, stating that they have been regulated on the basis of normal market conditions.

In this regard, we note that at the meeting of 23 September 2013, the Board of Directors also approved the adoption of the "Procedure for transactions with related parties" adopted pursuant to Consob Regulation n. 17221 of 12 March 2010 and subsequent amendments thereto, appointing the Audit and Risks Committee as Related Parties Committee.

### 3. CONCLUSIONS

On the basis of the above, a compendium of the supervisory activity carried out during the year, the Board of Statutory Auditors, taking into account the results of the activity carried out by the Auditing Company and contained in the Audit Reports relating to statutory and consolidated financial statements, do not have observations to make pursuant to art. 153 of Legislative Decree n. 58/98 on the extent of its competence regarding statutory and consolidated financial statements and related notes and the management report.

Empoli, 27 July 2017

THE BOARD OF STATUTORY AUDITORS

Prof. Avv. Sergio Menchini – Chairman

Dott. Luca Parenti – Standing Auditor

Dott.ssa Chiara Pieragnoli – Standing Auditor