30 April

Annual Report 2019

Sesa SpA, Registered Office: via Piovola, 138 – 50053 Empoli (Florence) - Share Capital: Euro 37,126,927; Tax Code, Registration Number in the Florence Business Register and VAT number 07116910964

Contents

Report on operations

Management and auditing boards of Sesa SpA

Board of Directors		Expiry
Paolo Castellacci	Chairman	approval of financial statements 30 April 2021
Giovanni Moriani	Executive Deputy Chairrnan	approval of financial statements 30 April 2021
Moreno Gaini	Executive Deputy Chairrnan	approval of financial statements 30 April 2021
Alessandro Fabbroni	Managing Director	approval of financial statements 30 April 2021
Angela Oggionni	Independent Director	approval of financial statements 30 April 2021
Luigi Gola	Independent Director	approval of financial statements 30 April 2021
Maria Chiara Mosca	Independent Director	approval of financial statements 30 April 2021
Angelica Pelizzari	Non-executive Director	approval of financial statements 30 April 2021

The Chairman, Paolo Castellacci, is assigned the powers of ordinary administration regarding the strategic management of Vendors and suppliers, procedural representation and institutional relations.
The Managing Director, Alessandro Fabbroni, is assigned the powers of ordinary administration relating to the Group functions of administration, finance, auditing and investor relations, legal, corporate, extraordinary finance, organisation, IT, human resources and the performance of banking operations.

Corporate Governance Bodies	Expiry
Strategic Committee Paolo Castellacci (Chairman), members Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari, Luigi Gola	approval of financial statements 30 April 2021
Audit and Risks Committee and Related Parties	
Maria Chiara Mosca (Chairman), members Luigi Gola, Angela Oggionni	approval of financial statements 30 April 2021
Appointed Director for Internal Audit Alessandro Fabbroni	approval of financial statements 30 April 2021
Remuneration Committee	
Luigi Gola (Chairman), members Angela Oggionni, Maria Chiara Mosca	approval of financial statements 30 April 2021

Board of Statutory Auditors		Expiry
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2021
Luca Parenti	Standing Auditor	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Auditor	approval of financial statements 30 April 2021
Fabrizio Berti	Alternate Auditor	approval of financial statements 30 April 2021
Paola Carrara	Alternate Auditor	approval of financial statements 30 April 2021

Regulatory Body in compliance with Legislative Decree 231/2011		Expiry
Luca Parenti	Chairman	approval of financial statements 30 April 2021
Giuseppe Cerati	Standing Member	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Member	approval of financial statements 30 April 2021

Head of the Internal Auditing activity, Michele Ferri

Independent Auditor		Expiry
Company appointed to independently audit the accounts;	PricewaterhouseCoopers SpA	approval of financial statements 30 April 2022

Head of administrtaive processes and management auditing, Francesco Billi

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

Head of the Investor Relations activity Conxi Palermo

Highlights of the Group's Income Statement and Balance Sheet

Consolidated economic and financial data for the years ended 30 April of each year

(Euro thousands)	2019	2018	2017	2016	2015
Revenues	1,539,854	1,350,900	1,260,275	1,223,485	1,054,038
Total revenues and other income	1,550,605	1,363,035	1,271,469	1,229,602	1,060,160
EBITDA (Earnings before interest, tax, depreciation and amortisation)	74,346	63,121	57,885	54,009	51,583
EBIT (Earnings before interest and taxes)	52,718	46,290	44,786	43,684	41,361
Profit (loss) before taxes	48,318	43,031	40,337	37,703	35,611
Net profit for the year	33,362	30,183	27,098	25,055	22,605
Net profit for the year attributable to the Group	29,284	26,861	25,043	23,964	21,803
Adjusted EBIT[1]	55,697	48,728	46,343	44,853	42,105
Adjusted net profit (EAT) for the year attributable to the Group [1]	31,404	28,596	26,097	24,755	22,306

Consolidated balance sheet figures at 30 April of every year

(Euro thousands)	2019	2018	2017	2016	2015
Total Net Invested Capital	190,868	161,339	147,078	137,603	126,527
Total Shareholders' Equity	232,622	216,001	199,028	179,414	160,432
- attributable to the owners of the Parent	219,285	204,955	191,285	172,152	156,028
- attributable to non-controlling interests	13,337	11,046	7,743	7,262	4,404
Net Financial Position (Net liquidity)	(41,754)	(54,662)	(51,950)	(41,811)	(33,905)
Total Shareholders' Equity and NFP	190,868	161,339	147,078	137,603	126,527

Consolidated income ratios for financial years ending 30 April of every year

	2019	2018	2017	2016	2015
EBITDA / Total revenues and other income	4.79%	4.63%	4.55%	4.39%	4.87%
EBIT / Total revenues and other income (ROS)	3.40%	3.40%	3.52%	3.55%	3.90%
Net Profit attributable to the owners of the Parent/ Total revenues and other income	1.90%	1.97%	1.97%	1.95%	2.06%

Personnel at Group level (*)

(units or Euro thousands)	2019	2018	2017	2016	2015
Personnel at year end	1,900	1,642	1,427	1,215	959
Average workforce for the year	1,771	1,535	1,321	1,150	1,025
Payroll costs	96,318	79,053	70,107	59,004	50,322
Average cost per employee	54.4	51.5	53.1	51.3	49.1
Percentage of resources on permanent contracts	98%	97%	97%	97%	96%

(*) Includes temporary staff of companies included in the scope of consolidation, excluding personnel on work experience programmes

[1] Adjusted EBIT is defined gross of amortisation of intangible assets (client lists and know-how) recognised following the purchase price allocation (PPA) process. Adjusted net profit (EAT) attributable to the Group is defined gross of amortisation of intangible assets (client lists and know-how) recognised following the purchase price allocation (PPA) process and net of taxes.

Main Group Financial Ratios

Financial ratios

Sesa Group	2019	2018	2017	2016	2015
(euro)					
Listing Market [1]	MTA - Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock Prices (30 April of every year)	27.75	26.30	23.60	15.40	16.34
Dividend per share [2] [*]	0.63	0.60	0.56	0.48	0.45
Comprehensive Dividend (Euro millions) [3]	9.762	9.297	8.677	7.513	7.043
Pay Out Ratio [4]	33.3%	34.6%	34.6%	31.4%	32.3%
Shares Issued (in millions)	15.49	15.49	15.49	15.65	15.65
Stock market capitalisation (Euro millions) at 30 April of every year	430.0	407.5	365.7	241.0	255.7
Market to Book Value [**]	1.8	1.9	1.8	1.3	1.6
Dividend Yield (on prices at 30 April) [***]	2.3%	2.3%	2.4%	3.1%	2.8%

Sesa Group	2019	2018	2017	2016	2015
(euro)					
Earnings per share (base) (****)	1.90	1.74	1.62	1.55	1.40
Earnings per share (diluted) (*****)	1.89	1.73	1.62	1.54	1.39

(1) Sesa entered the AIM market following the merger with the Italian SPAC, Made in Italy 1 SpA, listed on the AIM market. The merger between Sesa SpA and Made in Italy 1 SpA (Sesa SpA) was completed on 1 February 2013. The listing on the MTA Market took place in October 2013. The transition to the Star segment of the MTA Market was completed in February 2015.
(2) For the year ended 30 April 2019 calculated on the basis of the dividend resolution proposals submitted to the Shareholders' Meeting of 27 and 28 August 2019
(3) Dividends gross of the portion relating to treasury shares
(4) Dividends gross of the portion relating to treasury shares / Consolidated net profit attributable to shareholders
(*) Dividends paid in the following year against profit for the year under approval
(**) Capitalisation on the basis of the price at 30 April of every year / Consolidated Shareholders' Equity
(***) Dividend per share / Market value per share at April 30 of every year
(****) Consolidated net profit before minority interests / average number of ordinary shares net of treasury shares in portfolio
(*****) Consolidated net profit before minority interests / average number of ordinary shares net of treasury shares in portfolio and including the impact of Stock Options/Grants (within the limit of treasury shares in portfolio), Warrants and/or convertible bonds. At the time of writing, there were no Warrants or convertible bonds of any kind outstanding.

Letter to the Shareholders

The Sesa group closed the financial year ended 30 April 2019 with an acceleration in revenue growth, supported by the development of human capital and the pursuit of strategic objectives and business expansion. Consolidated revenues and other income amounted to Euro 1.55 billion (up 13.8% on the previous year), exceeding the threshold of Euro 1.5 billion, while net income pertaining to shareholders amounted to Euro 29.3 million and human capital reached the target of 2,000 employees. Lastly, Ebitda amounted to Euro 74.3 million, up approximately 18% on the previous year.

The Group has **outperformed its historical track record (CAGR 2011-18 revenues +9.0%, CAGR 2011-18 Ebitda +9.1%) and its reference market, supported by investments in human capital and technological innovation, with a determined strategy of focusing on the areas of value-added IT solutions for the business segment,** supporting the growing digital transformation needs of customers.

The results for the year ended confirm the **sustainability and value of the Group's management and growth strategies, which today is the reference player in Italy in the IT services and solutions sector** with a complete and innovative offer, developed in partnership with the major International IT Vendors and which includes technologies, vertical solutions and integration services to support the digital transformation processes of customers and Italian manufacturing districts.

The Sesa Group also **began to expand abroad** during the year, with the acquisition of PBU Cad-Systeme GmbH, active on the German market, and the establishment of a digital service platform and PLM (Product Lifecycle Management) for intensive engineering companies in Europe.

In a constantly evolving sector, **characterised by a strong acceleration in the demand for digital innovation, investments in human capital represent the fundamental leverage of the strategy of the Group**, which in 2019, hired **about 150 young graduates** mainly from Italian universities, with training plans in the areas of greatest growth and innovation of IT (Cloud, Digital Security, Digital Transformation, Collaboration, Analytics, A.I.,

Paolo Castellacci
Chairman

Alessandro Fabbroni
Managing Director

Blockchain) and professional training and apprenticeship courses. Convinced of the central role played by human capital, which at 30 April 2019 consisted of more than 2,000 resources almost entirely on permanent contracts, the Group has strengthened its investment in recruitment, training and worklife balance activities with an **articulate corporate welfare system, further enhanced during the year,** in order to increase the wellbeing and quality of working life of its human resources.

In the year ended 30 April 2019, **both business sectors of the Sesa Group (VAD and SSI) outperformed the reference market, contributing to the growth of consolidated revenues and the Group's operating results.** The VAD sector, which operates on the IT value distribution market through its wholly-owned subsidiary Computer Gross Italia SpA, generated revenues and other income of Euro 1.301 billion, up 12.8% on the previous year, and EBITDA of Euro 46.6 million (EBITDA margin 3.6%), up 14.8% on 30 April 2018. Sales of value-added IT solutions, particularly in the areas of collaboration, cloud computing and enterprise software (data management, security and analytics), contributed to the development of the growth of the sector. The SSI sector, which operates on the Software & System Integration market with end users belonging mainly to the SME and Enterprise segments, through its wholly-owned subsidiary Var Group SpA, generated revenues and other income of Euro 342.8 million, up 18.5% on 30 April 2018, and an Ebitda profit of Euro 26.6 million (Ebitda margin 7.7%), up 27% on the previous year thanks to the strategy of focusing on the value-added and innovation content segments of IT (ERP & Industry Solutions, Digital Security Services, Digital Transformation Services, Cloud, Digital Process) supported, among other things, by a targeted corporate acquisition policy.

The growth in EBIT accelerated significantly during the year. Operating profit (EBITDA) amounted to Euro 74.3 million, up 17.8% compared to Euro 63.1 million at 30 April 2018. The Ebitda margin increased from 4.63% to 4.79% at 30 April 2019, confirming a growth trend that has been steady in recent years, thanks to an enhanced focus on the areas of IT solutions and services with greater innovative content and specialisation.
Consolidated net profit reached Euro 33.4 million, an increase of 10.5% compared to the result of Euro 30.2 million at 30 April 2018, while the Group's share of net profit amounted to a total of Euro 26.8 million. The adjusted consolidated net profit (calculated before amortisation costs for client lists and technological know-how - PPA amortisation) at 30 April 2019 reached a total of Euro 35.5 million, an increase of 11.2% compared to 30 April 2018, while the Group adjusted net profit after minority interests was Euro 31.4 million at 30 April 2019 (+9.8% compared to Euro 28.6 million at 30 April 2018).

During the year, the Group completed **significant investments in skills, know-how and technologies to support business growth**. **Investments of approximately Euro 30 million,** including corporate acquisitions, the treasury share purchase plan, amounting to Euro 1.7 million, and the dividends paid to shareholders during the year, amounting to Euro 9.3 million, were supported by the constant generation of operating cash and by the continuous improvement of efficiency in the management of working capital.
The Group' s equity structure was strengthened at the end of the year, with Consolidated Shareholders' Equity of Euro 219.3 million as at 30 April 2019, compared to Euro 204.9 million as at 30 April 2018, and a Net Financial Position of Euro 41.8 million, compared to Euro 54.6 million as at 30 April 2018. This trend reflects the fact that more investments were made during this year than in the previous one. These results confirm the Group's ability to support current investment requirements and future growth with its operating cash flow, equating to Euro 46.4 million as at 30 April 2019, remunerating its shareholders.

The Group strengthens its leadership in **the Value Added Distribution (VAD)** sector by consolidating its market share in the Italian market. Commercial initiatives, the expansion of the portfolio of brands distributed, investments in human capital and growing operating efficiency have allowed a growth in sales revenues of 12.9% and Ebitda of 14.8% compared to the previous year. The most significant strategic actions during the year included:
- the launch of the "Solution Up" portal, a market place dedicated to the cloud solutions offered by Vendors, incorporating the advantages of an innovative tool (catalogue, integrated Multicloud solutions) with specialist support, IT consultancy and training services;
- the expansion of the offer in the Security and Analytics sector thanks to the increase in the number of brands distributed and the development of technical and integration services to support the channel;
- the establishment of the subsidiary Collaboration Value Srl dedicated to offering design services on the main technological trends, with 30 technicians specialised and certified in innovative technologies.

The **Software and System Integration (SSI) sector** continued its revenue and profitability growth trend (up 18.5% and 27.0%, respectively, at 30 April 2019 compared to the previous year), supported by the development of the more profitable and value-added content business areas (ERP & Industry Solutions, Digital Security Services, Digital Transformation Services, Cloud). The double-digit growth in turnover and EBIT, already highlighted in the previous year, was fuelled, among other things, by the corporate acquisition programme, including the **acquisition of the Panthera ERP software business unit** during the year, completed in May 2018, with 50 specialised human resources, ownership of the Panthera ERP software and a customer base of over 800 companies belonging to the SME and Enterprise segments operating in the main Italian manufacturing districts (in the financial year ended 30 April 2019, Panthera Srl generated revenues of Euro 8.0 million, an Ebitda result of Euro 1.8 million and a net profit of Euro 907 thousand), and the **purchase of 60% of PBU CAD-Systeme GmbH** ("PBU"), a company based in Aichach (Bavaria), over 20 years of experience in the segment of PLM solutions and design services for manufacturing companies, with about 40 specialised technical resources, a historic partnership with Siemens Industry Software and a customer set of more than 600 German intensive engineering manufacturing companies (PBU entered the Group's scope of consolidation in February 2019 and closed the 4-month financial year at 30 April 2019, with revenues of Euro 3.3 million, an Ebitda profit of Euro 337 thousand and a net profit of Euro 224 thousand). The changes in the scope of consolidation, which concerned Panthera Srl, PBU CAD-Systeme Gmbh and Var Engineering Srl, together with Tech Value Srl (included in the scope of consolidation for just four months in the year ended 30 April 2018) accounted for approximately 50% of the growth in revenues and 60% of the growth in the SSI Sector Ebitda result.

The recent acquisition of Gencom, a company with approximately Euro 10 million in revenues and expertise in the networking and collaboration sector for digital security projects, consolidated from the financial year ending 30 April 2020, and the development of skills and solutions in the most innovative areas of the IT market (A.I., Blockchain, Digital Process, Digital Cloud) are expected to fuel the continuity of growth in the SSI sector in the future.

The Group closed the year confirming its ability to grow constantly and sustainably and to grasp the opportunities of the reference market, which reflects the acceleration of the demand for digital transformation and technological innovation of its customers. The Group continues with its renewed long-term investment strategy in the strategic competitiveness factors of human capital and innovation, with the aim of enabling digital transfomation and improving the well-being of individuals and organisations and creating a sustainable future for the benefit of its stakeholders. All our human resources and stakeholders should therefore be fully appreciated for the passion and application with which they have contributed to the growth of the Sesa Group.

Paolo Castellacci
Chairman

Alessandro Fabbroni
Managing Director

Company headquarters and Group infrastructure

The registered office and operational headquarters of Sesa SpA are in Empoli (FI), at no. 138 Via Piovola.

The technological centre located in Empoli (Via Piovola - Via del Pino) occupies an area of over 21,000 square metres and includes around 8,000 square metres of office space, a data centre dedicated to cloud computing services of around 1,000 square metres and a logistics and warehouse centre of around 12,000 square metres, as well as buildings housing the company creche, canteen and auditorium. There is an Experience Lab at the Empoli headquarters which houses the most innovative technologies available to the Group's customers.

Other offices are located to cover the entire national territory, as follows: Milan, Genoa, Turin, Verona, Padua, Brescia, Bologna, Florence, Rome, Pescara, Ancona, Naples, Bari, Palermo and Cagliari. The Group's two main branch offices (Computer Gross Italia SpA - Via A. Rizzoli, 4 and Var Group SpA - Via G.Sbodio, 2) are located in Milan and occupy over 4,000 square metres of office space. Computer Gross Italia SpA's Cash & Carry network currently has 15 B2B Stores and covers the entire Italian territory.

Experience Lab, Empoli (Florence)

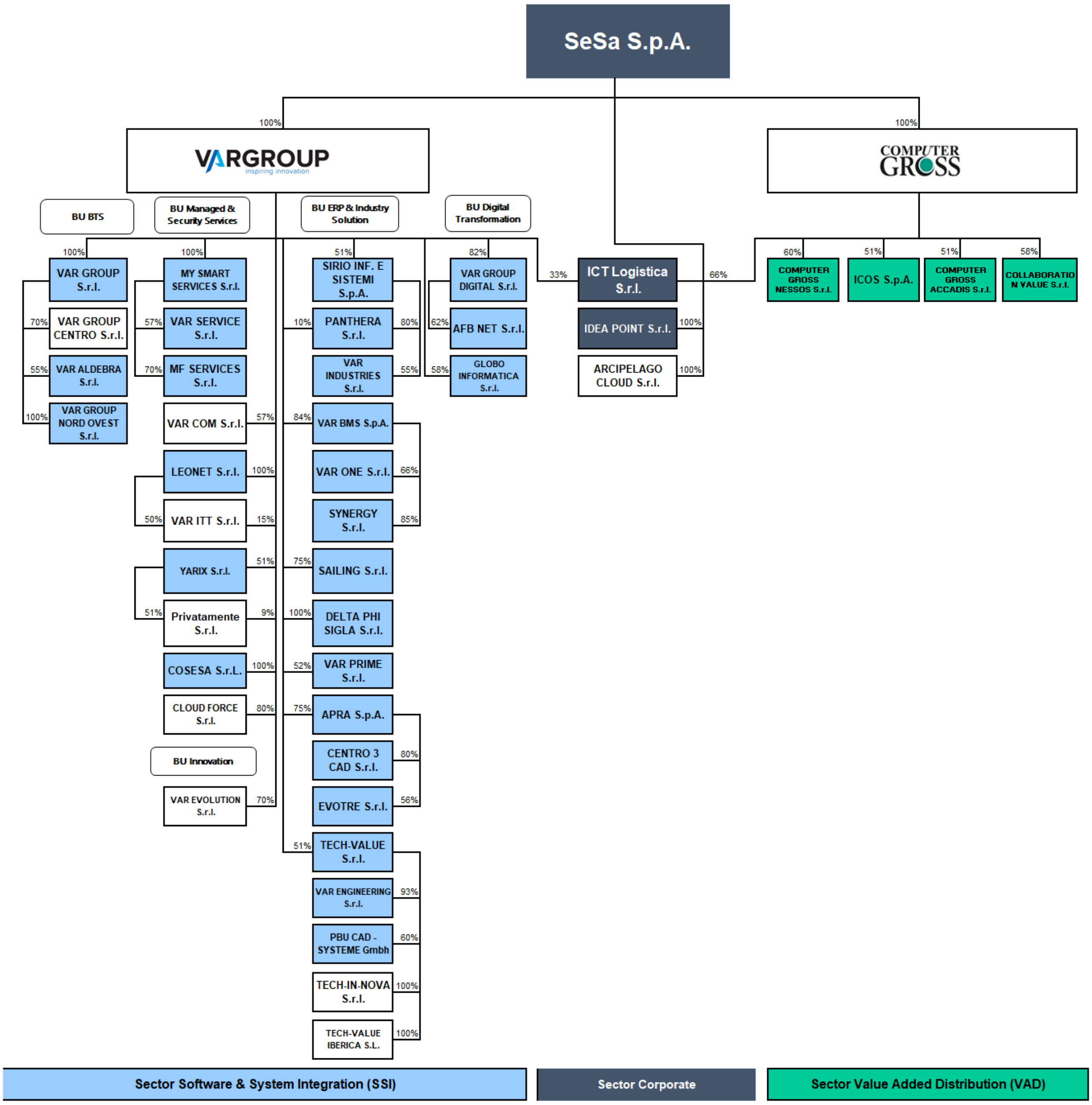
Group Datacenter, Empoli (FI)

Corporate site

Information on the Group's structure, economic and financial data, press releases and corporate governance are available on the website www.sesa.it and on linkedIn https://it.linkedin.com/company/sesa-spa

Sesa Group Structure at 30 April 2019

The Sesa Group is organised into three divisions. The VAD Sector (value-added IT distribution), managed through the subsidiary Computer Gross Italia SpA, the Software and System Integration Sector (SSI), managed through the subsidiary Var Group SpA, which offers value-added IT solutions and services to customers in the SME and Enterprise segment, and the Corporate Sector which, through the parent company Sesa SpA, manages the Group's corporate functions and financial and operational platform on behalf of all Group companies.



The subsidiaries consolidated on a line-by-line basis shown in light blue, belong to the SSI Sector, the subsidiaries consolidated on a line-by-line basis shown in green, belong to the VAD Sector, the subsidiaries consolidated on a line-by-line basis shown in dark blue, belong to the Corporate Sector. Lastly, the subsidiaries valued at cost are shown in white, being insignificant or irrelevant from an accounting point of view.

For further details on the scope of consolidation and on the equity investments held directly and indirectly by Sesa SpA, reference should be made to the notes to the Group's consolidated financial statements and relative Annex.

Operating conditions and development of the Group’s structure and business

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

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

- The Corporate Sector includes activities relating to strategic governance and the management of the Group's operating machine and financial platform, which are centralised within the parent company SeSa SpA, particularly for the main operating companies of the Group, the Administration, Finance and Control, Human Resources and Training, Organisation, Information Technology, Investor Relations, Corporate Affairs and Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl. The offer of cloud computing solutions and marketing services in support of the ICT channel is supplied by Arcipelago Cloud Srl and Idea Point Srl respectively;

- the VAD sector includes activities relating to Value Added Distribution of the main software and hardware technologies with a focus on the data centre, enterprise software and networking segments. The VAD division is managed by the wholly owned subsidiary Computer Gross Italia SpA with a focus on value products (servers, storage, enterprise software, networking);

- the Software and System Integration Sector (SSI) includes activities related to the provision of IT services and solutions, software solutions and support for digital transformation, IT consulting aimed at supporting client companies, mainly belonging to the SME and Enterprise segment, as end users of IT. The Software and System Integration division is managed by the wholly-owned subsidiary Var Group SpA.

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

Corporate Sector

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

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

Arcipelago Cloud Srl
The Company, a wholly-owned subsidiary of Sesa SpA, operates in the Cloud computing sector in support of the ICT channel. Arcipelago Cloud Srl carries out the design, implementation and development of cloud computing solutions.

Idea Point Srl
The Company, a wholly-owned subsidiary of Sesa SpA, operates in marketing and promotion in support of operators in the ICT channel Cloud computing sector in support of the ICT channel.

Software and System Integration Sector (SSI)

Business Unit Business Technology Solutions ("BTS")

Var Group SpA
The Company, wholly owned by Sesa SpA, is one of the reference system integrators in the Italian IT market for the SME and Enterprise segments with a turnover of more than Euro 340 million as at 30 April 2019 (including that of the subsidiaries). Var Group has developed an integrated offer of IT solutions with an organisational model (also through its subsidiaries) divided into four business units: Business Technology Solutions, Managed and Security Services, ERP & Industry Solutions, Digital Solutions.
The Financial Solutions and Innovation business units also operate in support of the integration of the offer.

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

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

Var Aldebra Srl
The Company, 55% owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Northeast Italy (through the Bologna, Verona, Treviso, Trento and Bolzano branches).

Business Unit Digital Cloud

Leonet Srl
The Company, a wholly owned subsidiary of Var Group SpA, operates in the telecommunications and cloud computing services, infrastructure services and system support sectors, with a portfolio of products and services to meet business and professional demand.

Business Unit Managed Services

My Smart Services Srl
The Company, a wholly owned subsidiary of Var Group SpA, operates in the sector of management, maintenance and technical assistance services on the domestic market.

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

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

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

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

Business Unit Digital Security

Yarix Srl
The company, 51% owned by Var Group SpA, offers digital security services to the Enterprise and public administration markets. The company has a centre for the development of innovative security systems in Tel Aviv.

Business Unit ERP & Industry solutions

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

Panthera Srl
The Company, 80% owned by Sirio Informatica e Sistemi SpA and 10% owned by Var Group SpA, is active in the development and marketing of ERP software and proprietary applications for the SME and Enterprise market with customers operating in the main Italian production districts. It has been included in the consolidation area since May 2018.

Var Industries Srl
The Company, 55% owned by Sirio Informatica e Sistemi SpA, operates in the technological innovation sector (IoT and Industria 4.0) with areas of focus in mechanics and energy.

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

Var One Srl
The Company, 66% owned by Var Group SpA through Var BMS SpA, operates in the supply of integrated solutions and services on the SAP Business One platform. Thanks to its skills and a widespread presence throughout the country, it is a leading operator in Italy in the SAP Business One sector.

Synergy Srl
The Company, 85% owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME. Synergy offers consulting, business solutions and services to its customers concentrated in Central Italy.

Apra SpA
The Company, 75% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy which offers ERP management and vertical solutions for certain Italian manufacturing districts (Furniture, Wine, etc.).

Centro 3Cad Srl
The Company, 80% owned by Apra SpA, is dedicated to the development of 3cad solutions for the Furniture district.

Evotre Srl
The Company, 56% owned by Apra SpA, is a skills centre for Zucchetti applications in support of companies in Central Italy. Established thanks to the pooling of the professional skills of Delta Phi Sigla, Ecco and Eminet, it has over 1,500 customers and operates through its five operating sites: Empoli (FI), Jesi (AN), Civitanova Marche

(MC), Sarzana (SP) and Mosciano S.Angelo (TE). It entered the scope of consolidation on 30 April 2019 and is consolidated on a line-by-line basis in the Group's assets and liabilities.

Sailing Srl
The Company, 75% owned by Var Group SpA, operates in the production and marketing of software and IT services for the retail sector. Its main customers are major companies in the mass retail sector.

Var Prime Srl
The Company, 52% owned by Var Group SpA, is the Italian leader in services on the Microsoft Dynamics platform dedicated to the SME segment, with value-added expertise for customers, through integrated solutions and project management.

Tech-Value Srl
The Company, 51% owned by Var Group SpA, is specialised in the supply of IT services and Product Lifecycle Management (PLM) solutions for intensive engineering companies in the manufacturing sector, with over 1,000 customers and over 120 resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi), Viareggio (Lu) and Barcelona (Spain). CCS Team Srl was merged by incorporation into Tech-Value Srl which now controls Tech-In-Nova Srl and Tech-Value Iberica Sl, as well as Tech-Value dels Pirineus s.l. through the latter. Tech-Value Srl and CCS Team Srl entered the scope of consolidation in January 2018.

PBU CAD-Systeme Gmbh
The Company, 60% owned by Tech-Value Srl, operates in the design of PLM (Product Lifecycle Management), Process Transformation and Digital & Virtual Manufacturing services and solutions for manufacturing companies. The company, based in Aichach (Bavaria) and with branches in Filderstadt (Stuttgart) and Moers (Düsseldorf), has a qualified staff of about 40 technical resources and a historic partnership with Siemens Industry Software, having developed a customer set of more than 600 German intensive engineering manufacturing companies, with a strong focus on digital transformation.

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

<u>Business Unit Digital Security</u>

Var Group Digital Srl
The Company, 82% controlled by Var Group SpA and 12% by Apra SpA, supplies IT solutions to corporate customers, with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the Enterprise and Finance segments. The incorporation of the company Agenzia senza Nome Srl operating in the same sector has been completed.

Globo Informatica Srl
The Company, 58% owned by Var Group SpA, offers IT Consulting services in the Digital Transformation field on the Enterprise Content and Information Management platforms of the Vendor OpenText software, of which it is a certified partner for the Documentum Family and reference for the Italian market.

AFB Net Srl
The Company, 62% owned by Var Group Digital Srl, is active in the digital transformation sector with specific expertise in digital marketing projects, social networking and IBM asset management solutions.

Value Added Distribution Sector (VAD)

Computer Gross Italia SpA

The Company, wholly owned by Sesa SpA, is the reference operator in Italy in the value added distribution of ICT to resellers (software houses, system integrators and dealers) with a portfolio of over 12,000 customers active throughout the country, who, in turn, cover both the small and medium business market and the Enterprise and Public Administration markets. Computer Gross Italia SpA is a reference operator in Italy in the marketing of products and solutions provided by major international vendors including Citrix, Cisco, DellEMC, HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec and VMware. Computer Gross Italia SpA, with about 300 employees, is organised into Business Units with technical and commercial personnel dedicated to market segments (software, networking, POS) and/or to strategic brands distributed.
The company, with revenues of Euro 1,249 million and a net profit of Euro 22.7 million achieved in the year ended 30 April 2019, is the main subsidiary of the Sesa Group.

Icos SpA

Icos SpA, 51% owned by Computer Gross Italia SpA, is a value added distributor of enterprise software and datacenter solutions on the Italian market, with offices in Ferrara, Milan and Rome, a long-standing partner of the Vendor Oracle and also a distributor of NetApp, CommVault and other Vendor software solutions. Icos SpA entered the scope of consolidation in November 2017.

Computer Gross Nessos Srl

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

Collaboration Value Srl

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

Computer Gross Accadis Srl

A Company 51% owned by Computer Gross Italia SpA, it markets Hitachi Data Systems solutions on behalf of Computer Gross Italia SpA.

Performance of operations

General economic trend

The world economy continues its development trend with expectations of growth in GDP in 2019-2020 (+3.3% in 2019 and +3.6% in 2020), slightly down on that recorded in 2017-2018 (+3.8% in 2017 and +3.7% in 2018). Future global growth, which is characterised by a lack of homogeneity between advanced countries and emerging economies, shows potential weaknesses such as US-China trade tensions, the decline in the automotive market, the normalisation of monetary policies and the regulation of financial markets (source: IMF - WEO, April 2019).

In the Eurozone, after a 2017-2018 two-year period with an average growth rate of over 2.0%, a slowdown in development (+1.3%) is expected in 2019, due to a drop in consumer and operator confidence, impacted by the policies on international trade undertaken by the United States, the decline in the German market and the weakness of the Italian economy. A slight increase in GDP is expected in 2020 (+1.5%) compared to 2019 (source: IMF - WEO, April 2019).

After the +0.9% recorded in 2018 by the Italian economy and +1.5% in 2017, a slowdown in the economy is expected in 2019-2020 (+0.1% in 2019 + 0.9% in 2020) as a result of the slowdown in foreign demand and the deceleration of consumption. Investment is affected by concerns about the high level of debt and government bond returns, which could be reflected in the banking system and consequently in the real economy (source: IMF - WEO, April 2019).

The following table shows the final results for 2015, 2016, 2017 and 2018 and forecast GDP trend for 2019 and 2020 (source: IMF - WEO, April 2019).

Percentage Values	Change in GDP 2015	Change in GDP 2016	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019 (E)	Change in GDP 2020 (E)
World	+3.2%	+3.2%	+3.8%	+3.6%	+3.3%	+3.6%
Advanced Economies	+2.1%	+1.7%	+2.3%	+2.2%	+1.8%	+1.7%
Emerging Market	+4.0%	+4.3%	+4.8%	+4.5%	+4.4%	+4.8%
USA	+2.6%	+1.5%	+2.3%	+2.9%	+2.3%	+1.9%
Japan	+0.5%	+1.0%	+1.7%	+0.8%	+1.0%	+0.5%
China	+6.9%	+6.7%	+6.9%	+6.6%	+6.3%	+6.1%
Great Britain	+2.2%	+1.8%	+1.8%	+1.4%	+1.2%	+1.4%
Euro Zone	+2.0%	+1.8%	+2.3%	+1.8%	+1.3%	+1.5%
Italy	+0.8%	+0.9%	+1.5%	+0.9%	+0.1%	+0.9%

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

Since 2015, the IT market in Italy has reversed its trend, showing growing growth rates higher than Italy's Gross Domestic Product. 2018 closed with a further strengthening of growth (+2.3%), with a 2.6% forecast for market development in 2019, due to the country's digitalisation process and the need for Italian companies to invest in digital transformation (source: Sirmi, June 2019).

The growth of the IT market was mainly driven by the development of the Management Services segment, which includes IT services and solutions in innovative IT areas and reflects the evolution of the way technology is used. This market segment will account for over one third of the IT market in 2020, with growth of 7.6% in 2019 and 8.1% in 2020 (source: Sirmi, June 2019).

The following table represents the IT market trend in Italy in 2015-2018 and the forecasts for 2019 and 2020 (Source: Sirmi, April 2019).

Italian IT market (Euro millions)	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**	**Change 16/15**	**Change 17/16**	**Change 18/17**	**Change 19/18**	**Change 20/19**
Hardware	5,886	6,006	6,044	6,025	5,996	5,971	2.0%	0.6%	-0.3%	-0.4%	-0.4%
Software	3,857	3,848	3,833	3,845	3,861	3,869	-0.2%	-0.4%	0.3%	0.4%	0.2%
Project Services	3,475	3,423	3,436	3,500	3,558	3,608	-1.5%	0.4%	1.9%	1.7%	1.4%
Management Services	4,970	5,193	5,504	5,900	6,350	6,867	4.5%	6.0%	7.2%	7.6%	8.1%
Total IT Market	**18,188**	**18,470**	**18,817**	**19,270**	**19,765**	**20,315**	**1.6%**	**1.9%**	**2.3%**	**2.6%**	**2.8%**
O/w Cloud Computing	**1,128**	**1,510**	**1,862**	**2,296**	**2,800**	**3,397**	**23.0%**	**23.3%**	**23.3%**	**22.0%**	**21.3%**
% Cloud on total IT	6.2%	8.2%	9.9%	11.8%	14.1%	16.7%					

The IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD Sector), closed 2018 with 5% growth, supported by the networking, collaboration and enterprise software (analytics, security, etc.) segments, the components of which are associated with new digital paradigms. In 2019 the distribution market is expected to grow by about 6%, driven by the value areas of the IT market and enterprise software (Source: Sirmi, June 2019).

The System Integration segment recorded an average growth of about 5% in 2017-2018, thanks to the need for digital transformation and technological innovation of companies and organisations. The demand for technological innovation was driven by the evolution of the digital market and the more innovative ICT services: AI/Cognitive, CyberSecurity, Analytics, Big Data, Blockchain, IoT, Cloud Computing, A.I. which show two-figure increases. In 2019, the System Integrator segment envisages constant growth compared to 2018, with better quality demand for increasingly innovative components (Source: Sirmi, June 2019).

Foreword

The reclassified income statements, balance sheets and statements of cash flows of the Group and the parent company Sesa SpA, as shown below, have been prepared on the basis of the consolidated financial statements and the statutory financial statements at 30 April 2019, in compliance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. In agreement with the Guidelines on Alternative Performance Ratios issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 dated 3 December 2015, within the scope of the report on operations, in addition to the financial amounts envisaged by the IFRSs, some amounts derived from the latter are illustrated, even when not envisaged by the IFRS (Non-GAAP Measures). These amounts are presented in order to allow a better assessment of the performance of the Group's operations and should not be considered as alternatives to those envisaged by the IFRSs.

Main income statement data of the Sesa Group

The reclassified consolidated income statement at 30 April 2019 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the previous year at 30 April 2018.

Reclassified Income statement	30/04/2019	%	30/04/2018	%	Change 2019/18
Revenues	**1,539,854**		**1,350,900**		**14.0%**
Other income	10,751		12,135		-11.4%
Total Revenues and Other Income	**1,550,605**	**100.0%**	**1,363,035**	**100.0%**	**13.8%**
Purchase of goods	1,258,954	81.2%	1,114,393	81.8%	13.0%
Costs for services and leased assets	117,293	7.6%	102,820	7.5%	14.1%
Personnel costs	96,318	6.2%	79,053	5.8%	21.8%
Other operating charges	3,694	0.2%	3,648	0.3%	1.3%
Total Purchase of goods and Operating Costs	**1,476,259**	**95.2%**	**1,299,914**	**95.4%**	**13.6%**
Ebitda	**74,346**	**4.79%**	**63,121**	**4.63%**	**17.8%**
Depreciation/Amortisation of tangible and intangible assets (software)	8,715		6,546		33.1%
Amortisation of client lists and technological know-how	2,979		2,438		22.2%
Accruals to provision for bad debts and risks and other non-monetary costs	9,934		7,847		26.6%
Ebit	**52,718**	**3.40%**	**46,290**	**3.40%**	**13.9%**
Net financial income and charges	(4,400)		(3,259)		35.0%
Ebt	**48,318**	**3.12%**	**43,031**	**3.16%**	**12.3%**
Income taxes	14,956		12,848		16.4%
Net profit	**33,362**	**2.15%**	**30,183**	**2.21%**	**10.5%**
Net profit attributable to the Group	*29,284*		*26,861*		*9.0%*
Net profit attributable to non-controlling interests	*4,078*		*3,322*		*22.8%*
Adjusted* Ebit	**55,697**	**3.59%**	**48,728**	**3.57%**	**14.3%**
Adjusted* Ebt	**51,297**	**3.31%**	**45,469**	**3.34%**	**12.8%**
Adjusted* Net profit	**35,482**	**2.29%**	**31,918**	**2.34%**	**11.2%**
Adjusted Net profit attributable to the Group*	*31,404*		*28,596*		*9.8%*

The fiscal year recorded an acceleration in revenues and profitability growth, higher than the Group historical track record (CAGR 2011-18 Revenues +9.0%, CAGR 2011-18 Ebitda +9.1%).

* Adjusted Ebit and Adjusted Ebt are gross of the amortisation of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process. Adjusted Net profit and Adjusted Net profit attributable to the Group are gross of the amortisation of intangible assets (client lists and technological know-how) recorded as a result of the Purchase Price Allocation (PPA) process, both net of the related tax effects

Total Revenues and Other Income grew by Euro 187.6 million (+13.8%), from Euro 1,363 million at 30 April 2018 to Euro 1,551 million at 30 April 2019, thanks to the positive performance of both main sectors of the Group: the VAD sector and the SSI sector showed an increase in turnover of 12.8% and 18.5% respectively compared to the previous year. The positive trend in revenues is mainly organic, with a contribution of about 25% to the annual growth resulting from the changes in the scope of consolidation following company acquisitions (Tech-Value Srl and its subsidiaries consolidated for the entire fiscal year 2019 compared to 4 months of the fiscal year 2018, ICOS SpA consolidated for the entire year compared to 6 months of the fiscal year 2018, Panthera Srl and Var Engineering Srl, consolidated from May 2018, PBU CAD-Systeme GmbH, consolidated from February 2019 and Evotre Srl, consolidated from April 2019).

The Gross Margin[2] at 30 April 2019 is equal to Euro 291,651 thousand (18.8% of Total Revenues and Other Income) up by 17.3% compared to Euro 248,642 thousand (18.2% of Total Revenues and Other Income) at 30 April 2018, thanks to the higher Group focus on high value-added business segments and the increasing incidence of the SSI sector on Total Revenues and Other Income (from 19.8% to 20.6%).

	Period ended 30 April				
(in thousands of euros)	2019	%	2018	%	Change
Total Revenues and Other Income	**1,550,605**	**100.0%**	**1,363,035**	**100.0%**	**13.8%**
Consolidated Gross Margin	**291,651**	**18.8%**	**248,642**	**18.2%**	**17.3%**
Costs for services and leased assets	117,293	7.6%	102,820	7.5%	14.1%
Personnel costs	96,318	6.2%	79,053	5.8%	21.8%
Other operating charges	3,694	0.2%	3,648	0.3%	1.3%
Total Operating Costs	**217,305**	**14.0%**	**185,521**	**13.6%**	**17.1%**

The Operating Costs trend, which reflects the growing value-added, showed a total of Euro 217,305 thousand at 30 April 2019 (14.0% of Total Revenues and Other Income) compared to Euro 185,521 thousand at 30 April 2018 (13.6 % of Total Revenues and Other Income), with a 17.1% growth compared to a Gross Margin trend up by 17.3%.

Following the development of human capital and its growing qualification, the personnel costs rose from Euro 79,053 thousand at 30 April 2018 to Euro 96,318 thousand at 30 April 2019 (+21.8%). The total human resources of the Group grew from 1,642 units at 30 April 2018 to 1,900 units at 30 April 2019 (2,034 employees including the subsidiaries recognized at cost and the trainees) as a result of both the entries in the scope of consolidation of the recently acquired companies (Panthera Srl, PBU CAD-Systeme GmbH and Evotre Srl), and the inclusion of approximately 150 resources following, among other things, recruitment and training plans of young resources during the year.

The consolidated Ebitda at 30 April 2019 is equal to Euro 74,346 thousand, with an increase of Euro 11,225 thousand (+17.8%) compared to 30 April 2018 showing a growth in the Ebitda margin to 4.79% compared to 4.63% of the previous year, achieved in both Group business sectors (VAD from 3.52% to 3.58% at 30 April 2019 and SSI from 7.14% to 7.66% at 30 April 2019) consolidating the positive trend recorded, quarter by quarter, during the entire year. The growth in Ebitda achieved during the year was mainly organic with an external contribution equal to approximately 35%, essentially relating to the SSI sector.

The consolidated Ebit equal to Euro 52,718 thousand (Ebit margin 3.40%) recorded a 13.9% growth compared to Euro 46,290 thousand (Ebit margin 3.40%) at 30 April 2018 after amortisation/depreciation equal to Euro 11,694 thousand (+30.2% YoY following investments in technology infrastructures and corporate acquisitions) and provisions and other non-monetary costs for Euro 9,934 thousand (+26.6% YoY reflecting the hedging requirements of provisions for risks and bad debts together with the figurative costs recognized in application of IFRS 2). The Adjusted Ebit (gross of the amortisation of client lists and technological know-how recorded as a result of PPA process equal to Euro 2,979 thousand at 30 April 2019) up by 14.3% from Euro 48,728

[2] Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

thousand at 30 April 2018 (Adjusted Ebit margin 3.57%) to Euro 55,697 thousand (Adjusted Ebit margin 3.59%) at 30 April 2019.

The consolidated Ebt at 30 April 2019 amounted to Euro 48,318 thousand, up by 12.3% compared to Euro 43,031 thousand at 30 April 2018, after net financial charges equal to Euro 4,400 thousand at 30 April 2019, with an increase compared to Euro 3,259 thousand at 30 April 2018 mainly following: (i) the increase in financial management costs from Euro 4,194 thousand at 30 April 2018 to Euro 5,083 thousand at 30 April 2019, influenced by non-recurring items relative to the disposal of corporate stakes carried out in the years 2018 and 2019 and (ii) the trend in exchange rates, which recorded a negative balance of Euro 140 thousand at 30 April 2019 compared to a net income of Euro 559 thousand at 30 April 2018.

	Period ended 30 April	
(in thousands of euros)	**2019**	**2018**
Interest expense for assignments of receivables	1,159	934
Charges and commissions for assignments of receivables with recourse	247	499
Interest expense on bank accounts and loans	334	287
Other interest expense	1,444	1,314
Commissions and other financial charges	2,622	2,282
Financial charges relating to staff severance pay (TFR)	309	228
Total financial charges	***6,115***	***5,544***
Interest income on other short-term receivables	625	510
Other financial income and dividends	382	807
Interest income on bank deposits	25	33
Total financial income	***1,032***	***1,350***
Total financial items (A)	**(5,083)**	**(4,194)**
Total foreign exchange items (B)	**(140)**	**559**
Share of profits from companies valued at equity (C)	**823**	**376**
Net financial charges (A+B+C)	**(4,400)**	**(3,259)**

The consolidated Net profit at 30 April 2019 is equal to Euro 33,362 thousand (+10.5% YoY) reflecting a growth in tax rate from 29.9% at 30 April 2018 to 31.0% at 30 April 2019 following, among other things, some non-recurring non-deductible charges recorded in the year.
The Adjusted Net profit (gross of the amortisation of client lists and technological know-how recorded as a result of PPA process) grew by +11.2% from Euro 31,918 thousand at 30 April 2018 to Euro 35,482 thousand at 30 April 2019.

The consolidated Net profit after non-controlling interests (Net profit attributable to the Group) at 30 April 2019 is equal to Euro 29,284 thousand, up by 9.0% compared to Euro 26,861 thousand at 30 April 2018 reflecting a higher incidence of minority interests relative to the recently acquired companies.

The consolidated Adjusted Net profit attributable to the Group is equal to Euro 31,404 thousand, up by 9.8% compared to the Net profit of Euro 28,596 thousand at 30 April 2018.

Main balance sheet data of the Group

The reclassified consolidated balance sheet at 30 April 2019 is shown below (data in thousands of euros), compared with the reclassified consolidated balance sheet of the previous year ended 30 April 2018.

Reclassified Balance Sheet	30/04/2019	30/04/2018	Change 2019/18
Intangible assets	54,001	39,083	14,918
Property, plant and equipment	57,771	55,221	2,550
Investments valued at equity	10,030	9,179	851
Other non-current receivables and deferred tax assets	27,354	17,264	10,090
Total non-current assets	**149,156**	**120,747**	**28,409**
Inventories	82,044	67,752	14,292
Current trade receivables	364,314	328,760	35,554
Other current assets	43,451	37,423	6,028
Current operating assets	**489,809**	**433,935**	**55,874**
Payables to suppliers	326,009	295,706	30,303
Other current payables	79,964	62,967	16,997
Short-term operating liabilities	**405,973**	**358,673**	**47,300**
Net working capital	**83,836**	**75,262**	**8,574**
Non-current provisions and other tax liabilities	17,792	14,175	3,617
Employee benefits	24,332	20,495	3,837
Non-current liabilities	**42,124**	**34,670**	**7,454**
Net Invested Capital	**190,868**	**161,339**	**29,529**
Equity	**232,622**	**216,001**	**16,621**
Medium-Term Net Financial Position	123,040	123,172	(132)
Short-Term Net Financial Position	(164,794)	(177,834)	13,040
Total Net Financial Position (Net Liquidity)	**(41,754)**	**(54,662)**	**12,908**
Equity and Net Financial Position	**190,868**	**161,339**	**29,529**

The balance sheet at 30 April 2019 showed a growth in Net Invested Capital which rose from Euro 161,339 thousand to Euro 190,868 thousand, essentially as a result of:

- increase in Total non-current assets, equal to Euro 149,156 thousand at 30 April 2019 compared to Euro 120,747 thousand at 30 April 2018, generated by investments in corporate acquisitions and tangible assets;
- improvement in Net working capital, equal to Euro 83,836 thousand at 30 April 2019 compared to Euro 75,262 thousand at 30 April 2018, following the increase in turnover, with an improvement of the ratio NWC/Revenues[3] on annual basis, from 9.4% at 30 April 2018 to 8.0% at 30 April 2019.

In the fiscal year, regarding financing sources it should be noted:

- the decrease in Net Financial Position from a positive balance of Euro 54,662 thousand (net liquidity) to a positive balance of Euro 41,754 thousand (net liquidity) at 30 April 2019;
- the increase in the Group equity which reached a total of Euro 232,622 thousand at 30 April 2019 compared to Euro 216,001 thousand at 30 April 2018 thanks to the profit for the period of Euro 33,362 thousand (dividends distributed in the year by the parent company Sesa SpA for Euro 9.3 million and purchase of treasury shares for Euro 1.7 million).

Non-current assets at 30 April 2019 amounted to Euro 149,156 thousand with an increase of Euro 28,409 thousand following investments in human capital, infrastructure and corporate acquisitions supporting the future growth of the Group and include:

- the increase in intangible assets from Euro 39,083 thousand at 30 April 2018 to Euro 54,001 thousand at 30 April 2019, mainly due to control corporate acquisitions carried out during the year, including the acquisition of the Panthera ERP branch, through the company Panthera Srl, the acquisition of 60% of the

[3] Net Working Capital/Revenues determined as simple average of the ratio measured at the end of the quarters at 31 July, 31 October, 31 January and 30 April of each fiscal year

capital of PBU CAD-Systeme GmbH and Evotre Srl. The difference between the price to acquire control and the net book value of related assets was allocated to the client list and technological know-how items, subject to amortisation,

- the increase in property, plant and equipment from Euro 55,221 thousand at 30 April 2018 to Euro 57,771 thousand at 30 April 2019, mainly due to technological investments carried out by the Group;
- the increase in the item Other non-current assets and deferred tax assets from Euro 17,264 thousand at 30 April 2018 to Euro 27,354 thousand at 30 April 2019, due to, among other things, the investment of Euro 4 million in a 6% stake of Digital Value Holding SpA, majority shareholder of Digital Value SpA. Digital Value SpA, with an annual turnover of approximately Euro 300 million, is a reference player in the IT sector for the Large Accounts segment, born from the aggregation of leading operators in the sector and listed on the AIM market of the Italian Stock Exchange starting from November 2018, with a current market capitalization of over Euro 120 million. At the same time, a pluriennial industrial partnership with Sesa Group was signed.

The Group's Net Financial Position at 30 April 2019 is positive (net liquidity) and equal to Euro 41,754 thousand with a decrease of Euro 12,908 thousand which reflects gross investments in infrastructure supporting the future growth of the Group for approximately Euro 30 million (mainly relative to corporate acquisitions aimed at equipping the Group with technical skills and human capital specialized in the most innovative areas of digital transformation), the growth in gross working capital requirements for around Euro 8.6 million (less than proportional compared to the increase in turnover) and the remuneration of shareholders (Euro 10 million, of which Euro 9.3 million towards shareholders, and Euro 1.7 million relative to the treasury shares purchase plan). Moreover, it should be noted an improvement in the average annual Net Financial Position[4], equal to a net liquidity of Euro 7.5 million at 30 April 2019 compared to a net liquidity of Euro 6.3 million at 30 April 2018.

The Group's Net Financial Position (in thousands of euros) for the year ending 30 April 2019 is shown below, compared with the previous year, ending 30 April 2018.

Net financial position	30/04/2019	30/04/2018	Change 2019/18
Liquidity	(249,074)	(247,194)	(1,880)
Current financial receivables	(1,352)	(3,344)	1,992
Current financial debt	85,632	72,704	12,928
Short-term net financial position	**(164,794)**	**(177,834)**	**13,040**
Non-current financial debt	123,040	123,172	(132)
Net financial position	**(41,754)**	**(54,662)**	**12,908**

[4] Average annual Net Financial Position determined as a simple arithmetic average of the the Group Net Financial Position figures taken at the end of the quarters at 31 July, 31 October, 31 January and 30 April of each fiscal year

VAD sector main economic and financial figures

Below is shown the reclassified income statement of the VAD sector (Euro thousand) as of 30 April 2019, compared with the previous year ended 30 April 2018.

VAD sector		**30 April**			
(in thousand of euros)	**2019**	**%**	**2018**	**%**	**Change**
Revenues from third parties	**1,204,342**		**1,069,553**		**12.6%**
Inter segment revenues	90,942		77,762		16.9%
Total Revenues	**1,295,284**		**1,147,315**		**12.9%**
Other income	6,010		6,556		-8.3%
Total Revenues and Other Income	**1,301,294**	**100.0%**	**1,153,871**	**100.0%**	**12.8%**
Consumables and goods for resale	(1,206,257)	-92.7%	(1,066,272)	-92.4%	13.1%
Gross Margin	**95,037**	**7.3%**	**87,599**	**7.6%**	**8.5%**
Costs for services and rent, leasing and similar costs	(30,001)	-2.3%	(30,102)	-2.6%	-0.3%
Personnel costs	(15,865)	-1.2%	(14,649)	-1.3%	8.3%
Other operating costs	(2,603)	-0.2%	(2,283)	-0.2%	14.0%
Ebitda	**46,568**	**3.6%**	**40,565**	**3.5%**	**14.8%**
Amortisation/depreciation, provisions and other non-monetary costs	(9,495)		(7,752)		22.5%
Ebit	**37,073**	**2.8%**	**32,813**	**2.8%**	**13.0%**
Net financial income and charges	(3,206)		(1,544)		107.6%
Profit before taxes	**33,867**	**2.6%**	**31,269**	**2.7%**	**8.3%**
Income taxes	(10,013)		(8,748)		14.5%
Net Profit for the year	**23,854**	**1.8%**	**22,521**	**2.0%**	**5.9%**
Net profit attributable to non-controlling interests	264		36		633.3%
Net profit attributable to the Group	**23,590**		**22,485**		**4.9%**

The VAD sector further strenghtened the positive trend already shown in the first three quarters of the fiscal year, confirming double-digit growth rates in both revenues and profitability compared to 30 April 2018 as well as the validity of the strategic lines and investments carried out, with results higher than to the reference market which recorded around 5% average annual growth in the period 2018-2019 (Source Sirmi, April 2019)

Total Revenues and Other Income increased by 12.8%, from Euro 1,153,871 thousand at 30 April 2018 to Euro 1,301,294 thousand at 30 April 2019, thanks to the organic development of Computer Gross Italia SpA sales supported by a positive revenue trend in all main business areas, the increase in the portfolio of brands distributed in the most innovative areas of digital transformation (Security, Data Management, Analytics, Collaboration) and the positive performance of subsidiaries. The contribution to the growth of the sector's turnover resulting from changes in the scope of consolidation (ICOS SpA, consolidated for only 6 months in the year to 30 April 2018, and Collaboration Value Srl) was approximately 15%.

The Gross Margin[5] grew by +8.5% in the year, from Euro 87,599 thousand (Gross Margin equal to 7.6%) at 30 April 2018 to Euro 95,037 thousand (Gross Margin equal to 7.3%) at 30 April 2019, due to the increase in turnover during the year and a slight decrease in the Gross Margin resulting from a different sales mix.

The Ebitda in the year amounted to Euro 46,568 thousand (Ebitda margin 3.6%), up by 14.8% compared to Euro 40,565 thousand (Ebitda margin 3.5%) at 30 April 2018, continuing in the positive recovery trend of the margin recorded starting from the second half of the previous fiscal year. The growth in the Ebitda margin (from 3.5% to 3.6%) was achieved thanks to the development of the Gross Margin and the lower incidence of operating costs, including logistic costs. The contribution to the Ebitda growth resulting from the changes in the scope of consolidation (ICOS SpA consolidated for only 6 months in the fiscal year to 30 April 2018) was approximately 10%.

[5] Gross Margin determined as difference between the items Total Revenues and Other income and Purchase of goods

After amortisation, depreciation and other non-monetary costs, which passed from Euro 7,752 thousand at 30 April 2018 to Euro 9,495 thousand at 30 April 2019 following, among other things, a greater need to make accruals to the provision for bad debts and provision for risks due to the non-recurring accrual of Euro 1.7 million to the risk provision for the settlement of the tax dispute relating to indirect taxes of Computer Gross Italia SpA for the years 2010, 2011 and 2012, liquidated in May 2019, the Ebit result at 30 April 2019 is equal to Euro 37.1 million (Ebit margin 2.8%) up by 13% compared to Euro 32.8 million (Ebit margin 2.8%) as of 30 April 2018.

The Net profit for the year equal to Euro 23,854 thousand (1.83% of Total Revenues and Other Income) showed a 5.9% growth compared to 30 April 2018 and reflected the increase in Ebit net of higher net financial charges which rose from Euro 1,544 thousand at 30 April 2018 to Euro 3,206 thousand at 30 April 2019 (resulting from the unfavorable evolution of foreign exchange rates and the income/charges balance from the sale of equity investments) and a greater incidence of the tax burden due to some non-recurring non-deductible charges.

Below is shown the reclassified balance sheet of the VAD sector (Euro thousand) as of 30 April 2019, compared with the previous year-end 30 April 2018.

Reclassified Balance Sheet	30/04/2019	30/04/2018	Change
Intangible assets	3,251	3,388	(137)
Property, plant and equipment	39,391	41,034	(1,643)
Investments valued at equity	7,388	5,923	1,465
Other non-current receivables and assets and deferred tax assets	11,914	7,937	3,977
Total non-current assets	**61,944**	**58,282**	**3,662**
Inventories	66,053	57,380	8,673
Current trade receivables	282,069	269,031	13,038
Other current assets	13,900	15,044	(1,144)
Current operating assets	**362,022**	**341,455**	**20,567**
Payables to suppliers	272,632	257,030	15,602
Other current payables	11,720	14,586	(2,866)
Short-term operating liabilities	**284,352**	**271,616**	**12,736**
Net working capital	**77,670**	**69,839**	**7,831**
Non-current provisions and other tax liabilities	6,180	4,284	1,896
Employee benefits	1,800	1,828	(28)
Non-current liabilities - net	**7,980**	**6,112**	**1,868**
Net Invested Capital	**131,634**	**122,009**	**9,625**
Group Equity	**186,569**	**172,123**	**14,446**
Medium-Term Net Financial Position	76,549	77,401	(852)
Short-Term Net Financial Position	(131,484)	(127,515)	(3,969)
Total Net Financial Position (Net Liquidity)	**(54,935)**	**(50,114)**	**(4,821)**
Equity and Net Financial Position	**131,634**	**122,009**	**9,625**

The VAD Sector showed a further improvement in key financial indicators. It is confirmed the efficiency in the working capital management achieved in the previous years. The equity recorded a positive change of Euro 14,446 thousand reaching a total of Euro 186,569 thousand at 30 April 2019. The Net Financial Position passed from a positive balance (net liquidity) of Euro 50,114 thousand at 30 April 2018 to Euro 54,935 (net liquidity) at 30 April 2019.

SSI sector main economic and financial figures

The reclassified income statement of the SSI sector at 30 April 2019 is shown below (data in thousands of euros), compared with the previous period ended at 30 April 2018.

SSI sector	30 April				
(in thousand of euros)	**2019**	**%**	**2018**	**%**	**Change**
Revenues from third parties	**333,566**		**279,666**		**19.3%**
Inter segment revenues	2,649		2,639		0.4%
Total Revenues	**336,215**		**282,305**		**19.1%**
Other income	6,581		7,086		-7.1%
Total Revenues and Other Income	**342,796**	**100.0%**	**289,391**	**100.0%**	**18.5%**
Consumables and goods for resale	(134,344)	-39.2%	(117,673)	-40.7%	14.2%
Costs for services and rent, leasing and similar costs	(107,191)	-31.3%	(91,145)	-31.5%	17.6%
Personnel costs	(74,034)	-21.6%	(58,656)	-20.3%	26.2%
Other operating costs	(983)	-0.3%	(1,256)	-0.4%	-21.7%
Ebitda	**26,244**	**7.7%**	**20,661**	**7.1%**	**27.0%**
Amortisation/depreciation, provisions and other non-monetary costs	(10,862)		(7,491)		45.0%
Ebit	**15,382**	**4.5%**	**13,170**	**4.6%**	**16.8%**
Net financial income and charges	(1,144)		(1,753)		-34.7%
Profit before taxes	**14,238**	**4.2%**	**11,417**	**3.9%**	**24.7%**
Income taxes	(4,622)		(3,787)		22.0%
Net Profit for the year	**9,616**	**2.8%**	**7,630**	**2.6%**	**26.0%**
Net profit attributable to non-controlling interests	3,827		3,274		16.9%
Net profit attributable to the Group	**5,789**		**4,356**		**32.9%**

The SSI sector improved the growth trend in revenues and profitability (up by 18.5% and 27% respectively at 30 April 2019 compared to the previous year), supported by the development of most profitable business areas (Digital Security, ERP & Industry Solutions, Digital Solutions).

Total Revenues and Other Income amounted to Euro 342,796 thousand with a 18.5% increase compared to 30 April 2018. The Ebitda at 30 April 2019 is equal to Euro 26,243 thousand, up by 27.0% compared to Euro 20,661 thousand at 30 April 2018, thanks to the increase in turnover and the greater incidence of revenues in ERP & Industry Solutions, Digital Security, Digital Transformation Services areas with higher margin. The Ebitda margin of the sector reached 7.7% at 30 April 2019, compared to 7.1% at 30 April 2018, showing a progressive and constant trend quarter by quarter for over three years.

The double-digit growth in sector turnover and profitability was significantly favored by changes in the scope of consolidation, including the recently acquired companies: Tech-Value Srl (active in the IT services and PLM solutions for customers "engineering intensive"), Panthera Srl (active in the ERP market for SME and Enterprise customers), Var Enginering Srl (digital transformation services for the manufacturing sector) and PBU CAD-Systeme GmbH (PLM solutions for the German market) contributed about 50% to sector revenue growth and 60% to sector Ebitda growth.

After amortisation and provisions for Euro 10,862 thousand, up by Euro 3,371 thousand compared to 30 April 2018 (+45%) due to higher amortisation of client lists and technological know-how recorded as a result of the PPA process and higher amortisation from investments in infrastructure for the development of cloud computing solutions and IT services for customers, the Ebit is positive for Euro 15,382 thousand, up by 16.8% compared to 30 April 2018.

Net financial income and charges improved from a negative net balance of Euro 1,753 thousand at 30 April 2018 to a negative net balance of Euro 1,144 thousand at 30 April 2018 due to a financial management substantially in line with the previous year and a greater contribution to the result by associated companies, which passed from a negative net balance of Euro 578 thousand at 30 April 2018 to a positive net balance of Euro 57 thousand at 30 April 2019.

The Net profit after taxes amounted to Euro 9,616 thousand (EAT margin 2.8%) at 30 April 2019, compared to Euro 7,630 thousand (EAT margin 2.6%) at 30 April 2018, up by 26.0% .

Below is shown the reclassified balance sheet of the SSI Sector (Euro thousand) at 30 April 2019, compared with the previous period ended at 30 April 2018.

Reclassified Balance Sheet	30/04/2019	30/04/2018	Change
Intangible assets	50,640	35,627	15,013
Property, plant and equipment	17,738	13,661	4,077
Investments valued at equity	2,072	2,602	(530)
Other non-current receivables and deferred tax assets	12,961	8,777	4,184
Total non-current assets	**83,411**	**60,667**	**22,744**
Inventories	16,294	10,497	5,797
Current trade receivables	108,709	93,228	15,481
Other current assets	29,135	22,695	6,440
Current operating assets	**154,138**	**126,420**	**27,718**
Payables to suppliers	83,795	82,610	1,185
Other current payables	64,557	45,949	18,608
Short-term operating liabilities	**148,352**	**128,559**	**19,793**
Net working capital	**5,786**	**(2,139)**	**7,925**
Non-current provisions and other tax liabilities	11,857	10,113	1,744
Employee benefits	20,608	17,109	3,499
Non-current liabilities	**32,465**	**27,222**	**5,243**
Net Invested Capital	**56,732**	**31,306**	**25,426**
Equity	**28,493**	**26,366**	**2,127**
Medium-Term Net Financial Position	52,991	45,771	7,220
Short-Term Net Financial Position	(24,752)	(40,831)	16,079
Total Net Financial Position (Net Liquidity)	**28,239**	**4,940**	**23,299**
Equity and Net Financial Position	**56,732**	**31,306**	**25,426**

From a financial point of view the sector recorded an increase in Net Invested Capital of Euro 25,426 thousand in the year mainly due to investments in non-current assets, which rose from Euro 60,667 thousand at 30 April 2018 to Euro 83,411 thousand at 30 April 2019, following investments in infrastructures and corporate acquisitions for the development of the business in sectors with high margin. The increase in intangible assets, up by Euro 15,013 thousand compared to 30 April 2018, and of property, plant and equipment, up by Euro 4,077 thousand compared to 30 April 2018, reflected investments in software and technologies for the development of the offer of cloud computing services and IT solutions towards customers, together with the investments for the purchase of the Panthera ERP branch by Panthera Srl and for the purchase of 60% of PBU CAD-Systeme GbmH which contributed in the year to an increase of the items technological know-how and client lists for approximately Euro 7 million net of deferred taxes for approximately Euro 2 million.
Regarding financing sources, the increase in invested capital was covered by corporate self-financing (the equity increased by Euro 2,127 thousand during the year) and through the third-party financing, maintaining a balance between the different maturities. As a result of the above, the Net Financial Position passed from a negative balance of Euro 4.9 million at 30 April 2018 to a negative balance of Euro 28.2 million at 30 April 2019.

Corporate sector main economic and financial figures

Below is shown the reclassified income statement of the Corporate sector (Euro thousand) as of 30 April 2019, compared with the previous year ended 30 April 2018.

Corporate sector	30 April				
(in thousand of euros)	2019	%	2018	%	Change
Revenues from third parties	**1,946**		**1,681**		**15.8%**
Inter segment revenues	12,870		12,019		7.1%
Revenues	**14,816**		**13,700**		**8.1%**
Other income	2,323		2,501		-7.1%
Total Revenues and Other Income	**17,139**	**100.0%**	**16,201**	**100.0%**	**5.8%**
Consumables and goods for resale	(206)	-1.2%	(396)	-2.4%	-48.0%
Costs for services and rent, leasing and similar costs	(8,633)	-50.4%	(7,973)	-49.2%	8.3%
Personnel costs	(6,419)	-37.5%	(5,748)	-35.5%	11.7%
Other operating costs	(222)	-1.3%	(208)	-1.3%	6.7%
Ebitda	**1,659**	**9.7%**	**1,876**	**11.6%**	**-11.6%**
Amortisation, depreciation and other non-monetary costs	(1,271)		(1,588)		-20.0%
Ebit	**388**	**2.3%**	**288**	**1.8%**	**34.7%**
Net financial income and charges	(50)		38		-231.6%
Profit before taxes	**338**	**2.0%**	**326**	**2.0%**	**3.7%**
Income taxes	(316)		(308)		2.6%
Net Profit for the year	**22**	**0.1%**	**18**	**0.1%**	**22.2%**
Net profit attributable to non-controlling interests					
Net profit attributable to the Group	**22**		**18**		**22.2%**

Total Revenues and Other Income of the sector, equal to Euro 17,139 thousand, showed an increase compared to the previous year (+5.8%), thanks to the growth in professional services, administrative and financial management, planning and control, human resources management and IT consultancy provided by Sesa SpA towards Group's companies which in the year recorded an increase.

The Ebitda decreased by Euro 217 thousand (-11.6%), from Euro 1,876 thousand at 30 April 2018 to Euro 1,659 thousand at 30 April 2019, mainly due to a lower contribution of the logistics services following, among other things, the increase in transport costs.

Despreciation and amortisation, provisions and other non-monetary costs mainly included the amount related to the stock grant plan, decreased by Euro 317 migliaia compared to 30 April 2018, with an Ebit at 30 April 2019 up by 34.7% compared to the previous year.

After financial management, equity investments and taxes, the net profit for the year is equal to Euro 22 thousand at 30 April 2019, compared to Euro 18 thousand at 30 April 2018.

From a financial point of view, there is an improvement in the main indicators compared to the previous year.

Reclassified Balance Sheet	30/04/2019	30/04/2018	Change
Intangible assets	110	68	42
Property, plant and equipment	932	816	116
Investments valued at equity	818	901	(83)
Other non-current receivables and deferred tax assets	77,117	68,661	8,456
Total non-current assets	**78,977**	**70,446**	**8,531**
Inventories			
Current trade receivables	1,390	5,538	(4,148)
Other current assets	940	1,117	(177)
Current operating assets	**2,330**	**6,655**	**(4,325)**
Payables to suppliers	4,388	3,104	1,284
Other current payables	3,941	2,521	1,420
Short-term operating liabilities	**8,329**	**5,625**	**2,704**
Net working capital	**(5,999)**	**1,030**	**(7,029)**
Non-current provisions and other tax liabilities	(6)	17	(23)
Employee benefits	1,924	1,558	366
Non-current liabilities	**1,918**	**1,575**	**343**
Net Invested Capital	**71,060**	**69,901**	**1,159**
Equity	**86,118**	**85,889**	**229**
Medium-Term Net Financial Position			
Short-Term Net Financial Position	(15,058)	(15,988)	930
Total Net Financial Position (Net Liquidity)	**(15,058)**	**(15,988)**	**930**
Equity and Net Financial Position	**71,060**	**69,901**	**1,159**

Parent Company Sesa SpA main economic and financial figures

Below is shown the reclassified income statement (Euro thousand) as of 30 April 2019, compared with the previous year ended 30 April 2018.

Reclassified income statement	30/04/2019	%	30/04/2018	%	Change 2019/18
Revenues	**7,827**		**6,784**		**15.4%**
Other income	1,315		1,143		15.0%
Total Revenues and Other Income	**9,142**	**100.0%**	**7,927**	**100.0%**	**15.3%**
Goods for resale	54	0.6%	48	0.6%	12.5%
Costs for services and leased assets	2,670	29.2%	2,131	26.9%	25.3%
Personnel costs	4,766	52.1%	4,119	52.0%	15.7%
Other operating charges	95	1.0%	84	1.1%	13.1%
Total operating costs	**7,585**	**83.0%**	**6,382**	**80.5%**	18.8%
EBITDA	**1,557**	**17.0%**	**1,545**	**19.5%**	**0.8%**
Amortisation and depreciation	136		104		30.8%
Accruals to provisions for bad debts and risks and other non-monetary costs	1,060		1,393		-23.9%
EBIT	**361**	**3.9%**	**48**	**0.6%**	**652.1%**
Financial income and charges	10,337		9,383		10.2%
EBT	**10,698**	**117.0%**	**9,431**	**119.0%**	**13.4%**
Income taxes	301		224		34.4%
Net profit	**10,397**	**113.7%**	**9,207**	**116.1%**	**12.9%**

Total Revenues and Other Income amounted to Euro 9,142 thousand at 30 April 2019 and recorded an increase of Euro 1,215 thousand (+15.3%) compared to the previous year, favored by the increase in core activities such as administrative and financial management, organization, planning and control, management of information systems, human resources, general, corporate and legal affairs of the main Group's companies. The shares of the Parent Company Sesa SpA are listed on the MTA market, STAR segment.

At 30 April 2019 the Total operating costs amounted to Euro 7,585 thousand, with an increase of Euro 1,203 thousand compared to Euro 6,382 thousand at 30 April 2018, due to the growth in turnover and in client companies served. The most significant changes refer to the higher costs for services, mainly relating to the supply of specialized services to customers and to the personnel costs resulting from the increase in human capital necessary to face the growth in the services provided. The staff of Sesa SpA rose from 80 resources at 30 April 2018 to 95 resources at 30 April 2019.

The Ebitda amounted to Euro 1,557 thousand at 30 April 2019 (Ebitda magin 17.0%) with a slight increase compared to the Ebitda at 30 April 2018 equal to Euro 1,545 thousand (Ebitda margin 19.5 %), due to the higher turnover recorded in the year. The Ebitda margin is equal to 17.0% at 30 April 2019, slightly down compared to the previous year due to the higher incidence of operating costs, including mainly costs for services and personnel costs.

Thanks to the lower non-monetary costs, relative to the Stock Grant plan, Ebit showed an improvement from Euro 48 thousand at 30 April 2018 to Euro 361 thousand at 30 April 2019.
Cash flow operations and the management of investments recorded an increase from Euro 9,383 thousand at 30 April 2018 to Euro 10,337 thousand at 30 April 2019 thanks to higher dividends approved by the subsidiaries compared to the previous year.

The Net profit after taxes amounted to Euro 10,397 thousand at 30 April 2019, with an increase of Euro 1,190 thousand (+12.9%) compared to the Net profit at 30 April 2018 equal to Euro 9,207 thousand.

Below is shown the reclassified balance sheet (Euro thousand) as of 30 April 2019, compared with the previous year ended 30 April 2018.

Reclassified balance sheet	30/04/2019	30/04/2018	Change 2019/18
Intangible assets	105	59	46
Property, plant and equipment	448	352	96
Equity Investments and Other non-current receivables	71,854	69,839	2,015
Total non-current assets	**72,407**	**70,250**	**2,157**
Inventories			
Current trade receivables	840	859	(19)
Other current assets	3,467	1,562	1,905
Current operating assets	**4,307**	**2,421**	**1,886**
Payables to suppliers	804	431	373
Other current payables	4,659	2,550	2,109
Short-term operating liabilities	**5,463**	**2,981**	**2,482**
Net working capital	**(1,156)**	**(560)**	**(596)**
Non-current provisions and other tax liabilities	3		3
Employee benefits	1,624	1,268	356
Non-current liabilities	**1,627**	**1,268**	**359**
Net Invested Capital	**69,624**	**68,422**	**1,202**
Equity	**83,347**	**82,978**	**369**
Medium-Term Net Financial Position			
Short-Term Net Financial Position	(13,723)	(14,556)	833
Total Net Financial Position (Net Liquidity)	**(13,723)**	**(14,556)**	**833**
Equity and Net Financial Position	**69,624**	**68,422**	**1,202**

At 30 April 2019 the balance sheet of the Parent company Sesa SpA showed a slight increase (+2.0%) in Net Invested Capital, from Euro 68,422 thousand to Euro 69,761 thousand, essentially due to the increase in non-current assets following the purchase of the 3.0% stake in Digital Value Holding SpA, the majority shareholder of Digital Value SpA, reference System Integrator in the ICT market for Large Account customers, whose shares have been recently admitted to the AIM market of the Italian Stock Exchange.

About source of finance, the Net Financial Position equal to Euro 13,723 thousand at 30 April 2019 reduced by Euro 833 thousand compared to Euro 14,556 thousand at 30 April 2018 due to current management and the equity investment portfolio; the increase in equity investments and the requirement related to the payment of a dividend of Euro 9.3 million was supported by the profit recorded in the year integrated by dividends collected from subsidiaries. The Equity at 30 April 2019 amounted to Euro 83,347 thousand, with an increase of Euro 369 thousand compared to Euro 82,978 thousand at 30 April 2018. The positive net change was mainly due to the profit for the year equal to Euro 10,397 thousand, net of the payment of dividends carried out in September 2018, equal to Euro 9,290 thousand (Euro 0.60 per share), the purchase of treasury shares for Euro 1.7 million and the accounting of stock grants for the period.

Net financial position	30/04/2019	30/04/2018	Change 19/18
Liquidity	(7,223)	(8,056)	833
Current financial receivables	(6,500)	(6,500)	-
Current financial debt	-	-	
Short-term net financial position	**(13,723)**	**(14,556)**	**833**
Non-current financial debt	-	-	
Non-current net financial position	**-**	**-**	
Net financial position	**(13,723)**	**(14,556)**	**833**

Corporate Governance

The system of Corporate Governance implemented by Sesa SpA is in line with the recommendations contained in the Code of Self-Governance for Italian listed companies published by Borsa Italiana SpA with the integration of the specific characteristics of the Group. In particular, during the year the Audit and Risks and Related Parties Committee, Remuneration Committee and Strategic Committee met regularly, the first two being made up entirely of non-executive members of the Board of Directors, with a majority of independent directors.

Pursuant to Law 231 of 2001, the company also has a Supervisory Body and an Internal Audit function, which also operated with reference to the main subsidiaries Computer Gross Italia SpA and Var Group SpA. On 11 July 2019, the Board of Directors, acting on a proposal from the Remuneration Committee, defined the Remuneration Policy, in compliance with the recommendations of the Self-Governance Code and the regulatory provisions issued by Consob.

On 11 July 2019, the Board of Directors also approved the Report on the Company's governance system, which contains a general description of the corporate governance system adopted by the Group, along with information on the ownership structure and compliance with the Self-Governance Code, 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. This Report is available for consultation on the Corporate Governance section of the website www.sesa.it. The Self-Governance Code is available for consultation on the website of Borsa Italiana SpA www.borsaitaliana.it.

At its meeting of 11 July 2019, the Board of Directors approved the amendments to the Procedure for the fulfilment of obligations relating to Internal Dealing, to the Procedure for the internal management and external disclosure of Privileged Information and to the Procedure for the management of the Group Register of persons with access to Privileged Information, in order to align the content of the procedures with the provisions of Legislative Decree no. 107 of 10 August 2018 (Rules for the adaptation of national legislation to the provisions of EU Regulation no. 596/2014) and the amendments to the market abuse regime.

It should also be noted that on 11 July 2019 the Board of Directors took note of the Audit Report at 30 April 2019 prepared by the Internal Audit function and previously approved by the Audit and Risks Committee, verified the adequacy of the organisational, administrative and accounting structure of the company and its subsidiaries with strategic importance, and examined and approved the Report of the Officer appointed to prepare the company's financial reports, on the adequacy and effectiveness of the administrative and accounting procedures.

Lastly, the Board of Directors examined the annual report prepared by the Supervisory Body.

Treasury shares

As at 30 April 2019, the parent company Sesa SpA holds 65,742 shares, equating to 0.424% of the share capital, purchased at an average price of 24.93 euros under the treasury share purchase plan approved by the shareholders' meeting of 24 August 2018. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

Research and development activities

Pursuant to Article 2428, paragraph 2, number 1, of the Italian Civil Code, it is hereby acknowledged that some of the companies in the group, in particular Sirio Informatica e Sistemi SpA, Panthera Srl, Var Industries Srl, Var Digital Srl, Delta Phi Srl, Apra SpA, Sailing Srl, Leonet Srl, Var Aldebra Srl and Var BMS SpA have carried out software development activities.

Relations with subsidiaries, associated companies, parent companies and affiliates

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

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

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

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

Social responsibility of the Sesa Group (declaration of non-financial data)

Corporate Social Responsibility is a founding element of the Sesa Group's corporate culture.
Since its foundation, the Group has actively contributed to the creation of a fair and loyal working environment, attentive to the needs of its human resources and all its stakeholders. In particular, during the year, a number of important initiatives aimed at structuring the actions of the Sesa Group in terms of social responsibility and corporate welfare in a more organic and systematic manner were implemented.

A detailed description of the corporate social responsibility actions carried out by the Sesa Group is provided in the consolidated non-financial declaration which constitutes a separate report and which is approved by Sesa's Board of Directors at the same time as this Annual Report. The declaration of non-financial data has been prepared in compliance with the provisions of Article 5, paragraph 3, letter b. of Legislative Decree 254/2016, in compliance with GRI Standards and is available on the Group's websitewww.sesa.it.

Human Capital Management

Human capital is the main asset of the Sesa Group: skills, professionalism, specialisation and integrity are the distinctive values to face the competitive challenges of the market.
The Sesa Group invests in its human resources through programmes of selection, management and enhancement, training and corporate welfare.

During the year, investments in human resources were strengthened, with about 150 hires, mainly of young graduates from Italian universities, brought into the company with training plans in the areas of the greatest growth and development potential in Information Technology (cloud computing, digital security, digital services, ERP consulting), professional traineeships and apprenticeships (41 trainees and 145 apprentices at 30 April 2019), confirmed for an indefinite period at the end of the training period with percentages close to 100%.

The average age of the Group's resources is about 40 and the composition of the workforce shows a qualified component of more than 30%.

The Group's selection process aims to identify the best resources available through agreements with the main universities in Italy, participation in career days and the use of primary job sites, in compliance with the principles of transparency and impartiality. To this end, special internal company procedures have been developed for the selection, placement and professional development of personnel.

Continuous training and refresher courses are in place, involving a significant percentage of employees in the current year, covering technical areas (also through dedicated seminars and events), as well as legislative and motivational aspects. Over 18,000 hours of training were provided during the year, about 8,900 of which were technical and professional training, with over 4,800 hours of training within the scope of Key Skills (Soft and Digital Skills, Project Management, Languages, Sales Techniques, Occupational Health and Safety, Corporate Responsibility Legislative Decree 231) and approximately 4,400 hours of compulsory training (Law 81/2008). The increase in training hours compared to the previous year is due mainly to technical courses and certifications, and to the growth of Group personnel, with promotion to highly qualified positions. More than two thirds of the workforce were involved in training activities.

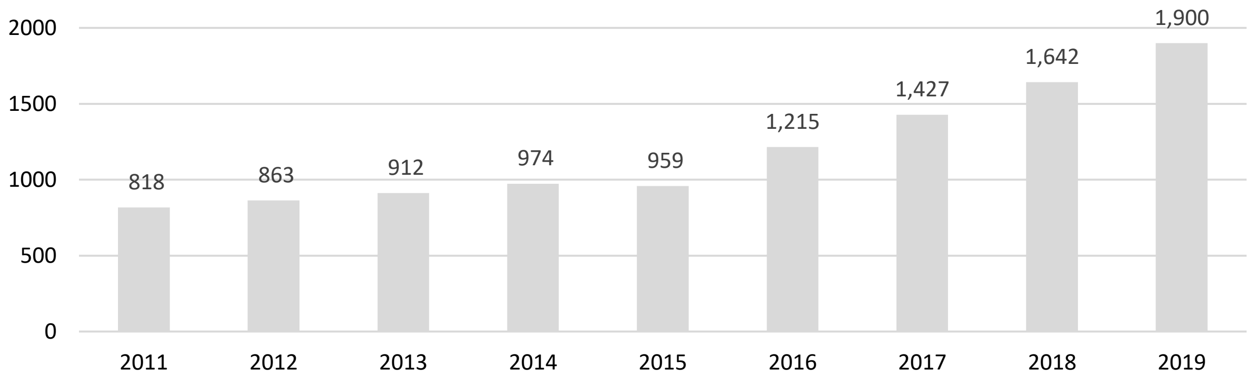
In order to achieve management objectives, individual incentive plans are assigned, involving the majority of commercial resources and all key Group figures, linked to the achievement of qualitative/quantitative performance defined at the beginning of each year in line with the Group's strategy. Targeted career paths and professional development plans are also defined for the growth, loyalty and enhancement of key figures, particularly those that are younger, and human capital in general.

The corporate welfare system that has been in operation for over six years within the Group was strengthened further during the year, developing to accommodate flexible plans tailored to suit specific requires through a dedicated company website which offers the possibility to select benefits and work-life balance services for workers to support income, education and the wellbeing of human resources (scholarships, grants to stay in health-related spa centres and travel abroad to study in summer, contributions to crèches, flexible benefits and work-life balance services).

For the new financial year, the plan envisages the introduction of important changes aimed mainly at the Group's young resources and sustainable mobility, with the inclusion in the plan of a housing contribution for employees who move out of their family home and with the provision of contributions for the expenses sustained by employees to travel to the workplace using public transport. New features include the implementation of the amount of flexible benefits and the extension of the menu of choice of services that can be selected by employees. Examples of these initiatives are the setting up of scholarships to attend university degree or master courses and the possibility for employees to apply for time off to carry out voluntary work and donated hours/holidays under shared leave programs, with a view to reinforcing solidarity between work colleagues.

The historical evolution of the Group's human resources shows continuous growth, supporting the development of the Group's revenues and business.

Historical evolution of Group resources (*)
(number on 30 April of every year)



(*) Number of employees of Group subsidiaries consolidated on a line-by-line basis, excluding apprentices.

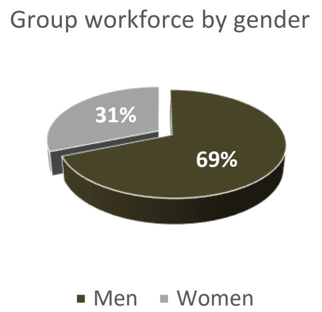
At 30 April 2019, Group companies employed a total of 1,900 people (2,034 resources if we also consider the subsidiaries recognised at cost and apprentices), showing a growth trend of approximately 250 resources, approximately 100 of which following the expansion of the scope of consolidation with the entry of PBU CAD-Systeme GmbH, Panthera Srl, Evotre Srl, Collaboration Value Srl and Var Engineering Srl, and approximately 150 resources following targeted recruitment plans, in partnership with some of the main Italian universities, for the development of areas of higher value business.

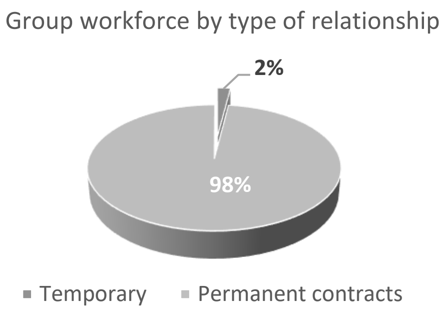
The following table shows the average number of Group employees, broken down by category:

	Average number of employees for the year ended April 30		Number of employees at 30 April	
(In units)	**2019**	**2018**	**2019**	**2018**
Executives	19	17	20	18
Middle Management	146	111	170	122
Office Staff	1,606	1,407	1,710	1,502
Total	**1,771**	**1,535**	**1,900**	**1,642**

The Group considers human capital to be a strategic resource, to be loyalised and developed through long-term professional growth paths and the systematic appointment of permanent staff. At 30 April 2019, the percentage of staff employed on permanent contracts had reached 98% of the Group's total resources.

Women account for 31.2% of the total workforce.





As a demonstration of the great attention paid to the protection and enhancement of its human resources, it should be noted that the Sesa Group has a high level of staff loyalty (turnover rate of leavers of approximately 5.47%, which is very low for the sector in question and to be considered in relation to an incoming turnover of 12.9%), without ever having resorted to mobility or redundancy schemes, and has managed welfare programmes which, in the current year, have involved almost all employees, in collaboration with the SeSa Foundation, aimed at optimising the quality of work and the balance with private and family life.

Lastly, we would like to point out the utmost attention to work safety for our employees. On this matter, during the last financial year, the Group companies have taken steps to implement Law 81/2008, with training programmes aimed at human resources. It should be noted that, during the current year and in previous years too, no serious accidents have occurred at work and that no charges have been made for occupational illnesses or for incorrect company conduct towards employees that could constitute company liability in any way.

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

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

External Risks

Risks associated with the macroeconomic context and the ICT market

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

Despite the weak demand (macroeconomic context and IT market) recorded in the last five years and the consequent potential effect on business performance, the Group confirms its ability to grow by outperforming the reference market with a trend of sustainable development of revenues and profits.

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

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

Internal Risks

Risks related to dependence on key personnel

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

Risks associated with concentration and dependence on distribution contracts and the ability to negotiate and maintain distribution contracts with vendors over time

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

Risks associated with failure to comply with contractual and compliance commitments

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

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

Market risks

Credit risk

The credit risk is represented by the exposure of Group companies to potential losses that may arise from the failure by customers to fulfil their obligations. The credit risk deriving from normal operation of Group companies with customers is monitored and hedged on an ongoing basis using information, customer assessment procedures and credit risk hedging instruments (insurance and factoring transactions without recourse). A specific provision for doubtful accounts is created and monitored on a regular basis.

Liquidity risk

At certain times during the financial year, the characteristic management of the Sesa Group companies generates a need for working capital and, consequently, financial exposure. The Group closed the consolidated financial statements as at 30 April 2019 with a net financial position (net liquidity) of Euro 41,754 thousand. At the end of the quarter, however, the Group supported a financial requirement generated by the seasonal nature of the business and by changes in the increase in net working capital. The liquidity risk is hedged by regularly planning cash requirements and the relative financing through loans and credit lines mainly centralised in the Group' s two main operating companies, Computer Gross Italia SpA and Var Group SpA.

Interest rate risk

Exposure to the interest rate risk arises from the fact that Group companies perform a commercial activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets) at certain times of the year. This generates a pro-tempore financial exposure to the banking system due to the need to finance working capital requirements. These requirements are covered by floating rate loans and credit lines, the cost of which is subject to changes in interest rates.
As at 30 April 2019, the Group did not have any interest rate derivatives in place. In light of the current trend in interest rates and the moderate level of average annual indebtedness, the Group's risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk.
In relation to the Group’s low indebtedness level at 30 April 2019 (a net liquidity balance of Euro 41,754 thousand), the sensitivity analyses carried out to assess the impact of the potential fluctuation in interest rates on the Group’s financial position did not highlight any significant results.

Exchange rate risk

Group companies do not operate on foreign markets to a significant extent, essentially using the euro as the currency for the management of commercial and financial transactions. The purchase of goods and IT products in foreign currencies, mainly centralised at Computer Gross Italia SpA, relates exclusively to the US dollar.
It should also be noted that there are no derivative transactions in foreign currencies, but forward currency purchase transactions to hedge the exchange rate risk relating to payables in foreign currencies to some suppliers. At 30 April 2019 there were 53 forward transactions in place, six of which had a negative fair value of Euro one thousand and 47 of which had a positive fair value of Euro 51 thousand. In view of the limited operations in foreign currency performed by the Group and the activity to hedge against such a risk through forward transactions, the sensitivity analyses carried out by the Group to assess a presumed appreciation/depreciation of the Euro did not unveil any significant results.

Price risk

The Group does not hold any financial instruments or stocks listed on equity markets at 30 April 2019, with the exception of Sesa SpA's own shares deducted from shareholders' equity and mutual funds and capitalisation policies issued by major financial institutions. With regard to the risk of inventory write-downs, the Group companies operating in the distribution and marketing of IT products monitor this management profile through regular surveys and analyses in relation to the possible existence of a risk of obsolescence of goods in order to determine actions aimed at containing it. It should also be noted that the value of inventories at 30 April 2019 was essentially centralised in Computer Gross Italia SpA and Var Group SpA.

Significant events occurring after the end of the year

In May 2019, an application was presented for the facilitated settlement of pending tax disputes concerning notices of assessment received by Computer Gross Italia SpA relating to indirect taxes for the years 2010, 2011 and 2012. At the same time as the application was submitted, the total amount of Euro 3.4 million, already allocated to the provision for risks as at 30 April 2019, was paid. Further to this payment, the Sesa Group has no other ongoing tax issue of a significant amount. No other significant events occurred after the end of the year.

Outlook

In the first few months of the new financial year, the Group has operated in a context of dynamic growth of the IT market and in a domestic and European economic scenario that continues to be weak, exploiting its position in the reference segments and those with more innovative content.

The Group will continue to operate by pursuing its strategy of focusing on value-added business areas, and invest in the wealth of skills and professionalism of its human resources, its main goal being to further fuel the path of sustainable growth to the benefit of all stakeholders.

Allocation of the result for the year of the parent company Sesa SpA

We propose to the shareholders' meeting the distribution of a dividend of Euro 0.63 per share for a total of Euro 9.7 million, gross of treasury shares in portfolio.

We would like to thank you for your trust and invite you to approve the financial statements of Sesa SpA as submitted.

The Chairman of the Board of Directors
Paolo Castellacci

Consolidated Financial Statements at 30 April 2019

Consolidated Income Statement

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Revenues	6	1,539,854	1,350,900
Other income	7	10,751	12,135
Consumables and goods for resale	8	(1,258,954)	(1,114,393)
Costs for services and rent, leasing, and similar costs	9	(118,353)	(104,213)
Personnel costs	10	(96,318)	(79,053)
Other operating costs	11	(12,568)	(10,102)
Amortisation and depreciation	12	(11,694)	(8,984)
EBIT		**52,718**	**46,290**
Profit from companies valued at equity	13	823	376
Financial income	14	3,317	5,608
Financial charges	14	(8,540)	(9,243)
Profit before taxes		**48,318**	**43,031**
Income taxes	15	(14,956)	(12,848)
Profit for the year		**33,362**	**30,183**
of which:			
Profit attributable to non-controlling interests		4,078	3,322
Profit attributable to the Group		29,284	26,861
Earnings per share (basic) (in euros)	24	1,90	1,74
Earnings per share (diluted) (in euros)	24	1,89	1,73

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Profit for the year		**33,362**	**30,183**
Actuarial gain/loss for employees benefits - gross effect	24	(1,606)	(285)
Actuarial loss for employees benefits - tax effect	24	385	68
Comprehensive income for the year		**32,141**	**29,966**
of which:			
Comprehensive income – non-controlling interests		3,580	3,237
Comprehensive income - Group		28,561	26,729

Consolidated Statement of Financial Position

(in thousands of euros)	Note	At 30 April 2019	2018
Intangible assets	16	54,001	39,083
Property, plant and equipment	17	57,771	55,221
Investment property	18	290	290
Equity investments valued at equity	13	10,030	9,179
Deferred tax assets	19	7,834	6,532
Other non-current receivables and assets	20	19,230	10,442
Total non-current assets		**149,156**	**120,747**
Inventories	21	82,044	67,752
Current trade receivables	22	364,314	328,760
Current tax receivables		4,051	7,452
Other current receivables and assets	20	40,752	33,315
Cash and cash equivalents	23	249,074	247,194
Total current assets		**740,235**	**684,473**
Non-current assets held for sale			
Total assets		**889,391**	**805,220**
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(5,639)	1,723
Profits carried forward		154,653	132,961
Total Group Equity		**219,285**	**204,955**
Equity attributable to non-controlling interests		13,337	11,046
Total Equity	24	**232,622**	**216,001**
Non-current loans	25	123,040	123,172
Employee benefits	26	24,332	20,495
Non-current provisions	27	4,595	2,836
Deferred tax liabilities	19	13,197	11,339
Total non-current liabilities		**165,164**	**157,842**
Current loans	25	85,632	72,704
Payables to suppliers		326,009	295,706
Current tax payables		4,067	2,187
Other current liabilities	28	75,897	60,780
Total current liabilities		**491,605**	**431,377**
Total liabilities		**656,769**	**589,219**
Total equity and liabilities		**889,391**	**805,220**

Consolidated Statement of Cash Flows

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Profit before taxes		**48,318**	**43,031**
Adjustments for:			
Amortisation and depreciation	12	11,694	8,984
Accruals to provisions for personnel and other provisions	11,10	10,684	9,448
Net financial (income)/charges	14	2,576	2,219
Profit from companies valued at equity	13	(823)	(376)
Other non-monetary items		1,174	1,151
Cash flows generated from operating activities before changes in net working capital		**73,623**	**64,457**
Change in inventories	21	(14,127)	(5,658)
Change in trade receivables	22	(36,229)	(2,542)
Change in payables to suppliers		26,229	13,428
Change in other assets	20	(10,212)	(5,725)
Change in other liabilities	28	(393)	6,778
Use of provisions for risks	27	(702)	(87)
Payment of employee benefits	26	(698)	(796)
Change in deferred taxes	19	(1,222)	(569)
Change in current tax payables and receivables		5,281	(6,969)
Interest paid	14	(2,937)	(2,535)
Taxes paid		(9,783)	(9,698)
Net cash flow generated from operating activities		**28,830**	**50,084**
Investments in companies, net of acquired cash	5	(9,167)	(8,622)
Investments in property, plant and equipment	17	(9,201)	(10,007)
Investments in intangible assets	16	(4,870)	(4,923)
Disposals of property, plant and equipment and intangible assets	16,17	702	576
Disposals of investment property	18	-	-
Disposal of assets held for sale		-	-
Investments in associated companies	13	(1,407)	(545)
Disposals of associated companies	13	1,293	-
Investments in other non-current financial assets	20	(5,268)	(2,014)
Receipts from non-current financial assets	20	580	360
Dividends collected		222	250
Interest collected	14	650	543
Net cash flow generated from/(used in) investing activities		**(26,466)**	**(24,382)**
New disbursements of long-term loans and finance leases	3,25	79,000	95,420
Repayments of long-term loans	3,25	(68,812)	(56,176)
(Decrease)/increase in short-term loans	3,25	(413)	663
Financial investments/disinvestments		1,598	(48)
Capital increase	24		
Change in group equity	24		
Change in equity attributable to non-controlling interests	24		
Treasury shares	24	(1,739)	(1,189)
Dividends distributed	24	(10,118)	(9,129)
Net cash flow generated from/(used in) financing activities		**(484)**	**29,541**
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**1,880**	**55,243**
Cash and cash equivalents at the beginning of the year		247,194	191,951
Cash and cash equivalents at the end of the year		**249,074**	**247,194**

Consolidated Statement of Changes in Equity

(in thousands of euros)	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
At 30 April 2017	**37,127**	**33,144**	**6,587**	**114,427**	**191,285**	**7,743**	**199,028**
Profit for the year				26,861	26,861	3,322	**30,183**
Actuarial gain/(loss) for employees benefit - gross			-173		-173	-112	**-285**
Actuarial gain/(loss) for employees benefit - tax effect			41		41	27	**68**
Comprehensive income for the year			**-132**	**26,861**	**26,729**	**3,237**	**29,966**
Purchase of treasury shares			-1,189		-1,189		**-1,189**
Sale of treasury shares							
Dividends ditribution			-299	-8,367	-8,666	-463	**-9,129**
Assignment of shares in execution Stock Grant plan			371		371		**371**
Stock Grant Plan - shares vesting in the period			1,022		1,022		**1,022**
Allocation of profit for the year			440	-440			
Changes in the scope of consolidation and other changes			-5,077	480	-4,597	529	**-4,068**
At 30 April 2018	**37,127**	**33,144**	**1,723**	**132,961**	**204,955**	**11,046**	**216,001**
Profit for the year				29,284	29,284	4,078	33,362
Actuarial gain/(loss) for employees benefit - gross			(951)		(951)	(655)	**(1,606)**
Actuarial gain/(loss) for employees benefit - tax effect			228		228	157	**385**
Comprehensive income for the year			**(723)**	**29,284**	**28,561**	**3,580**	32,141
Purchase of treasury shares			(1,739)		(1,739)		**(1,739)**
Sale of treasury shares							
Dividends ditribution			(544)	(8,746)	(9,290)	(828)	**(10,118)**
Assignment of shares in execution Stock Grant plan			37		37		**37**
Stock Grant Plan - shares vesting in the period			1,022		1,022		**1,022**
Allocation of profit for the year			461	(461)			
Changes in the scope of consolidation and other changes			(5,876)	1,615	(4,261)	(461)	**(4,722)**
At 30 April 2019	**37,127**	**33,144**	**(5,639)**	**154,653**	**219,285**	**13,337**	**232,622**

Notes to the Consolidated Financial Statements

1 General Information

SESA S.p.A. (hereinafter "Sesa", the "Company" or the "Parent Company") is a company incorporated and domiciled in Italy, with registered office in Empoli, at no. 138 Via Piovola, organised in compliance with the legal system of the Italian Republic.

The Company and its subsidiaries (jointly the "Group") operate in Italy in the Information Technology sector, and particularly in the value-added distribution (or VAD) of IT software and technologies and in the supply of System Integrator services aimed at training and supporting companies as end users of IT (Software and System Integration or SSI). The Group is also active in the logistics services sector, mainly in favour of companies belonging to the Group. The Company is controlled by ITH SpA, which holds 52.81% of the share capital.
This document was approved by the Company's Board of Directors on 11 July 2019.

2 Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of the consolidated financial statements of Sesa SpA for the year ended 30 April 2019 (hereinafter the "Consolidated Financial Statements") are illustrated below.

2.1 Preparation Basis

The consolidated financial statements for the year ended 30 April 2019 have been prepared in accordance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The "IFRS" also include all revised international accounting standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the assumption that the company is a going concern, in that the Directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Group manages financial risks is contained in note 3 on "Financial risk management".

The consolidated financial statements have been prepared and presented in Euro, which is the currency of the prevailing economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are stated in Euro thousands.

The balance sheet schedules and relative classification criteria adopted by the Group within the scope of the options envisaged by IAS 1 Presentation of Financial Statements are indicated below:

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

The consolidated financial statements have been prepared on the basis of the conventional historical cost method except for the valuation of financial assets and liabilities, where the application of the fair value method is required.

2.2 Scope of Consolidation and Consolidation Criteria

The consolidated financial statements include the financial statements of the Company and the financial statements of its subsidiaries approved by their respective administrative bodies. These financial statements have been adjusted, where necessary, to bring them into line with the IFRS and the Company's closing date of 30 April.

The companies included in the scope of consolidation at 30 April 2019 are detailed in annex 1, which is an integral part of the Consolidated Financial Statements. For further details on the main changes in the scope of consolidation in the years under review, see note 5.

SUBSIDIARIES

Subsidiaries are consolidated on a line-by-line basis from the date on which control was actually acquired and they cease to be consolidated from the date on which control is transferred to third parties. The criteria applied for line-by-line consolidation are as follows:

- the assets and liabilities, expenses and income of subsidiaries are assumed line by line, assigning minority shareholders, where applicable, their share of shareholders' equity and net profit for the period; these shares are disclosed separately under shareholders' equity and in the income statement;
- business combinations by virtue of which control of an entity is acquired are recognised, in compliance with the provisions of IFRS 3, using the acquisition method. The acquisition cost is represented by the current value ("fair value") at the date of purchase of the assets sold, the liabilities assumed and the capital instruments issued. The identifiable assets acquired and the liabilities and potential liabilities assumed are recorded at their current value at the acquisition date, with the exception of deferred tax assets and liabilities, assets and liabilities for employee benefits and assets held for sale, which are recorded in compliance with the relative accounting standards of reference. The difference between the acquisition cost and the fair value of the assets and liabilities acquired, if positive, is recorded under intangible assets as goodwill, or, if negative, after having verified the correct measurement of the current values of the assets and liabilities acquired and the acquisition cost, is recorded directly in the income statement, as income. The ancillary costs of the transaction are recognised in the income statement at the time they are incurred.
- The acquisition cost also includes the potential consideration recognised at fair value at the date of acquisition of control. Subsequent changes in fair value are recognised in the income statement or statement of comprehensive income if the potential consideration is a financial asset or liability. Potential amounts classified as shareholders' equity are not recalculated and the subsequent settlement is recorded directly under shareholders' equity.
- If the business combinations through which control is acquired take place in several stages, the Group recalculates the stake previously held in the company acquired at its fair value at the acquisition date and recognises any resulting gain or loss in the income statement.
- Acquisitions of minority interests in entities already controlled or the sale of minority interests that do not entail the loss of control are considered transactions in shareholders' equity; therefore, any difference between the acquisition/sale cost and the relative portion of shareholders' equity acquired/sold is recorded as an adjustment to the Group's shareholders' equity.
- Business combinations by virtue of which the participating companies are definitively controlled by the same company or companies both before and after the business combination, without such control being transitory, are classified 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, or within the scope of other IFRS. In the absence of an accounting standard of reference, the Group, in compliance with the provisions of document OPI 1 - Accounting treatment of "business combinations of

entities under common control" in the separate and consolidated financial statements issued by Assirevi and with the provisions of IAS 8, has adopted as the accounting criterion for the recognition of such transactions the accounting of the entities acquired on the basis of the book values resulting from the financial statements of the acquired company at the date of transfer. Any differences between the cost incurred for the acquisition and the relative portions of shareholders' equity acquired are recorded directly under shareholders' equity;
- significant gains and losses, including the relative tax effects, deriving from transactions between companies consolidated on a line-by-line basis and not yet realised with third parties are eliminated, except for losses that are not eliminated when the transaction provides evidence of a reduction in the value of the asset transferred. Reciprocal debit and credit relationships, costs and revenues, and financial income and expense, if significant, are also eliminated.

The financial statements of subsidiaries are prepared using the currency of the primary economic environment in which they operate.

ASSOCIATED COMPANIES

Associated companies are those over which the Group exercises significant influence, which is presumed to exist when the shareholding accounts for between 20% and 50% of the voting rights. Investments in associated companies are evaluated with the equity method and are initially recorded at cost. The equity method is described below:
- the book value of these investments is aligned with shareholders' equity adjusted, where necessary, to reflect the application of IFRS and includes the recording of the higher values attributed to assets and liabilities and any goodwill, identified at the time of acquisition;
- profits or losses attributable to the Group are recognised from the date on which the significant influence commenced until the date on which the significant influence ceases. If, due to losses, the company evaluated using the method in question reveals a negative shareholders' equity, the book value of the investment is cancelled and any surplus pertaining to the Group, where the latter has undertaken to fulfil legal or implicit obligations of the investee company, or to cover its losses, is recorded in a specific provision; changes in the equity of companies evaluated using the equity method, not represented by the result of the income statement, are recorded directly in the statement of comprehensive income;
- Company/subsidiaries and the investee company evaluated using the equity method, including the distribution of dividends, are eliminated on the basis of the value of the Group's shareholding in the investee company, except for losses which represent a reduction in the value of the underlying asset.

CONVERSION OF TRANSACTIONS IN CURRENCIES OTHER THAN THE FUNCTIONAL CURRENCY

Transactions in currencies other than the functional currency of the entity entering into the transaction are translated using the exchange rate prevailing at the date of the transaction. Exchange gains and losses generated by the closing of the transaction or by the translation at year-end of assets and liabilities denominated in foreign currencies are recorded in the income statement.

2.3 Valuation Criteria

The most significant accounting principles and valuation criteria used to prepare the consolidated financial statements are briefly described below.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes all costs directly incurred to prepare the assets for use, as well as any disinstallation and removal costs that will be incurred as a result of contractual obligations that require restoration of the asset to its original condition. Financial expenses, if directly attributable to the acquisition, construction or production of qualified assets, are capitalised and amortised on the basis of the useful life of the asset to which they refer.

Charges incurred for ordinary and/or cyclical maintenance and repairs are charged to the income statement when they are incurred. Costs relating to the expansion, modernisation or improvement of structural elements owned or under lease are capitalised to the extent that they meet the requirements for separate classification as an asset or part of an asset. Assets recorded in relation to leasehold improvements are depreciated on the basis of the duration of the rental contract, or on the basis of the specific useful life of the asset, if lower.

Depreciation is calculated on a straight-line basis using rates that allow depreciation of assets until the end of their useful life. When the asset subject to depreciation consists of distinctly identifiable elements the useful life of which differs significantly from that of the other parts comprising the asset, depreciation is carried out separately for each of these parts in accordance with the component approach method.

The estimated useful life for the various tangible asset categories is as follows:

Class of tangible assets	Useful life in years
Buildings	33
General systems	7
Specific data centre systems	20
Furniture and furnishings	8
Office equipment	2-5
Vehicles	4

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

Land is not subject to depreciation.

Assets under lease

Tangible assets held under finance leases, through which the risks and rewards of ownership are substantially transferred to the Group, are recognised as Group assets at their fair value on the date the lease is entered into or, if lower, at the present value of the minimum lease payments due, including any amount to be paid for exercising the purchase option. The corresponding amount due to the lessor is shown in the balance sheet under financial payables.

Assets are depreciated on a straight-line basis using the rates indicated above, unless the duration of the lease agreement is shorter than the useful life represented by these rates and there is no reasonable certainty of the transfer of ownership of the leased asset at the natural expiry of the agreement; in this case the depreciation period will be represented by the duration of the lease agreement.

Leases in which the lessor substantially retains the risks and rewards of ownership of the assets are classified as operating leases. Operating lease instalments are recognised in full in the income statement over the term of the lease agreement.

INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary elements without physical substance, controllable and capable of generating future economic benefits. These elements are initially recognised at purchase or production cost, including directly attributable expenses for preparing the asset for use. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost. In particular, the following main intangible assets can be identified within the Group:

(a) Goodwill

Goodwill, if recognised, is classified as an intangible asset with an undefined useful life and is initially recognised at cost, as described above, and subsequently subject to impairment testing at least once a year. No write-back is allowed in the event of a previous write-down for impairment.

(b) Other intangible assets with a definite useful life

Intangible assets with a definite useful life are recognised at cost, as described above, net of accumulated amortisation and any impairment losses. Amortisation begins when the asset becomes available for use and is systematically distributed in relation to its residual possibility of use, i.e. on the basis of its estimated useful life.

The useful life estimated by the Group for the various intangible asset categories is as follows:

Class of intangible assets	Useful life in years
Software licences and similar	5
Client list	10-15
Technological know-how	20

The useful life of intangible fixed assets is reviewed and updated, where applicable, at least at the end of each financial year.

INVESTMENT PROPERTY

Properties held for the purpose of obtaining lease payments or for the purpose of increasing the value of the investment is recorded under "Investment Property"; it is evaluated at purchase or production cost, plus any accessory costs, net of accumulated depreciation and any losses in value.

REDUCTION IN THE VALUE OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Goodwill

As previously stated, goodwill, if recognised, is subject to impairment testing once a year or more frequently if there are indications that its value may have been impaired. As at 30 April 2019, no goodwill was recorded.

In the presence of goodwill, the impairment test is carried out with reference to each of the cash generating units (CGUs) to which the goodwill has been allocated. Any impairment of goodwill is recognised if its recoverable value is lower than its book value. Recoverable value is the higher between the fair value of the CGU, net of disposal costs, and its value in use, the latter being the current value of estimated future cash flows for the asset. In determining the value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market evaluations of the cost of money, compared to the period of the investment and the specific risks of the asset. If the impairment resulting from the impairment test is greater than the value of goodwill allocated to the CGU, the residual excess is allocated to the assets included in the CGU in proportion to their carrying amount. Such allocation shall be limited by the higher of the following amounts:

- the fair value of the asset net of selling expenses;
- the value in use, as defined above;
- zero.

The original value of goodwill cannot be restored if the reasons for its reduction in value no longer exist.

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

At each balance sheet date, an impairment test is carried out to determine whether there are any indications that tangible assets, intangible assets or investment property may have suffered a loss in value. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset compared to expectations. As regards external sources, the following are considered: the trend in the market prices of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or in the cost of the capital used to evaluate the investments.

If the presence of such indicators is identified, the recoverable value of the abovementioned assets is estimated, recording any write-down with respect to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value, net of sale costs, and its value in use, the latter being the current value of estimated future cash flows for the asset. In determining the value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market evaluations of the cost of money, compared to the period of the investment and the specific risks of the asset. For an asset that does not generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs.
A loss in value is recognised in the income statement if the book value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. Impairment of CGUs are first recognised as a reduction in the book value of any goodwill attributed to them and then as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previously made write-down no longer exist, the book value of the asset is restored and recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not taken place and the relative amortisation had been applied.

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for the related management, the following three categories are pointed out according to IFRS 9:
(i) financial assets measured at amortized cost; (ii) financial assets measured at fair value with recognition of the effects among the other components of comprehensive income; (iii) financial assets measured at fair value with recognition of the effects in the income statement.
The financial asset is measured using the amortized cost method if both of the following conditions are met:

–the financial asset management model consists in holding it with the sole purpose of collecting the related financial flows; and
- the financial asset generates, on contractually predetermined dates, cash flows that represent exclusively the return on the financial asset itself.
The financial assets representing debt instruments whose business model envisages both the possibility of collecting contractual cash flows and the possibility of realize capital gains on disposal (so-called hold to collect and sell business model), are valued at fair value with attribution of the effects on the overall profit (FVTOCI).
A financial asset represented by debt securities that is not valued at amortized cost or at FVTOCI is measured at fair value with the effects posted to the income statement (FVTPL).

Trade receivables and other financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade receivables and other financial assets are included in current assets, with the exception of those with a contractual maturity in excess of twelve months from the balance sheet date, which are classified as non-current assets.

In the case of factoring transactions for trade receivables that do not involve transferral to the factor of the risks and rewards associated with the receivables assigned (the Group continues to be exposed to the risk of insolvency and delayed payment - the so-called assignments with recourse), the transaction is treated in the same way as a loan secured by the receivable subject to assignment. In this case, the receivable assigned continues to be represented in the Group's balance sheet and financial report until it is collected by the factor and any advance obtained from the factor is offset by a financial payable. The financial cost of factoring transactions is represented by interest on the amounts advanced recognised in the income statement on an accruals basis, which are classified as financial expense. Commissions accruing on sales with recourse are included under financial expense, while commissions on sales without recourse are recorded under other operating costs.

IFRS 9 defines a new model of impairment of these assets, with the aim of providing useful information to users of the financial statements regarding the relative expected losses.

For trade receivables, the Group adopts a simplified approach to valuation hich does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss ("ECL") calculated on the whole life of the credit.

Impairment of receivables is recognised in the financial statements when there is objective evidence that the Group will not be able to recover the receivable due from the counterparty on the basis of the contractual terms.

Objective evidence includes events such as:
- significant financial difficulties of the debtor;
- legal disputes with the debtor relating to receivables;
- the likelihood that the debtor will go bankrupt or that other financial restructuring procedures will be initiated.

The amount of the write-down is measured as the difference between the book value of the asset and the current value of the estimated future cash flows and recorded in the income statement under "Other operating costs". If the reasons for the previous write-downs cease to apply in subsequent periods, the value of the asset is reinstated up to the value that would have derived from the application of the amortised cost.

The adoption of the new IFRS 9 principle had no significant impact on the Group's financial statements.

INVENTORIES

Inventories are recorded at the lower between purchase or production cost and net realisable value, represented by the amount that the Group expects to obtain from their sale in the normal course of business, net of sale costs. The cost is determined using the FIFO method.

The cost of finished and semi-finished products includes design costs, raw materials, direct labour costs and other production costs (determined on the basis of normal operating capacity). The valuation of inventories does not include financial expense, which is charged to the income statement when incurred, as the timing conditions for capitalisation are not met.

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 and bank deposits available and other forms of short-term investment with an original maturity of three months or less.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets with a book value that will be recovered mainly through sale rather than through continuous use are classified as held for sale and reported separately from other assets in the statement of financial position. This condition is considered met when the sale is highly probable and the asset or group of assets being disposed of is available for immediate sale in its present condition.

Non-current assets held for sale are not subject to amortisation and are measured at the lower between their book value and fair value, minus sale costs.

A discontinued operating asset represents a part of the enterprise that has been disposed of or classified as held for sale and (i) represents an important business unit or geographical area of activity; (ii) is part of a coordinated plan to dispose of an important business unit or geographical area of activity; or (iii) is a subsidiary acquired solely for the purpose of being resold.

The results of discontinued operating assets are disclosed separately in the income statement, net of tax effects. The corresponding figures for the previous year, if any, are reclassified and disclosed separately in the income statement, net of tax effects, for comparative purposes.

FINANCIAL PAYABLES

Financial payables are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate method. Pursuant IFRS 9, they also include trade and other payables. Financial payables are classified as current liabilities, except for those maturing more than twelve months after the balance sheet date and those for which the Group has an unconditional right to defer payment for at least twelve months after the reference date.

Financial payables are recorded at the date of negotiation of the transaction and are removed from the financial statements when they are extinguished and when the Group has transferred all the risks and charges relating to the instrument.
The adoption of the new IFRS 9 principle had no significant impact on the Group's financial statements.

DERIVATIVE INSTRUMENTS

Derivatives are evaluated as securities held for trading and measured at fair value with a balancing entry in the income statement. They are classified under other current and non-current assets or liabilities.
Financial assets and liabilities with a balancing entry in the income statement are initially recognised and subsequently measured at fair value and the relative accessory costs are immediately expensed in the income statement. Profits and losses deriving from changes in the fair value of exchange rate derivatives are presented in the income statement under financial income and expense in the period in which they are recorded.

EMPLOYEE BENEFITS

Short-term benefits consist of wages, salaries, relative social security charges, payments in lieu of holidays and incentives in the form of bonuses payable in the twelve months following the balance sheet date. These benefits are recorded as components of payroll costs in the period in which the work is performed.
Defined-benefit plans, which also include severance indemnities due to employees pursuant to Article 2120 of the Italian Civil Code ("TFR"), include the amount of benefits payable to employees that can only be quantified after termination of employment, and are linked to one or more factors such as age, years of service and remuneration; consequently, the relative cost is recorded in the income statement on the basis of actuarial calculations. The liability recognised in the financial statements for defined benefit plans corresponds to the current value of the bond at the balance sheet date.

Obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The current value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in Euro, which takes into account the duration of the relative pension plan. Actuarial profits and losses arising from the abovementioned adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income.

As of 1 January 2007, the 2007 budget law and the relative implementation decrees introduced significant changes to the rules governing employee severance indemnities, including the possibility for employees to choose the destination of their accruing employee severance indemnities. In particular, new flows of severance indemnity may be allocated by the employee to selected pension schemes or kept within the company. In the case of allocation to external pension funds, the company is only required to pay a defined contribution to the fund chosen, and from that date the newly accrued amounts are considered defined contribution plans which are not subject to actuarial evaluation.

STOCK GRANT PLAN

In compliance with IFRS 2 - Share-based payments, the total amount of the current value of the stock grants at the assignment date is recognised entirely in the income statement under payroll costs, with a balancing entry recognised directly under shareholders' equity. If there is a "vesting period" in which certain conditions must be met (achievement of goals) for the assignees to become holders of the right, the cost of remuneration, determined on the basis of the current value of the shares at the assignment date, is recognised under payroll costs on a straight-line basis over the period between the assignment date and the vesting date, with a balancing entry recognised directly under shareholders' equity.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to hedge losses and specific expenses which definitely or probably exist but for which the amount or date of occurrence cannot be determined. The entry is recorded only when there is a current obligation, legal or implicit, for a future outflow of economic resources as a result of past events and it is probable that such outflow is necessary for the fulfilment of the obligation.

This amount represents the best estimate of the cost of extinguishing the obligation. The rate used to determine the current value of the liability reflects current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the dates of payment of the obligations can be reliably estimated, the provisions are measured at the current value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time and the specific risk associated with the obligation. The increase in the value of the provision, determined by changes in the cost of money over time, is recorded as interest expense.

The risks for which the occurrence of a liability is only a possibility are indicated in the specific section providing information on potential liabilities and no provision is made for them.

TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate method.

EARNINGS PER SHARE

(a) Earnings per share - basic
Basic earnings per share is calculated by dividing the Group's share of profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

(a) Earnings per share - diluted
Diluted earnings per share is calculated by dividing the Group's share of profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of shares in circulation is modified by assuming the exercise by all the assignees of rights that potentially have a diluting effect, while the Group's share of profit is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

TREASURY SHARES

Treasury shares are recorded as a reduction in shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sales are recorded as changes in shareholders' equity.

RECOGNITION OF REVENUES

Based on the five-step model introduced by IFRS 15, the Group recognizes revenues after identifying the contracts with its customers and the related performance obligations (transfer of goods and/or services), determining the transaction price, allocating it to each performance obbligation, as well as evaluating the way in which performance obligation are fulfilled (flulfillment at a point in time versus over time).

When the above requirements are met, the Group applies the recognition rules described below.
Revenues from the sale of products are recognized when the control connected with ownership of the goods is transferred to the buyer, or when the customer acquires the full capacity to decide on the use of the asset and to draw substantially all the benefits.
Revenues from the provision of services are recognized when they are carried out with reference of progress of work.
Revenues also include lease payments recognized on a straight-line basis over the duration of the contract.

Revenues are recognized at the fair value of the consideration received for the sale of products and services in the ordinary course of business of the Group. The revenue is recognized net of value added tax, expected returns, allowances, discounts and certain marketing activities implemented with the help of customers and whose value is a function of the revenues themselves.

The adoption of the new IFRS 15 principle had no significant impact on the Group's financial statements.

RECOGNITION OF COSTS

Costs are recognised when they relate to goods and services purchased or consumed during the year or by systematic allocation. Cash discounts on invoices defined with technology suppliers are deducted from the purchase cost as the commercial component is considered to be the predominant component.

TAXES

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

Deferred tax assets and liabilities are calculated on the basis of all the differences that emerge between the taxable amount of an asset or liability and its book value, with the exception of goodwill upon initial recognition and those relating to differences arising from investments in subsidiaries, when the timing of reversal of these differences is subject to Group control and it is probable that they will not occur within a reasonably foreseeable period of time. Deferred tax assets, including those relating to previous tax losses, not offset by deferred taxes, are recognised to the extent that it is probable that future taxable income will be available to enable their recovery. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the years in which the differences will be realised or extinguished.

Current, deferred tax assets and liabilities are recorded in the income statement under "Income taxes", with the exception of those relating to items recorded in the statement of comprehensive income other than net profit and those relating to items directly charged or credited to shareholders' equity. In the latter cases, deferred taxes are recorded in the statement of comprehensive income and directly under shareholders' equity. Deferred tax assets and liabilities are offset when they are applied by the same tax authority, there is a legal offsetting right and a settlement of the net balance is expected.
Other taxes not related to income, such as indirect taxes and duties, are included in the income statement under "Other operating costs".

2.4 Newly issued accounting standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Group at 1 May 2018.

- In June 2016, the IASB published a number of amendments to IFRS 2 - "Share-based payments", clarifying the criteria used to measure "cash-settled share-based payments" and the accounting of certain types of share-based payments. An exception to IFRS 2 is also introduced, requiring premiums for which the tax regulations envisage a withholding tax and therefore a subsequent payment to the tax authorities to be treated entirely as share-based payments.
- On 12 November 2009, the IASB published IFRS 9 - Financial Instruments, which was amended on 28 October 2010 and 24 July 2014. The standard, applicable retrospectively for financial years starting on or after 1 January 2018, represents the first part of a phased process aimed at fully replacing IAS 39 and introducing new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the financial statements. Particularly for financial assets, the new standard uses a single approach based on the way financial instruments are managed and on the

characteristics of the contractual cash flows of the financial assets themselves in order to determine their valuation criteria, replacing the different rules envisaged by IAS 39. For financial liabilities, on the other hand, the main change concerns the way in which changes in the fair value of a financial liability designated as a financial liability measured at fair value are recorded in the income statement, if they are due to changes in the creditworthiness of the liability itself. According to the new standard, these changes must be recognised in the other components of comprehensive income and will no longer be recorded in the income statement.

- The FASB issued IFRS 15 "Revenue from contracts with customers" on 28 May 2014. The new standard will be effective for years beginning on or after 1 January 2018. The standard replaces IAS 18 - "Revenues," 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, except for contracts that fall within the scope of IAS 17 - Leases, for insurance contracts and for financial instruments. It establishes a process consisting of five phases to define the timing and amount of the revenues to be recorded (identification of the contracts with the customer, identification of the performance obligations envisaged in the contract, determination of the transaction price, allocation of the transaction price, recognition of the revenues upon fulfilment of the performance obligation).
- IOn 12 April 2016, the IASB published some further amendments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some provisions and providing further simplifications, in order to reduce costs and complexity, for those who apply the new standard for the first time. The amendments apply for years beginning on or after 1 January 2018.
- In December 2016, the IASB published a number of amendments to IAS 40 - 'Investment Property', clarifying the requirements for making changes in classification to and from Investment Properties and specifying that these changes take place when there is an actual change in the destination of the asset in question, as duly documented.
- In December 2016, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). The provisions approved have amended: (i) IFRS 1, 'First-time adoption of IFRS', concerning the elimination of certain exemptions relating to IFRS 7, IAS 19 and IFRS 10 in the case of first-time adoption; (ii) IAS 28, 'Investments in associates and joint ventures', concerning the fair value measurement of associates or joint ventures.
- In December 2016, the IASB issued IFRIC 22 'Foreign currency transactions and advance consideration'. The document provides clarification in relation to the accounting of transactions or parts of transactions that have a price determined in foreign currency.

The adoption of the amendments introduced by these standards did not have a significant impact on the consolidated financial statements.

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

- On 13 January 2016, the IASB published the new IFRS 16 - Leases. This new standard will replace the current IAS 17. The main change concerns the recognition of leases by lessees who, under IAS 17, were required to make a distinction between financial leases (accounted for under an on-balance sheet treatment) and operating leases (recorded using the off balance sheet method). Under IFRS 16, operating leases will be classified in the same way as financial leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rents are recognised. The IASB has provided an optional exemption for certain low-value, short-term lease and rental contracts. This principle will be applicable from 1 January 2019 and by the Group from 1 May 2019.

The Group has carried out an in-depth analysis of all the lease and rental contracts in force as at 30 April 2019 in the light of the new accounting rules for leases envisaged by IFRS 16. The standard will mainly influence the recognition of the Group's operating leases and lease contracts.

The main impacts estimated on the Group's consolidated financial statements from 1 May 2019 are summarised below:

- Group statement of financial position: higher non-current assets due to the recognition of the "right to use leased assets" as a balancing entry to higher financial liabilities. It is estimated that an amount of Euro 12.8 million will be recognised as financial lease liabilities and intangible assets;
- Group income statement: other nature, quantification, qualification and classification of expenses which envisages the recording of the "Amortisation of the right to use the asset" and "Financial expenses", in place of the "Costs for use of third party assets - operating lease instalments", as per IAS 17, with a consequent positive impact on EBITDA estimated at Euro 4.3 million on an annual basis with the same scope of consolidation. The Group estimates that profit before tax will decrease by less than Euro 0.1 million in the year ended 30 April 2020 following the adoption of the new rules, on the basis of the contracts currently in force and with the same scope of consolidation;
- Group statement of cash flows: operating cash flows are expected to increase by approximately Euro 4.3 million while cash flows from financing activities will decrease by approximately Euro 4.3 million, as the repayment of the principal portion of the lease liabilities will be classified as cash flow from financing activities.

The Group will apply the standard from the date of compulsory adoption on 1 January 2019 and therefore from 1 May 2019.

- In October 2017, the IASB published an amendment to IFRS 9 "On prepayment features with negative compensation". The amendment confirms that when a financial liability recognised at amortised cost is modified without this leading to its de-recognition, the related gain or loss must be recognised immediately in the income statement. The gain or loss is measured as the difference between the previous cash flow and the cash flow restated to reflect the change. The amendment is effective from the year beginning 1 January 2019.
- In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved have amended: (i) IFRS 3 "Business Combinations"; (ii) IFRS 11 "Joint arrangements"; (iii) IAS 12 "Income Taxes"; (iv) IAS 23 "Borrowing costs" in relation to the accounting treatment of loans originally linked to the development of a business. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In October 2017, the IASB published an amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". The amendment clarifies the accounting treatment of investments in associates and joint ventures that are not evaluated using the equity method in accordance with IFRS 9. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In February 2018, the IASB published an amendment to IAS 19 "Employee benefits" that introduces changes essentially aimed at requiring the use of updated actuarial assumptions in the calculation of current service cost and net interest for the period following a change in an existing defined benefit plan. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In June 2017, the IASB published the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". The document provides guidance on how to reflect uncertainties in the tax treatment of a given phenomenon in the accounting for current and/or deferred income taxes. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.

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

- In May 2017 the IASB issued the new standard IFRS 17 - Insurance Contracts. The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2021.

- In October 2018, the IASB published a number of amendments to IAS 1 and IAS 8, clarifying the definition of "material information". The amendments are effective from 1 January 2020.
- In October 2018, the IASB published a number of amendments to IFRS 3 that amend the definition of "business" in the context of acquisitions of companies or groups of assets. The amendments are effective from 1 January 2020.

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

3 Financial Risk Management

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

MARKET RISK

The Group is exposed to market risks with regard to interest rates and exchange rates.

Interest Rate Risk

Exposure to interest rate risk mainly derives from the fact that Group companies carry out a commercial activity characterised by a negative financial requirement during certain periods of the year. This need is hedged through the sale of receivables, loans and credit lines at floating rates. The Group did not consider it appropriate to activate specific financial instruments to hedge interest rate risks, as, considering the current level of financial indebtedness and interest rates, these would, on the whole, be inconvenient compared to any benefits.

The amount of floating rate debt not hedged against the interest rate risk represents the main risk element due to the possible impact on the income statement as a result of an increase in market interest rates.
On the basis of an analysis of the Group's indebtedness, it should be noted that all long-term and short-term debts as at 30 April 2019 are at floating rates.

Exchange Rate Risk

The Group is active exclusively on the Italian market and its exposure to exchange rate risk is limited to a few minor purchases and sales of goods in US dollars. In order to reduce the exchange rate risk deriving from expected assets, liabilities and cash flows in foreign currencies, the Group uses forward contracts to hedge cash flows in currencies other than the Euro. The Group mainly establishes the exchange rates of the functional currencies of the Group companies (Euro) against the US dollar, as some purchases and sales of consumables and goods are denominated in US dollars. In fact, it is the Group's policy to hedge, where possible, commercial forecast flows in US dollars deriving from certain or highly probable contractual commitments. The maturity of existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the requirements necessary to be recorded in accordance with the rules of hedge accounting.

At 30 April 2019 there were 53 forward contracts in force, 8 of which had a negative fair value of Euro one thousand and 45 of which had a positive fair value of Euro 51 thousand.

CREDIT RISK

Credit risk essentially derives from receivables from customers for the sale of products and services. As regards credit risk relating to the management of financial and cash resources, deposited on a pro tempore basis with credit institutions, the Group has procedures in place to ensure that relations are maintained with high-profile and secure independent counterparties. As at 30 April 2019, almost all of the financial and cash resources are deposited with rated or investment grade counterparties.

To mitigate credit risk related to commercial counterparties, the Group has implemented procedures aimed at ensuring that sales of products are carried out with customers considered reliable on the basis of past experience and available information, as well as using risk hedging procedures using credit insurance and/or non-recourse factoring contracts. Furthermore, the Group constantly monitors its commercial exposure and ensures that receivables are collected in compliance with the contractual deadlines.

With reference to trade receivables, the most risky situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts. See note 22 for more details on the provision for bad debts.

The following table provides a breakdown of current trade receivables as at 30 April 2019 and 30 April 2018, grouped by due date, net of the portion of the provision for bad debts.

(Euro thousands)	**At 30 April 2019**	**At 30 April 2018**
Yet to mature	322,321	296,266
Expired by 0-90 days	31,635	25,334
Expired by 90-180 days	3,460	2,433
Expired by 180-360 days	3,774	1,612
Expired by over 360 days	3,123	3,115
Total	**364,314**	**328,760**

LIQUIDITY RISK

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

It should also be noted that:

- there are different sources of financing, with different banks;
- there are no significant concentrations of liquidity risk with regard to both financial assets and sourcing of funding.

The following tables show the expected cash flows in future years for financial liabilities at 30 April 2019 and 30 April 2018:

At 30 April 2019 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	164,346	59,095	105,251	
Short-term loans	22,571	22,571		
Advances received from factoring companies	2,856	2,856		
Financial lease liabilities	18,899	1110	4,658	13,131
Exchange rate derivatives				
Trade payables	326,009	326,009		
Other current and non-current payables	5,131	5,131		

At 30 April 2018 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	153,214	44,164	109,050	
Short-term loans	26,121	26,121		
Advances received from factoring companies	1,121	1,121		
Financial lease liabilities	15,420	1298	5,504	8,618
Interest rate derivatives				
Trade payables	295,706	295,706		
Other current and non-current payables	3,193	3,193		

CAPITAL RISK

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

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

With reference to the classification and measurement of financial assets, it should be noted that the financial assets held by the group are valued at:
- amortized cost in the case of financial assets relating to the "hold to collect" business model;
- fair value recognized in the other components of the comprehensive income statement in the case of financial assets relating to the "hold to collect and sell" business model.

A financial asset representing a debt instrument that is not valued at amortized cost or at the FVTOCI is valued at fair value with the effects being charged to the income statement.

The *fair value* of trade receivables and other financial assets, trade payables and other payables and other financial liabilities, recorded under "current" items of the consolidated statement of financial position measured using the amortised cost method, as these are mainly assets underlying commercial transactions the settlement of which is envisaged in the short term, does not differ from the book values of the financial statements at 30 April 2019 and 30 April 2018.

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

The following table provides a breakdown of financial assets and liabilities by category at 30 April 2019 and 30 April 2018:

At 30 April 2019 *(Euro thousands)*	Assets and liabilities at amortised cost	FVOCI assets;	Financial assets or liabilities at fair value through profit or loss	Derivative financial instruments	Total
Assets					
Current trade receivables	364,314				364,314
Other current and non-current assets	45,817		14,115	51	59,982
Cash and cash equivalents	249,074				249,074
Total assets	**659,205**		**14,115**	**50**	**673,370**
Liabilities					
Current and non-current loans	200,704		7968		208,672
Trade payables	326,009				326,009
Other current liabilities	75,897				75,897
Total liabilities	**602,610**		**7968**	**1**	**610,578**

At 30 April 2018 *(Euro thousands)*	Assets and liabilities at amortised cost	FVOCI assets;	Financial assets or liabilities at fair value through profit or loss	Derivative financial instruments	Total
Assets					
Current trade receivables	328,760				328,760
Other current and non-current assets	36,171		7,421	165	43,757
Cash and cash equivalents	247,194				247,194
Total assets	**612,125**		**7,421**	**165**	**619,711**
Liabilities					
Current and non-current loans	191,342		4,534		195,876
Trade payables	295,706				295,706
Other current liabilities	60,780				60,780
Total liabilities	**547,828**		**4,534**		**552,362**

FAIR VALUE MEASUREMENT

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

The fair value of financial instruments listed on an active market is based on the market prices on the closing date. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions linked to market conditions at the balance sheet date.

The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:
Level 1: Fair value determined by reference to quoted (unadjusted) prices on active markets for identical financial instruments;
Level 2: Fair value determined using valuation techniques with reference to variables observable on active markets;
Level 3: Fair value determined using valuation techniques with reference to variables that cannot be observed on active markets.

The table below shows the assets and liabilities that, at 30 April 2019, were measured and recorded at fair value, indicating the hierarchical level of their fair value:

(Euro thousands)	Level 1	Level 2	Level 3
Assets measured at fair value:			
Derivative financial instruments		51	
Assets available for sale			
Investments in other companies			14,115
Other Assets		15	
Total		**66**	**14,115**
Liabilities measured at Fair Value			
Derivative financial instruments		1	
Financial liabilities at fair value through profit or loss		5,762	
Other Liabilities		2,205	
Total		**7,968**	

Derivative financial instruments include forward currency transactions entered into by the Group to manage the exchange rate risk on certain supplies in currencies other than the Euro. The fair value of assets and liabilities was determined using the exchange rates in foreign currency observed at the date of preparation of the financial statements.

Derivative financial instruments include the fair value (MtM) of forward transactions in the Euro/Dollar category at 30 April 2019.

Non-current equity investments in other companies refer to companies that are not listed on an active market. These equity investments are evaluated at cost, net of any permanent impairments. The evaluation of these investments therefore represents the best approximation of the market value.

Financial liabilities at fair value and other liabilities include financial payables for contractual earn-outs and payables for put options issued on shares of companies over which the Group has already acquired control. The valuation was determined on the basis of the net expected value of the earn-out and exercise of the put options.

The following tables show the changes in Level 1, Level 2 and Level 3 during the year ended 30 April 2019:

(*Euro thousands*)	Level 1
Balance at 30.04.2018	-
Profits and (lossses) through profit or loss	
Increases/(Decreases)	
Balance at 30.04.2019	-
Total	-

(*Euro thousands*)	Level 2
Balance at 30.04.2018	**(2,707)**
Profits and (lossses) through profit or loss	(115)
Increases/(Decreases)	(5,080)
Balance at 30.04.2019	**(7,902)**
Total	**(7,902)**

(Euro thousands)	Level 3
Balance at 30.04.2018	**5,759**
Profits and (lossses) through profit or loss	(24)
Increases/(Decreases)	8,380
Balance at 30.04.2019	**14,115**
Total	**14,115**

4 Estimates and Assumptions

The preparation of the financial statements requires the application by the directors of accounting standards and methods that, in some circumstances, are based on difficult and subjective assessments and estimates based on historical experience and assumptions that are considered reasonable and realistic in relation to the relative circumstances. The application of these estimates and assumptions influences the amounts reported in the financial statements, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the notes provided. The final results of the financial statement items for which the above estimates and assumptions have been used may differ from those reported in financial statements that record the effects of the occurrence of the estimated event, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Here is a brief description of the areas that require greater subjectivity on the part of directors in making estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data.

(a) Reduction of value of assets

In compliance with the accounting standards applied by the Group, property, plant and equipment, intangible assets and investment properties are tested for impairment, which should be recognised through a write-down, when there are indications that it may be difficult to recover their net book value through use. Verification of the existence of the above indicators requires directors to make subjective assessments based on information available within the Group and on the market, as well as on historical experience. Moreover, if it is determined that a potential reduction in value may have been generated, the Group proceeds to determine said value using appropriate evaluation techniques. The correct identification of the elements that indicate the existence of a potential reduction in the value of property, plant and equipment, intangible assets and investment properties, as well as the estimates for their determination, depend on factors that may vary over time, influencing the evaluations and estimates made by the directors.

(b) Amortisation and Depreciation

The cost of tangible assets and intangible assets is amortised on a straight-line basis over the estimated useful life of the relative assets. The useful economic life of these assets is determined by the directors at the moment of purchase; it is based on historical experience for similar assets, market conditions and advances regarding future events that could have an impact on the useful life of the assets, including any changes in technology. Consequently, the actual economic life may differ from the estimated useful life.

(c) Provision for bad debts

The provision for bad debts reflects the estimated losses on the Group's portfolio of receivables. Provisions have been made for losses expected on receivables, estimated on the basis of past experience with reference to receivables with similar credit risk, current and historical outstanding amounts, as well as the careful monitoring of the quality of the receivables portfolio and the current and expected conditions of the economy and the reference markets. Estimates and assumptions are reviewed on a regular basis and the effects of each change are reflected in the income statement in the year to which they refer.

(d) Inventory obsolescence provision

The Group uses the inventory obsolescence provision to hedge probable losses in the value of inventories. The determination of these provisions involves the assumption of estimates based on current knowledge of factors that may change over time, thus generating final results that may differ significantly from those taken into account in the preparation of this report.

(e) Employee benefits

The current value of the pension funds recorded in the consolidated financial statements depends on an independent actuarial calculation and on the various assumptions taken into consideration. Any changes in assumptions and in the discount rate used are promptly reflected in the calculation of the current value and could have a significant impact on the data in the financial statements. The assumptions used for the actuarial calculation are reviewed annually.

The current value is determined by discounting 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 liquidated and which takes into account the duration of the relative pension plan. For further information, see notes 26 Employee benefits and 10 Payroll costs.

5 Business combinations

Details of the most significant business combinations carried out during the year are presented below: the purchase of the ERP Panthera branch by Panthera Srl and the acquisition of control of PBU CAD-Systeme GmbH, both in the SSI sector.

Following the binding agreement signed in March 2018 with Irideos Srl (formerly Infracom SpA), on 7 May 2019, Panthera Srl, a subsidiary of Sirio Informatica e Sistemi Srl, completed the purchase of the branch, which includes 50 specialised human resources, the ownership of the Panthera ERP software and a client database of more than 800 companies belonging to the SME and Enterprise segments operating in the main Italian manufacturing districts. The business branch develops annual revenues for about Euro 6.5 million and an expected Ebitda of Euro 850 thousand. The purchase of the branch was completed on 7 May 2018 through Sirio informatica e sistemi SpA of Milan, a subsidiary of Var Group SpA. The price was determined on the basis of an EV/EBITDA multiplier expected for the business branch in line with those applied in the recent purchases of the Sesa Group and was paid partly in cash on the date on which the notarial deed was signed, and partly in instalments over a period of up to 24 months, depending on the performance of the commercial partnership between Irideos and Var Group for the supply of telecommunications services. Panthera Srl has been included in the scope of consolidation of the Sesa Group since May 2018 with the consequent recognition of the total amount of Euro 5.4 million (before taxes) of which Euro 1.3 million allocated to software, Euro 1.3 million allocated to the client list and Euro 2.7 million to know-how.

In January 2019, Var Group SpA, through its subsidiary Tech Value Srl, acquired 60% of PBU CAD-Systeme Gmbh ("PBU"), a company with over 20 years' experience in the design services and solutions segment of PLM (Product Lifecycle Management, Process Transformation) and Digital & Virtual Manufacturing for manufacturing companies. PBU is based in Aichach (Bavaria) and has branches in Filderstadt (Stuttgart) and Moers (Düsseldorf), with qualified staff of about 40 technical resources and a historic partnership with Siemens Industry Software, having developed a customer set of more than 600 German intensive engineering manufacturing companies, with a strong focus on digital transformation.
The operation involved the payment of 60% of the price of PBU, equating to Euro 3.84 million, already paid at the time of the sale, as well as an Earn Out of up to Euro 960 thousand on the basis of the continuity of operations and income in 2018-2021. The involvement of the founding partners in the guidance and growth

of PBU for the period following the operation is envisaged, with the right to exercise a put option for the sale of the remaining 40% of PBU in two possible time windows (January 2022 or January 2025), with liquidation mechanisms on a three-year basis after the exercise of the option and incentives linked to the continuity of profitability and the development of the business. PBU has been included in the scope of consolidation of the Sesa Group since February 2019 with the consequent recognition of the total amount of Euro 6.5 million (before taxes) of which Euro 1.6 million allocated to the client list and Euro 4.9 million to know-how.

In compliance with IFRS 3, the fair values of assets, liabilities and contingent liabilities were determined at 30 April 2019.

The following table provides details of the fair values of the assets and liabilities acquired for all the companies included in the scope of consolidation at 30 April 2019:

(Euro thousands)	Panthera SpA	PBU Cad-Systeme GmbH	Var Engineering Srl	Collaboration Value Srl	Evotre Srl	Total
Intangible assets	5,564	6,545	264		2,800	15,173
Property, plant and equipment	3	49	21		547	620
Other current and non-current assets	243	811	867	103	2,019	4,043
Inventory			160		5	165
Trade receivables	2,158	362	185	100	3,160	5,965
Cash and cash equivalents		3,022	24	10	1,660	4,716
Assets purchased	**7,968**	**10,789**	**1,521**	**213**	**10,191**	**30,682**
Non-current loans	600				400	1,000
Employee benefits	616		263			879
Current loans	600				136	736
Deferred tax liabilities		1,890			273	2,163
Trade payables		1,065	502	25	2,482	4,074
Other liabilities	2,511	2,740	704	7	4,465	10,427
Liabilities purchased	**4,327**	**5,695**	**1,469**	**32**	**7,756**	**19,279**
Minority interests		(196)	(13)	(121)	(775)	(1,105)
Net assets purchased	**3,641**	**4,898**	**39**	**60**	**1,660**	**10,298**

The price paid for the purshases made during the year is shown below:

(Euro thousands)	Panthera SpA	PBU Cad-Systeme GmbH	Var Engineering Srl	Collaboration Value Srl	Evotre Srl	Total
Price	3,641	4,898	39	60	1,660	10,298
Cash and cash equivalents acquired		(3,022)	(24)	(10)	(1,660)	(4,716)
Price paid	**3,641**	**1,876**	**15**	**50**	**-**	**5,582**

6 Sector Disclosures

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

- Value Added Distribution, including VAD through the subsidiary Computer Gross Italia SpA, of value-added IT products and solutions in the server, storage, software and networking categories to operators in the enterprise and small medium enterprise segments. The Group's integrated offering of Value Added Distribution with software houses and technology integrators for the creation of complex technological solutions, is aimed at end users of the products distributed.
- Software and System Integration (SSI), which includes the offer of software, technologies, services and consulting, through the subsidiary Var Group SpA, aimed at training and supporting the end user companies of IT. The Group supplies design, consulting, development and installation services for software and complex technology, technical assistance before and after sales and strategic outsourcing.
- Corporate, which includes the services of administrative and financial management, organisation, planning and auditing, management of information systems, human resources, general, corporate and legal affairs of the main companies in the group, carried out by the parent company Sesa SpA, and the performance of logistics services (storage, assembly, customisation and handling of products), through Ict Logistica Srl.

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

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

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

As Ebitda is not identified as an accounting measure by the IFRS (Non-GAAP Measures), its quantitative determination might not be unequivocal. Ebitda is a measure used by management to monitor and evaluate the operating performance of Group companies.
The criterion for determining the Ebitda reported above and applied by the Group may not be consistent with that adopted by other companies or groups, so its value may not be comparable with that determined by them.

The table below shows information about results of operations by operating sector for the fiscal years ended 30 April 2019 and 30 April 2018.

(in thousands of euros)	FY ended 30 April 2019					FY ended 30 April 2018				
	Value Added Distribution	Software and System Integration	Corporate	Eliminations		Value Added Distribution	Software and System Integration	Corporate	Eliminations	
Revenues from third parties	**1,204,342**	**333,566**	**1,946**		**1,539,854**	**1,069,553**	**279,666**	**1,681**		**1,350,900**
Inter segment revenues	90,942	2,649	12,870		106,461	77,762	2,639	12,019		92,420
Revenues	**1,295,284**	**336,215**	**14,816**	**(106,461)**	**1,539,854**	**1,147,315**	**282,305**	**13,700**	**(92,420)**	**1,350,900**
Other income	6,010	6,581	2,323	(4,163)	10,751	6,556	7,086	2,501	(4,008)	12,135
Total Revenues and other income	**1,301,294**	**342,796**	**17,139**	**(110,624)**	**1,550,605**	**1,153,871**	**289,391**	**16,201**	**(96,428)**	**1,363,035**
Consumables and goods for resale	(1,206,257)	(134,344)	(206)	81,853	(1,258,954)	(1,066,272)	(117,673)	(396)	69,948	(1,114,393)
Costs for services and rent, leasing and similar costs	(30,001)	(107,191)	(8,633)	28,532	(117,293)	(30,102)	(91,145)	(7,973)	26,400	(102,820)
Personnel costs	(15,865)	(74,034)	(6,419)		(96,318)	(14,649)	(58,656)	(5,748)		(79,053)
Other operating costs	(2,603)	(983)	(222)	114	(3,694)	(2,283)	(1,256)	(208)	99	(3,648)
Ebitda	**46,568**	**26,244**	**1,659**	**(125)**	**74,346**	**40,565**	**20,661**	**1,876**	**19**	**63,121**
Amortisation, depreciation and write-downs and other non-monetary costs	(9,495)	(10,862)	(1,271)	-	(21,628)	(7,752)	(7,491)	(1,588)	-	(16,831)
Ebit	**37,073**	**15,382**	**388**	**(125)**	**52,718**	**32,813**	**13,170**	**288**	**19**	**46,290**
Net financial income and charges	(3,206)	(1,144)	(50)	-	(4,400)	(1,544)	(1,753)	38	-	(3,259)
Profit before taxes	**33,867**	**14,238**	**338**	**(125)**	**48,318**	**31,269**	**11,417**	**326**	**19**	**43,031**
Income taxes	(10,013)	(4,622)	(316)	(5)	(14,956)	(8,748)	(3,787)	(308)	(5)	(12,848)
Profit for the year	**23,854**	**9,616**	**22**	**(130)**	**33,362**	**22,521**	**7,630**	**18**	**14**	**30,183**
Net profit attributable to non-controlling interests	264	3,827	-	(13)	4,078	36	3,274	-	12	3,322
Net profit attributable to the Group	**23,590**	**5,789**	**22**	**(117)**	**29,284**	**22,485**	**4,356**	**18**	**2**	**26,861**

The table below shows the financial information by operating sector for the fiscal years ended 30 April 2019 and 30 April 2018.

(in thousands of euros)	FY ended 30 April 2019 Value Added Distribution	 Software and System Integration	 Corporate	 Eliminations		FY ended 30 April 2018 Value Added Distribution	 Software and System Integration	 Corporate	 Eliminations	
Intangible assets	3,251	50,640	110		54,001	3,388	35,627	68		39,083
Property, plant and equipment	39,391	17,738	642		57,771	41,034	13,661	526		55,221
Investment property			290		290			290		290
Equity investments valued at equity	7,388	2,072	818	(248)	10,030	5,923	2,602	901	(247)	9,179
Deferred tax assets	4,055	3,454	392	(67)	7,834	3,510	2,698	392	(68)	6,532
Other non-current receivables and assets	7,859	9,507	76,725	(74,861)	19,230	4,427	6,079	68,269	(68,333)	10,442
TOTAL NON-CURRENT ASSETS	**61,944**	**83,411**	**78,977**	**(75,176)**	**149,156**	**58,282**	**60,667**	**70,446**	**(68,648)**	**120,747**
Inventories	66,053	16,294		(303)	82,044	57,380	10,497		(125)	67,752
Current trade receivables	282,069	108,709	7,890	(34,354)	364,314	269,031	93,228	12,038	(45,537)	328,760
Current tax receivables	188	3,774	89		4,051	3,705	3,449	298		7,452
Other current receivables and assets	14,356	26,069	851	(524)	40,752	11,339	22,590	819	(1,433)	33,315
Cash and cash equivalents	179,812	60,704	8,558		249,074	164,818	72,888	9,488		247,194
TOTAL CURRENT ASSETS	**542,478**	**215,550**	**17,388**	**(35,181)**	**740,235**	**506,273**	**202,652**	**22,643**	**(47,095)**	**684,473**
Non-current assets held for sale										
TOTAL ASSETS	**604,422**	**298,961**	**96,365**	**(110,357)**	**889,391**	**564,555**	**263,319**	**93,089**	**(115,743)**	**805,220**
Share capital	40,000	3,800	37,126	(43,799)	37,127	40,000	3,800	37,126	(43,799)	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	144,902	8,855	15,848	(20,591)	149,014	131,254	8,515	15,619	(20,704)	134,684
TOTAL GROUP EQUITY	**184,902**	**16,706**	**86,118**	**(68,441)**	**219,285**	**171,254**	**16,366**	**85,889**	**(68,554)**	**204,955**
Equity attributable to non-controlling interests	1,667	11,787		(117)	13,337	869	10,000		177	11,046
TOTAL EQUITY	**186,569**	**28,493**	**86,118**	**(68,558)**	**232,622**	**172,123**	**26,366**	**85,889**	**(68,377)**	**216,001**
Non-current loans	76,549	52,991		(6,500)	123,040	77,401	45,771			123,172
Employee benefits	1,800	20,608	1,924		24,332	1,828	17,109	1,558		20,495
Non-current provisions	3,531	1,064			4,595	1,878	958			2,836
Deferred tax liabilities	2,649	10,793	(6)	(239)	13,197	2,406	9,155	17	(239)	11,339
TOTAL NON-CURRENT LIABILITIES	**84,529**	**85,456**	**1,918**	**(6,739)**	**165,164**	**83,513**	**72,993**	**1,575**	**(239)**	**157,842**
Current loans	48,972	36,660			85,632	37,303	35,401			72,704
Payables to suppliers	272,632	83,795	4,388	(34,806)	326,009	257,030	82,610	3,104	(47,038)	295,706
Current tax payables	463	2,989	605	10	4,067	177	1,990	10	10	2,187
Other current liabilities	11,257	61,568	3,336	(264)	75,897	14,409	43,959	2,511	(99)	60,780
TOTAL CURRENT LIABILITIES	**333,324**	**185,012**	**8,329**	**(35,060)**	**491,605**	**308,919**	**163,960**	**5,625**	**(47,127)**	**431,377**
TOTAL LIABILITIES	**417,853**	**270,468**	**10,247**	**(41,799)**	**656,769**	**392,432**	**236,953**	**7,200**	**(47,366)**	**589,219**
TOTAL EQUITY AND LIABILITIES	**604,422**	**298,961**	**96,365**	**(110,357)**	**889,391**	**564,555**	**263,319**	**93,089**	**(115,743)**	**805,220**

Group revenues are mainly generated in Italy. Sales generated abroad by subsidiaries Computer Gross Italia SpA, Var Group and PBU CAD-Systeme Gmbh amount to Euro 22,841 thousand. The revenues item is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2019**	**2018**
Sale of solutions, software and accessories	1,351,131	1,193,892
Development of software and other services	97,481	71,729
Hardware and software assistance	74,089	70,233
Marketing activities	9,264	7,966
Other sales	7,889	7,080
Total	**1,539,854**	**1,350,900**

Group revenues of Euro 1,539,854 thousand as at 30 April 2019 recorded an increase of 14.0% compared to the previous year, favoured by sales of IT solutions and software, up 13.2% compared to 30 April 2018, and services both in the IT design area (developments, consultancy and other services) and in the infrastructure area (assistance, cloud computing, etc.) which increased by 35.9% during the year compared to 30 April 2018.

7 Other Income

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2019**	**2018**
Transport activities	1,092	1,151
Capital gains on disposals	49	36
Commissions	1,585	1351
Leases and rents	261	287
Training courses	65	148
Other income	7,699	9,162
Total	**10,751**	**12,135**

The Other income item refers mainly to the recovery of transport costs.

8 Consumables and goods for resale

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2019**	**2018**
Purchase of hardware	864,940	715,466
Purchase of software	391,357	396,910
Consumables and other purchases	2,657	2,017
Total	**1,258,954**	**1,114,393**

Cash discounts granted by suppliers are reclassified as a reduction in the purchase cost of goods because, as is already the practice in the distribution sector, the commercial component is considered as prevailing.

9 Costs for Services and rent, leasing and similar costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2019**	**2018**
Technical assistance for hardware and software maintenance	42,367	37,294
Consulting activities	26,160	24,609
Agents' commisions and contributions	9,343	8,805
Rentals and hires	8,227	9,080
Marketing	5,461	4,488
Transport	3,758	3,722
Insurance policies	1,970	1,756
Utilities	2,164	1,889
Logistics and warehouse storage	2,102	1,516
Support and training expenses	1345	1,037
Maintenance	3,948	3,343
Other service expenses	11,508	6,674
Total	**118,353**	**104,213**

The growth of the cost components relating to hardware assistance and maintenance, as well as consulting, are attributable to the growth of the Business Units Managed Services, Digital Security, ERP & Industry Solutions, Digital Solutions of the SSI Sector.

10 Personnel costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2019	2018
Wages and salaries	66,059	54,376
Social security payments	18,507	14,901
Contributions to defined contribution pension funds	4,163	3,591
Contributions to pension funds for defined benefits	69	27
Reimbursements and other personnel costs	7,520	6,158
Total	**96,318**	**79,053**

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

	Average number of employees for the year ended April 30		Number of employees at 30 April	
(In units)	2019	2018	2019	2018
Executives	19	17	20	18
Managers	146	111	170	122
White collars	1,606	1,407	1,710	1,502
Total	**1,771**	**1,535**	**1,900**	**1,642**

11 Other Operating Costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2019	2018
Accrual to the bad debt provision (net of recoveries)	6,572	5,756
Expenses and commissions for the assignment of receivables without recourse	1,748	1,210
Duties and taxes	709	629
Capital losses on disposals	25	35
Losses on receivables	46	335
Provisions for risks and charges	2,302	698
Other operating costs	1,166	1,439
Total	**12,568**	**10,102**

12 Amortisation and Depreciation

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	2019	2018
Intangible assets	4,660	3,547
Tangible assets	7,034	5,437
Total	**11,694**	**8,984**

13 Profit from companies valued at equity

A breakdown of the changes in the value of investments in associated companies measured using the equity method in the years ended 30 April 2019 and 30 April 2018 is provided below:

	Year ended 30 April	
(Euro thousands)	2019	2018
Opening balance	**9,179**	**8,835**
Acquisitions and capital increases	1,407	563
Sales and liquidations	(1,293)	(18)
Dividends received	(202)	(249)
Profit/(loss) of companies evaluated using the equity method	823	376
Reclassifications	116	(328)
Closing balance	**10,030**	**9,179**

Acquisitions include the increase in the investment in Attiva SpA (from 20% to 22%), Kolme Srl (purchase of 20%) and Innorg Srl (purchase of 50%). The decreases in this item include the sale of the 25% investment in Zucchetti Informatica SpA for Euro 1,153 thousand.

The following table shows the share of the results of the main associated companies and the aggregate value of their assets, liabilities and revenues:

(Euro thousands)	Total assets	Total liabilities	Revenues	Profit (loss) for the year	% held
30 April 2019					
ATTIVA SPA	78,631	50,404	361,291	3,769	21.9%
M.K. ITALIA S.r.l.	1,572	1,134	5,903	106	45.0%
STUDIO 81 DATA SYSTEM SRL	1,608	1,370	2,943	31	50.0%
KOLME Srl	8,110	7,272	36,828	158	20.0%
WEBGATE SRL	715	10	610	135	30.0%

14 Financial income and charges

The item in question is detailed as follows:

(Euro thousands)	Period ended 30 April 2019	2018
Interest expense on sales of receivables	1,159	934
Expenses and commissions for sales of receivables with recourse	247	499
Bank and loan interest expense	334	287
Other interest payable	1,444	1,314
Commissions and other financial expense	2,622	2,282
Financial charges for staff severance pay	309	228
Total financial expense	**6,115**	**5,544**
Interest income on other short-term receivables	625	510
Other financial income.	362	806
Bank interest income	25	33
Dividends from shareholdings	20	1
Total financial income	**1,032**	**1,350**
Total financial income and charges (a)	**(5,083)**	**(4,194)**
Losses on exchanges	(2,425)	(3,699)
Gains on exchanges	2,285	4,258
Total exchange gains and losses (b)	**(140)**	**559**
Net financial expense (a+b)	**(5,223)**	**(3,635)**

Net financial charges present a net negative balance of Euro 5,223 thousand at 30 April 2019, an increase compared to a negative balance of Euro 3,635 thousand at 30 April 2018, mainly due to exchange gains and losses (net balance of exchange losses and gains), which goes from a positive balance of Euro 559 thousand at 30 April 2018 to a negative balance of Euro 140 thousand at 30 April 2019. Financial management, which presents a net negative balance of Euro 5,083 thousand at 30 April 2019, an increase compared to the net negative balance of Euro 4,194 thousand, is affected, among other things, by lower financial income, which, in the previous year, included capital gains on the sale of non-recurring minority interests.

15 Income Taxes

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2019	2018
Current taxes	16,092	13,738
Deferred tax liabilities	(1,136)	(890)
Taxes relating to previous years		
Total	**14,956**	**12,848**

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended 30 April 2019 and 30 April 2018.

	Year ended 30 April	
(Euro thousands)	**2019**	**2018**
Result before taxes	**48,318**	**43,031**
Theoretical taxes	11,596	10,327
Taxes relating to previous years	92	52
Subsidised taxation on dividends	125	120
Permanent differences	908	270
IRAP (regional tax on production), including other changes	2,235	2,079
Actual tax charge	**14,956**	**12,848**

16 Intangible Assets

The item in question and relative changes are detailed as follows:

(Euro thousands)	**Client list**	**Software and other intangible assets**	**Technological know-how**	**Total**
Balance at 30 April 2018	**10,823**	**3,070**	**25,190**	**39,083**
Of which:				
- historical cost	*16,163*	*9,920*	*26,898*	***52,981***
- accumulated amortisation	*(5,340)*	*(6,850)*	*(1,708)*	***(13,898)***
Variation in the scope of consolidation	4,136	3,548	7,489	**15,173**
Investments	1,492	1,599	1,779	**4,870**
Disinvestments		(465)		**(465)**
Amortisation	(1,388)	(1,644)	(1,628)	**(4,660)**
Balance at 30 April 2019	**15,063**	**6,108**	**32,830**	**54,001**
Of which:				
- historical cost	*21,791*	*36,166*	*14,602*	***72,559***
- accumulated amortisation	*(6,728)*	*(8,494)*	*(3,336)*	***(18,558)***

The balance of intangible fixed assets as at 30 April 2019 consists mainly of client lists and technological know-how which increased during the year mainly following the entry into the scope of consolidation of the companies Panthera Srl, PBU CAD-Systeme GmbH, Var Engineering Srl and Evotre Srl. No imparment indicators were identified at 30 April 2019.

17 Property, plant and equipment

The item in question and relative changes are detailed as follows:

(Euro thousands)	Land	Buildings	Office equipment	Leasehold Improvements	Other tangible assets	Total
Balance at 30 April 2017	**7,950**	**25,911**	**5,776**	**3,320**	**6,779**	**49,736**
Of which:						
- 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		263	6,413	1,458	1,873	**10,007**
Disinvestments		(197)	(268)		(38)	**(503)**
Change in the scope of consolidation			1,316		102	**1,418**
Depreciation		(921)	(2,466)	(811)	(1,239)	**(5,437)**
Other changes						
Balance at 30 April 2018	**7,950**	**25,056**	**10,771**	**3,967**	**7,477**	**55,221**
Of which:						
- historical cost	*7,950*	*28,353*	*24,937*	*7,082*	*14,061*	*82,383*
- accumulated depreciation		*(3,297)*	*(14,166)*	*(3,115)*	*(6,584)*	*(27,162)*
Investments	667		7,655	321	558	**9,201**
Disinvestments		(174)	(17)	(20)	(26)	**(237)**
Change in the scope of consolidation	81	335	80		124	**620**
Depreciation		(888)	(3,876)	(960)	(1,310)	**(7,034)**
Other changes						
Balance at 30 April 2019	**8,698**	**24,329**	**14,613**	**3,308**	**6,823**	**57,771**
Of which:						
- historical cost	*8,698*	*28,514*	*32,655*	*7,383*	*14,717*	*91,967*
- accumulated depreciation		*(4,185)*	*(18,042)*	*(4,075)*	*(7,894)*	*(34,196)*

Investments in the purchase of office equipment recorded during the year refer mainly to investments in technology for the provision of IT services and solutions by Var Group SpA to customers, as well as the servers and storage needed to increase the cloud computing services of the cloud company Leonet Srl.

18 Investment Property

The item in question and relative changes are detailed as follows:

(Euro thousands)	Land	Buildings	Total
Balance at 30 April 2017	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Depreciation			
Disinvestments			
Balance at 30 April 2018	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Investments			
Disinvestments			
Depreciation			
Balance at 30 April 2019	**281**	**9**	**290**

19 Deferred Tax Assets and Liabilities

The expected maturity of receivables for deferred tax assets and liabilities can be broken down as follows:

	At 30 April	
(Euro thousands)	2019	2018
Receivables for deferred tax assets within 12 months	7,235	5,974
Receivables for deferred tax assets after 12 months	599	558
Total receivables for deferred tax assets	**7,834**	**6,532**
Deferred tax liabilities within 12 months		
Deferred tax liabilities after 12 months	13,197	11,339
Total deferred tax liabilities	**13,197**	**11,339**

Net changes in these items are detailed as follows:

	At 30 April	
(Euro thousands)	2019	2018
Opening balance	**(4,807)**	**(1,163)**
Of which:		
- receivables for deferred tax assets	6,532	*5,548*
- deferred tax liabilities	11,339	6,711
Variation in the scope of consolidation	(2,077)	(4,602)
Impact on income statement	1,136	890
Impact on statement of comprehensive income	385	68
Closing balance	**(5,363)**	**(4,807)**
Of which:		
- receivables for deferred tax assets	7,834	*6,532*
- deferred tax liabilities	13,197	*11,339*

Changes in receivables for deferred tax assets can be broken down as follows:

Receivables for deferred tax assets *(Euro thousands)*	**Differences in value of tangible and intangible assets**	**Provisions for risks and charges and other provisions**	**Employee benefits**	**Other entries**	**Total**
Balance at 30 April 2017	**2,325**	**3,007**	**198**	**18**	**5,548**
Variation in the scope of consolidation		179			**179**
Impact on income statement	(44)	507		342	**805**
Impact on statement of comprehensive income					
Balance at 30 April 2018	**2,281**	**3,693**	**198**	**360**	**6,532**
Variation in the scope of consolidation	290	149			439
Impact on income statement	85	869		(91)	863
Impact on statement of comprehensive income					
Balance at 30 April 2019	**2,656**	**4,711**	**198**	**269**	**7,834**

Changes in liabilities for deferred taxes can be broken down as follows:

Deferred tax liabilities *(Euro thousands)*	**Differences in value of tangible and intangible assets**	**Employee benefits**	**Other entries**	**Total**
Balance at 30 April 2017	**6,538**	**(282)**	**455**	**6,711**
Change in the scope of consolidation	4,731	50		**4,781**
Impact on income statement	(148)	27	36	**(85)**
Impact on statement of comprehensive income		(68)		**(68)**
Balance at 30 April 2018	**11,121**	**(273)**	**491**	**11,339**
Change in the scope of consolidation	2,163		353	2,516
Impact on income statement	(633)	75	285	(273)
Impact on statement of comprehensive income		(385)		(385)
Balance at 30 April 2019	12,651	**(583)**	1,129	13,197

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, as well as to intangible assets deducted from shareholders' equity upon transition to IFRS.
Liabilities for deferred taxes relate mainly 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

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2019**	**2018**
Non-current receivables from others	4,487	3,745
Non-current investments in other companies	14,115	5,759
Non-current securities	16	16
Other non-current tax receivables	612	912
Non-current receivables from associated companies		10
Total other non-current receivables and assets	**19,230**	**10,442**
Current receivables from others	15,695	14,462
Other current tax receivables	7,400	3,734
Accrued income and prepaid expenses	16,969	11,687
Derivative assets		165
Other current securities	688	3,267
Current receivables from non-consolidated group companies		
Total other current receivables and assets	**40,752**	**33,315**

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

Non-current equity investments in other companies refer to companies that are not listed on an active market. These equity investments are evaluated at cost, net of any impairments. Their value is therefore the best approximation to the fair value. These include the investments in DV Holding SpA and Cabel Holding SpA.

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

	At 30 April	
(Euro thousands)	**2019**	**2018**
Opening balance	**5,759**	**4,155**
Acquisitions and revaluations	5,268	4,288
Sales, write-downs and impairment	(542)	(2,211)
Reclassifications	3,630	(473)
Closing balance	**14,115**	**5,759**

In the year ended 30 April 2019, increases in other investments included the acquisition of an interest in DV Holding SpA of about 6% of the share capital for a total of Euro 4 million.

21 Inventories

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	2019	2018
Finished products and goods for resale	81,174	65,243
Work in progress and semi-finished products	870	2,509
Total	**82,044**	**67,752**

Finished products and goods are shown net of the provision for obsolescence, changes in which are shown in the following table.

(Euro thousands)	Provision for obsolescence of finished products and goods
Balance at 30 April 2018	**1,246**
Net change	485
Balance at 30 April 2019	**1,731**

22 Current Trade Receivables

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	2019	2018
Trade receivables (*)	377,757	339,767
Provision for doubtful trade receivables	(15,353)	(13,402)
Trade receivables net of the provision for bad debts	**362,404**	**326,365**
Receivables from associates	1,910	2,395
Total current trade receivables	**364,314**	**328,760**

(*) For the purposes of better representation, trade receivables are recorded net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors which, at 30 April 2019, amounted to Euro 29,115 thousand, compared to Euro 31,553 thousand at 30 April 2018. These positions are fully written down through the recognition of a specific provision.

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

(Euro thousands)	Provision for bad debts
Balance at 30 April 2017	**12,381**
Accrual to provision	6,858
Use and other changes	(6,080)
Change in the scope of consolidation	243

Balance at 30 April 2018	**13,402**
Accrual to provision	6,933
Use and other changes	(5,055)
Change in the scope of consolidation	73
Balance at 30 April 2019	**15,353**

23 Cash and Cash Equivalents

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	2019	2018
Bank and post office deposits	248,606	247,137
Cheques	425	17
Cash	43	40
Total cash and cash equivalents	**249,074**	**247,194**

The following table shows the Group's cash and cash equivalents by currency at 30 April 2019 and 30 April 2018:

	At 30 April	
(Euro thousands)	2019	2018
Cash and cash equivalents in euro	246,330	246,961
Cash and cash equivalents in foreign currency	2,744	233
Total cash and cash equivalents	**249,074**	**247,194**

24 Equity

Share capital

At 30 April 2019, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 37,127 thousand and consisted of 15,494,590 ordinary shares, all with no nominal value. The Company has no Warrants or shares other than ordinary shares.

At 30 April 2019, 65,742 treasury shares were held, for a total value of Euro 1,639 thousand.

The table below provides details of changes in shares in circulation and treasury shares during the year:

	Number of shares
Situation at 30 April 2018	
Shares issued	15,494,590
Treasury shares in portfolio	38,712
Shares in circulation	15,455,878
Changes during the year	
Assignment of shares in execution of the Stock Grant Plan	42,000

Purchase of treasury shares	69,030
Situation at 30 April 2019	
Shares issued	15,494,590
Treasury shares in portfolio	65,742
Shares in circulation	15,428,848

The shareholders who, at 30 April 2019, hold a significant investment in the Issuer's share capital with voting rights are the following:

Declarant	Direct shareholder	Number of shares with voting rights held	% of total share capital with voting rights
HSE S.p.A.	ITH S.p.A.	8,183,323	52.814%
Anima Sgr S.p.A.	Anima Sgr S.p.A.	776,446	5.011%

There are no other shareholders, other than those mentioned above, with a significant investment (more than 5%) that have communicated to Consob and Sesa SpA pursuant to art. 117 of Consob Regulation no. 11971/99 on notification requirements for significant investments.

Other reserves

The "Other reserves" and "Minority actuarial profit (loss) reserve" items can be broken down as follows:

(Euro thousands)	Legal reserve	Treasury shares	Group actuarial profit (loss) reserve	Miscellaneous reserves	Total Other reserves	Minority actuarial profit (loss) reserve
At 30 April 2017	**1,439**	**(867)**	**(1,265)**	**7,280**	**6,587**	**(306)**
Actuarial profit(loss) for employee benefits - gross			(173)		(173)	(112)
Actuarial profit(loss) for employee benefits - tax effect			41		41	27
		(1,189)			(1,189)	
Sale of treasury shares						
Distribution of dividends				(299)	(299)	
Assignment of Stock Grants		1,097		(726)	371	
Vesting of Stock Grant plans				1,022	1,022	
Allocation of profit for the year	440				440	
Change in the scope of consolidation and other changes				(5,077)	(5,077)	
At 30 April 2018	**1,879**	**(959)**	**(1,397)**	**2,200**	**1,723**	**(391)**
Actuarial profit(loss) for employee benefits - gross			(951)		(951)	(655)
Actuarial profit(loss) for employee benefits - tax effect			228		228	157
Purchase of treasury shares		(1,739)			(1,739)	
Sale of treasury shares						
Distribution of dividends				(544)	(544)	
Assignment of Stock Grants		1,059		(1,022)	37	
Vesting of Stock Grant plans				1,022	1,022	
Allocation of profit for the year	461				460	
Change in the scope of consolidation and other changes				(5,876)	(5,876)	
At 30 April 2019	**2,340**	**(1,639)**	**(2,120)**	**(4,220)**	**(5,639)**	**(889)**

The "Changes in the scope of consolidation and other changes" item includes the effects of the purchase of a further 24% of Sailing Srl, a company in which a 51% stake was previously held.

Dividends

On 26 September 2018, a dividend of €0.60 per share was distributed, approved by the Shareholders' Meeting on 24 August 2018. The profit distributed by the Parent Company Sesa SpA totalled Euro 9.29 million, net of dividends on treasury shares held in portfolio at the date for which there has been a formal waiver.

Earnings per Share

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

(in Euro, unless otherwise specified)	Period ended 30 April 2019	2018
Profit for the year - Group share in Euro thousands	**29,284**	**26,861**
Average number of ordinary shares (*)	15,447,125	15,456,974
Earnings per share - basic	**1.90**	**1.74**
Average number of ordinary shares and warrants (*)	15,494,590	15,494,590
Earnings per share - diluted	**1.89**	**1.73**

(*) Monthly weighted average of shares in circulation, net of treasury shares in portfolio.
(**) Monthly weighted average of shares in circulation, net of treasury shares in portfolio and including the impact of Stock Options/Grants (within the limit of treasury shares in portfolio), Warrants and/or convertible bonds.

Other comprehensive income components:

(in Euro thousands, unless otherwise specified)	Provision for result	Group Total	Minority shareholders' equity	Total other Comprehensive Income Components
At 30 April 2019				
Items that cannot be reclassified to profit or loss				
Actuarial gains / (losses) for employee benefits - gross	(723)	(723)	(498)	(1,221)
Total	(723)	(723)	(498)	(1,221)
Items that can be reclassified to profit or loss				
Total				
Other Comprehensive Income Components	(723)	(723)	(498)	(1,221)

25 Current and Non-current Loans

The table below provides a breakdown of this item at 30 April 2019 and 30 April 2018:

At 30 April 2019 *(Euro thousands)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term loans	59,095	105,251		164,346
Short-term loans	22,571			22,571
Advances received from factoring companies	2,856			2,856
Financial lease liabilities	1110	4,658	13,131	18,899
Total	**85,632**	**109,909**	**13,131**	**208,672**
At 30 April 2018 *(Euro thousands)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term loans	44,164	109,050		153,214
Short-term loans	26,121			26,121
Advances received from factoring companies	1,121			1,121
Financial lease liabilities	1298	5,504	8,618	15,420
Total	**72,704**	**114,554**	**8,618**	**195,876**

The table below summarises the main loans in progress with a residual nominal value of more than Euro 5,000 thousand:

(Euro thousands)						At 30 April					
Funding entity	Initial amount	Company	New loan	Expiry	Applied rate	2019	*of which current*	2018	*of which current*	2017	*of which current*
BNL BNP Paribas S.p.A.	20,000	Computer Gross Italia S.p.A	May-17	May-20	APR 0.52%	20,000		20,000			
UBI S.p.A.	20,000	Computer Gross Italia S.p.A	Jun-18	Jun-21	APR 0.64%	15,032	6,657				
Unicredit S.p.A.	10,000	Computer Gross Italia S.p.A	Apr-17	May-19	APR 0.75%	10,000	10,000	10,000		10,000	
Banca MPS S.p.A.	10,000	Computer Gross Italia S.p.A	Apr-17	Jun-22	APR 0.61%	6,500	2,000	8,500	2,000	10,000	1,500
Banco BPM S.p.A.	10,000	Computer Gross Italia S.p.A	May-18	Jun-23	APR 0.56%	8,516	1,987				
Banca MPS S.p.A.	10,000	Computer Gross Italia S.p.A	Nov-15	Dec-20	APR 1.28%	4,000	2,000	6,000	2,000	8,000	2,000
Intesa San Paolo S.p.A.	10,000	Computer Gross Italia S.p.A	Nov-15	Dec-20	APR 1.15%	3,500	2,000	5,500	2,000	7,500	2,000
BNL BNP Paribas S.p.A.	15,000	Var Group S.p.A.	Aug-18	Aug-22	APR 0.61%	13,125	3,750				
Unicredit S.p.A.	10,000	Var Group S.p.A.	Jul-18	Jul-23	APR 0.90%	8,500	2,000				
Unicredit S.p.A.	10,000	Var Group S.p.A.	Dec-17	Dec-22	APR 0.82%	7,537	1,988	9,509	1,972		
UBI S.p.a.	10,000	Var Group S.p.A.	Jun-18	Jun-21	APR 0.57%	7,516	3,328				
Banca BPM S.p.A.	10,000	Var Group S.p.A.	Mar-18	Mar-23	APR 0.49%	8,017	1,991	10,000	1,983		
Banca MPS S.p.A.	8,000	Var Group S.p.A.	Dec-17	Dec-22	APR 0.61%	6,400	1,600	8,000	1,600		

It should be noted that the loans in place do not include asset or financial covenants but essentially clauses for the forfeiture of the benefit of the term in the event of cross default or change of control, with the exception of the following:

- Euro 5.0 million (residual value Euro 3.2 million) subscribed by Computer Gross Italia SpA with Banca CR Firenze in May 2017 (maturity 2020) and repaid in advance in July 2019;
- Euro 10.0 million (residual value Euro 3.5 million) subscribed by Computer Gross Italia SpA with Banca CR Firenze in November 2015 (maturity 2020) and repaid in advance in July 2019;
- Euro 5.0 million (residual value Euro 3.2 million) subscribed by Var Group SpA with Banca CR Firenze in May 2017 (maturity 2022);
- Euro 10.0 million (residual value Euro 8.0 million) subscribed by Var Group SpA with Banco BPM SpA in March 2018 (maturity 2023).

These loans require compliance with certain ratios of net financial postion/shareholders' equity and/or net financial postion/Ebitda on a consolidated basis. In the financial year ended 30 April 2019, the above parameters were complied with.

The table below summarises the financial leasing agreements, including the main ones relating to the properties located in Empoli owned by Computer Gross Italia SpA taken out with Leasint SpA:

(Euro thousands)			At 30 April					
Lending bank	**New lease agreement**	**Expiry**	**2019**	*of which current*	**2018**	*of which current*	**2017**	*of which current*
Leasint SpA	May-18	May-30	4,318	*320*				
Leasint SpA	Jan-17	May-30	7,446	*403*	7,880	*689*	8,552	*671*
Leasint SpA	Sep-13	May-30	518	*22*	541	*40*	579	*38*
Leasint SpA	Oct-10	May-30	6,218	*287*	6,516	*484*	6,990	*475*
Leasint SpA	Dec-08	Sep-25	399	*78*	472	*74*	542	*70*
Dell Bank International Limited	May-15	Jun-18			11	*11*	206	*195*
Total			**18,899**	**1,110**	**15,420**	**1,298**	**16,869**	**1,449**

The following table summarises the minimum payments of financial leasing liabilities:

	At 30 April	
(Euro thousands)	**2019**	**2018**
Minimum payments due		
Within 12 months	1,524	1,676
Between 1 and 5 years	6,060	6,663
Over 5 years	14,442	9,025
	22,026	**17,364**
Future financial expenses	-3,127	-1,944
Current value of financial leasing liabilities	**18,899**	**15,420**

At 30 April 2019 and 30 April 2018, the Group's financial debt was represented by borrowings denominated in Euro.

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

	(Euro thousands)	At 30 April 2019	2018
A.	Cash	42	40
B.	Cheques and bank and post office deposits	249,032	247,154
C.	Securities held for trading		
D.	**Liquidity (A) + (B) + (C)**	**249,074**	**247,194**
E.	**Current financial receivables**	**1,352**	**3,344**
F.	Current bank payables	25,427	27,242
G.	Current part of non-current debt	59,095	44,164
H.	Other current financial payables	1,110	1,298
I.	**Current financial debt (F) + (G) + (H)**	**85,632**	**72,704**
J.	**Net current financial debt (I) + (E) + (D)**	**(164,794)**	**(177,834)**
K.	Non-current bank payables	105,251	109,050
L.	Bonds issued		
M.	Other non-current payables	17,789	14,122
N.	**Non-current financial debt (K) + (L) + (M)**	**123,040**	**123,172**
O.	**Net financial debt (J) + (N)**	**(41,754)**	**(54,662)**

26 Employee Benefits

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

Changes in this item can be detailed as follows:

(Euro thousands)	Year ended 30 April 2019	2018
Opening balance	**20,495**	**17,427**
Service cost	1,741	1,603
Interest on bonds	309	228
Uses and advances	(698)	(796)
Actuarial loss/(gain)	1,606	284
Change in the scope of consolidation and purchase of business branches	879	1,749
Closing balance	**24,332**	**20,495**

The actuarial assumptions used to calculate pension plans with defined benefits are detailed in the following table:

(Euro thousands)	At 30 April 2019	2018
Economic assumptions		
Rate of inflation	1.50%	1.50%
Discount rate	1.06%	1.44%
TFR increase rate	2.63%	2.63%

With regard to the discount rate, the iBoxx Eurozone Corporates AA index with a duration of 10+ was used as the reference at the various valuation dates, in line with the residual average term of the staff subject to assessment.

Sensitivity analysis

In accordance with the requirements of IAS 19R, a sensitivity analysis was carried out on the basis of changes in the main actuarial assumptions included in the calculation model. In detail, the most significant assumptions were increased and decreased, these being the average annual discount rate, the average annual rate of inflation and the turnover rate, by half, a quarter and two percentage points respectively.

(Euro thousands)	Scenarios	Past service liability
Annual discount rate	0.50%	22,947
	-0.50%	24,991
Average annual rate of inflation	0.25%	24,397
	-0.25%	23,483
Turnover rate	1.00%	23,797
	-1.00%	24,012

27 Provisions for Risks And Charges

Changes in these items are detailed as follows:

(Euro thousands)	Provision for agents' pension plans	Other risk provisions	Total
At 30 April 2018	**628**	**2,208**	**2,836**
Variation in the scope of consolidation	1	89	90
Accruals to provisions	69	2,302	2,371
Uses	(143)	(559)	(702)
Discharges			
At 30 April 2019	**555**	**4,040**	**4,595**

Other Provisions for Risks, amounting to Euro 4,040 thousand at 30 April 2019, were set aside to hedge the risks associated with legal and tax disputes and include, in particular, the provision made to cover the cost incurred in May 2019 (Euro 3.48 million) for the facilitated settlement, pursuant to article 6 of Decree Law 119/2008 (converted with amendments by Law 136/2018), of the VAT disputes of Computer Gross Italia SpA relating to the sale of non-taxable goods pursuant to article 8, paragraph 2, of Presidential Decree 633/72, already in force as at 30 April 2018, for tax periods 2010, 2011 and 2012. Computer Gross Italia SpA, while believing that it behaved in a fiscally correct manner, supported in this by the positive outcome of the first instance proceedings before the Provincial Tax Commission of Florence, considered it appropriate and convenient, also on the basis of the opinions of its legal and tax advisors, to go ahead with the settlement in question.
At the date of preparation of this annual report, there were no further significant tax claims.

28 Other Current Liabilities

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	2019	2018
Accrued expenses and deferred income	41,357	27,348
Tax debts	6,990	4,865
Payables to employees	14,453	13,085
Other payables	5,131	3,193
Payables to social security and welfare institutions	3,329	2,796
Advances from customers	4,636	9,493
Derivative liabilities	1	
Total other current liabilities	**75,897**	**60,780**

29 Further information

Potential Liabilities

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

Further disclosures

There is no further relevant information to report.

Commitments

At 30 April 2019, the Group had not undertaken any commitments not reflected in the financial statements.

Directors' and Auditors' Fees

The following is a breakdown of the remuneration of the directors and statutory auditors of the Parent Company, gross of social security and tax contributions for the year, paid by Sesa SpA and other Group companies. For a complete description and analysis of the remuneration payable to Directors, Statutory Auditors and Executives with strategic responsibilities, reference should be made to the Remuneration Report available at the company's registered office, as well as on the company's website in the "Corporate Governance" section.

(Euro thousands)	Year ended 30 April 2019
Payments to directors	819
Payments to statutory auditors	101

The remuneration of the directors shown in the table includes fixed and variable remuneration as well as that due for participation in internal committees. However, the reversible fees of the directors and the shares assigned under the stock grant plan approved by the shareholders' meeting of 25 August 2017 are excluded. In relation to the stock grant plan as at 30 April 2019, 42,000 shares have matured.
For an overview of the fees and remuneration paid to the corporate bodies, reference should be made to the Remuneration Report.

Payments to the Independent Auditor

The following table, prepared in accordance with article 149-duodecies of the Consob Issuers' Regulation, shows the fees for the year ended 30 April 2019 for audit and non-audit services provided by the Independent Auditor and by entities belonging to its network, including expenses.

Type of service	Service provider	Consignee	Remuneration for the year ended 30 April 2019 (Euro thousands)
Independent audit	PwC	Parent Company Sesa SpA	101
Independent audit	PwC	Subsidiary Companies	175
Other assurance services	PwC	Parent Company Sesa SpA	15
Other assurance services	PwC	Subsidiary Companies	3

Remuneration includes, in addition to fees, out-of-pocket expenses and the supervisory contribution. As at 30 April 2019, assurance services were provided by the independent auditor, mainly relating to the limited examination of the non-financial statement of Sesa SpA.

30 Transactions with Related Parties

Transactions between the Group and related parties, associates and parent companies, are mainly of a commercial nature and mostly concern the purchase and sale of hardware and software and relative technical assistance.

The Company believes that all transactions with related parties are substantially regulated on the basis of normal market conditions.

The following table details the balances with related parties as at 30 April 2019 and 30 April 2018:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Current trade receivables						
As at 30 April 2019	2,070		2	25	2,097	**0.58%**
As at 30 April 2018	2,648	3	1	23	2,675	**0.81%**
Other current receivables and assets						
As at 30 April 2019	69				69	**0.17%**
As at 30 April 2018	93				93	**0.29%**
Employee benefits						
As at 30 April 2019			134		134	**0.55%**
As at 30 April 2018			123		123	**0.60%**
Trade payables						
As at 30 April 2019	2,039			66	2,105	**0.65%**
As at 30 April 2018	1,477			28	1,505	**0.51%**
Other current liabilities						
As at 30 April 2019			212		212	**0.28%**
As at 30 April 2018	311		177		488	**0.79%**

The following table details the economic effects of transactions with related parties in the years ended 30 April 2019 and 30 April 2018:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the FS item
Revenues						
As at 30 April 2019	5,832	66	4	35	5,937	**0.39%**
As at 30 April 2018	22,274	53	3	32	22,362	**1.65%**
Other income						
As at 30 April 2019	35	1	19	4	59	**0.55%**
As at 30 April 2018	53	1	14		68	**0.60%**
Consumable materials and goods						
As at 30 April 2019	1,339				1,339	**0.11%**
As at 30 April 2018	1,753				1,753	**0.16%**
Costs for Services and for the Use of Third-party Goods						
As at 30 April 2019	5,947		2,547	365	8,859	**7.49%**
As at 30 April 2018	5,230		2,930	336	8,496	**8.23%**
Payroll costs						
As at 30 April 2019			871		871	**0.90%**
As at 30 April 2018			797		797	**1.01%**
Other operating costs						
As at 30 April 2019						**0.00%**
As at 30 April 2018	1		2		3	**0.03%**
Financial income						
As at 30 April 2019						**0.00%**
As at 30 April 2018						**0.00%**
Financial expenses						
As at 30 April 2019	2				2	**0.02%**
As at 30 April 2018	2				2	**0.02%**

Associated companies

Relations with associated companies refer mainly to the purchase and sale of hardware and software and to the technical assistance services related to them carried out at normal market conditions. The associated companies operate in the ICT sector and are mainly investee companies of Var Group SpA. The reduction in revenues generated by associated companies from Euro 22,274 at 30 April 2018 to Euro 5,832 thousand at 30 April 2019 was due to the sale of Zucchetti Informatica SpA, which took place in June 2018, with which Computer Gross Italia SpA had commercial relationships for the supply of IT solutions.

Parent companies

Relations with parent companies refer to services provided by Sesa SpA.

Top Management

Relations with top management refer mainly to the remuneration of directors and executives with strategic responsibilities, as well as close family members. In particular, payroll costs include the remuneration of directors and executives with strategic responsibilities for employment, while costs for services and the use of third-party assets include remuneration for directors.

Other related parties

Relations with other related parties, mainly companies in which the statutory auditors or directors of the parent companies of Sesa SpA have an interest, relate to commercial activities regulated at normal market conditions.

31 Events Occurring After the End of the Year

There were no significant events after the end of the year.

32 Authorisation for publication

The publication of the consolidated financial statements of the Sesa Group for the year ended 30 April 2019 was authorised by a resolution of the Board of Directors on 11 July 2019.

Attestation of the Consolidated Financial Statements pursuant to article 154 of Legislative Decree 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Executive Responsible for the preparation of the corporate accounting documents of Sesa SpA, taking into account that envisaged by article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the business, and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2019.

2. The application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2019 did not reveal any significant aspects.

3. It is also certified that:

   3.1 The consolidated financial statements:

   a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b) correspond to the results of the accounting books and records;

   c) povide a true and fair representation of the financial position, result of operations and cash flows of the issuer and of the group of companies included within the scope of consolidation.

   3.2 the Report on Operation includes a reliable analysis of the performance and results of operations as well as the situation of the issuer and of all the companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Empoli, 11 July 2019

Paolo Castellacci	Alessandro Fabbroni
Chairman of the Board of Directors	Financial Reporting Manager

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Sesa SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sesa Group (the Group), which comprise the consolidated statement of financial position as of 30 April 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 30 April 2019, and of the result of its operations and cash flows for the year then ended in accordance 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Sesa SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *"Note 6 to the consolidated financial statements as of 30 April 2019. Revenues"* In the consolidated financial statements as of 30 April 2019 revenues were recognised for an amount equal to Euro 1,539,854 thousand. The Group operates in Italy in the supply of value added IT services and solutions for entities, integrating the offer of the main software and hardware technologies available on the market. The revenue analysis represented one of the main activities of our audit process in consideration of the significance of such item in the financial statements and of the high number of transactions carried out at variable conditions for different markets and different types of customers.	As part of our audit, in order to address this key matter, we carried out, for the revenue streams identified in accordance with the new accounting standard IFRS 15, the understanding, evaluation and validation of the relevant controls (automated and manual) implemented by the main Group's companies. We have focused our audit on the existence, completeness, accuracy and proper period of accrual of sales transactions. We have tested the correct revenue recognition analysing, on a sample basis, the supporting documentation and the contractual terms regulating the different sales transactions. Finally, our activities included sending accounts receivable confirmation letters to a sample of customers and the analysis of the related replies.
Evaluation of trade receivables *"Note 22 to the consolidated financial statements as of 30 April 2019. Current trade receivables"* In the consolidated financial statements as of 30 April 2019, trade receivables were recognised for an amount equal to Euro 362,404 thousand, net of the related provision for bad debts, which represent 40.7% of the Group's assets. Periodically, the Group estimates the collectability of trade receivables performing specific analyses based on: the type of customer, the receivable ageing and other possible information on customers under valuation. As part of our audit process, the evaluation of receivables represented a key matter given the significance of the item under analysis, the	As part of our audit, in order to address this key matter, we carried out an understanding and evaluation of the procedures adopted by the Group to determine the provision for bad debts. We analysed the change in the provision for bad debts during the year ended 30 April 2019 and verified the accuracy and completeness of the AR ticklers generated by the IT systems used by management to support their analyses on recoverability of trade receivables. We also held interviews with the credit managers of the single companies, we analysed the information received from the lawyers and evaluated any other element

numerous customers and the high professional judgment needed to verify the recoverability of the values accounted for in the financial statements.	gathered after the reporting date to be considered for the purpose of a revision of the estimate performed by the Company. Finally, we analysed if the assumptions used by the directors were reasonable, for the purposes of the estimate of the recoverable amount of the receivables recognised.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance 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 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Sesa SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit 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 Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 July 2013, the shareholders of Sesa SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 30 April 2014 to 30 April 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No.39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Sesa SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Sesa Group as of 30 April 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of the Sesa Group as of 30 April 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included 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 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Sesa SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 23 July 2019

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 2019	2018
VAR GROUP SRL	365ONLINE S.r.l.	Empoli (FI)	100,650	Merged into Var Group Srl	100.0%
VAR GROUP DIGITAL SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
APRA SPA	AGENZIA SENZA NOME SRL	Jesi (AN)	25,000	Merged into Var Group Digital Srl	71.3%
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	75.0%	75.0%
SESA SPA	ARCIPELAGO CLOUD SRL	Empoli (FI)	50,000	100.0%	100.0%
VAR GROUP SPA	VAR BMS SPA	Milano (MI)	1,562,500	84.3%	51.0%
TECH VALUE SRL	CCSTEAM SRL	Roncade (TV)	50,000	100.0%	100.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
VAR GROUP SPA	CLOUD FORCE SRL	Empoli (FI)	10,000	80.0%	n.a.
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS ACCADIS SRL	Roma (RM)	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS ITALIA SPA	Empoli (FI)	40,000,000	100.0%	100.0%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS NESSOS SRL	Empoli (FI)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genova (GE)	10,000	100.0%	100.0%
VAR GROUP SPA	COSESA SRL	Empoli (FI)	15,000	100.0%	100.0%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	100.0%	100.0%
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	n.a.
VAR GROUP SPA	GLOBO INFORMATICA SRL	Druento (TO)	10,200	57.5%	57.5%
COMPUTER GROSS ITALIA SPA	ICOS SPA	Ferrara (FE)	500,000	51.0%	51.0%
COMPUTER GROSS ITALIA SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	66.7%	66.7%
VAR GROUP SPA				33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (FI)	10,000	100.0%	100.0%
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	57.4%	52.6%
M.F. SERVICES SRL				2.8%	2.8%
COMPUTER GROSS ITALIA SPA	COLLABORATION VALUE SRL	Empoli (FI)	104,000	58.0%	58.0%
COMPUTER GROSS ITALIA SPA	ITF SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR GROUP SPA	LEONET SRL	Empoli (FI)	60,000	100.0%	100.0%
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
SIRIO INFORMATICA E SISTEMI SPA	PANTHERA SRL	Empoli (FI)	30,000	80.4%	89.4%
VAR GROUP SPA				9.6%	10.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbgH	Aichach	26100	60.0%	n.a.
YARIX SRL	PRIVATAMENTE SRL	Empoli (FI)	12,500	51.0%	n.a.
VAR GROUP SPA				9.0%	n.a.
M.F. SERVICES SRL	QUASAR SERVICES SRL	San Donà di Piave (VE)	50,000	100.0%	n.a.
VAR GROUP SPA	VAR EVOLUTION SRL	Empoli (FI)	10,000	70.0%	70.0%
VAR GROUP SPA	VAR GROUP DIGITAL SRL	Empoli(FI)	12,640	82.3%	100.0%
APRA SPA				11.5%	n.a.
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	75.0%	51.0%
VAR ONE SRL	SYNERGY SRL	Carpi (MO)	10,400	85.0%	51.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milano (MI)	1,020,000	51.0%	51.0%
TECH VALUE SRL	TECH IN NOVA SRL	Roncade (TV)	12,000	100.0%	100.0%
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milano (MI)	308,504	51.0%	51.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milano (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	VAR COM SRL	Empoli (FI)	27,094	56.5%	56.0%
VAR GROUP SPA	VAR CONSULTING SRL	Empoli (FI)	10,000	97.5%	n.a.
VAR GROUP SRL	VAR ALDEBRA SRL	Empoli	234,325	55.4%	50.5%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	93.1%	n.a.
VAR GROUP SRL	VAR ENGINEERING SRL	Empoli (FI)	50,000	n.a.	63.0%
VAR ALDEBRA SRL				n.a.	15.0%
AFB NET SRL	VAR GROUP CENTRO SRL	Roma (RM)	40,000	27.5%	n.a.
VAR GROUP SRL				70.0%	n.a.
AFB NET SRL	VAR GROUP CENTRO SRL	Roma (RM)	12,000	n.a.	91.7%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
LEONET SRL	VAR ITT SRL	Empoli (FI)	392,272	50.0%	50.0%
VAR GROUP SPA				15.0%	15.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	248,535	65.7%	n.a.
VAR GROUP SPA	VAR ONE SRL	Empoli (FI)	248,535	n.a.	64.9%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	51.8%	51.8%
SIRIO INFORMATICA E SISTEMI SPA	VAR INDUSTRIES SRL	Milano (MI)	165,000	54.6%	54.6%
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	51.0%	50.0%

Associated Companies

Owned by	Company	Registered Office	Share capital in Euro	Ownership percentage at 30 April	
				2019	2018
COMPUTER GROSS ITALIA SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.9%	20.0%
VAR BMS SPA	B.I.T. SRL	Milano (MI)	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milano (MI)	100,000	47.5%	47.5%
VAR GROUP SPA	NEBULA SRL	Empoli (FI)	22,000	50.0%	n.a.
VAR PRIME SRL	NEBULA SRL	Empoli (FI)	22,000	n.a.	50.0%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
VAR GROUP DIGITAL SRL	G.G. SERVICES SRL	Pontedera (PI)	10,200	33.3%	33.3%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (AR)	16,519	n.a.	39.5%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (MI)	150,000	30.0%	30.0%
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	50.0%	n.a.
VAR GROUP SPA	KLEIS SRL	Torino (TO)	10,400	40.0%	n.a.
COMPUTER GROSS ITALIA SPA	KOLME SRL	Milano (MI)	125,000	20.0%	n.a.
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (FI)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	20.0%	20.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	20.0%	n.a.
LEONET SRL	S.A. CONSULTING SRL	Milano (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI	10,400	25.0%	25.0%
VAR SERVCE SRL	SIRIO NORD SRL	Roma (RM)	10,400	37.4%	n.a.
PANTHERA SRL	SOFTHER	Tunisi	250000 TND	49.0%	n.a.
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Roma (RM)	18,504	50.0%	50.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milano (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	50.0%	50.0%
VAR GROUP SPA	ZUCCHETTI INORMATICA SPA	Lodi (LO)	100,000	n.a.	25.0%

Other Companies

Owned by	Company	Registered Office	Share capital in Euro	Ownership percentage at 30 April 2019	2018
DELTA PHI SIGLA SRL	3ND PROGETTI SRL	Torino (TO)	55,555	n.a.	10.0%
VAR GROUP SPA	ALDEBRA SPA	Trento (TN)	1,398,800	9.0%	9.0%
APRA SPA	ANALYSIS SRL	Trebbo di Reno (BO)	10,400	15.0%	n.a.
VAR GROUP SPA	BIG SRL	Empoli (FI)	25,000	2.5%	2.5%
YARIX SRL	BLOCKIT SRL	Padova (PD)	10,000	19.0%	19.0%
VAR GROUP SPA	CAP SOLUTIONS SRL	Genova (GE)	100,000	15.0%	15.0%
VAR GROUP DIGITAL SRL	VAR CONNECT SRL	Milano (MI)	115,000	19.0%	19.0%
SESA SPA	CABEL HOLDING SPA	Empoli (FI)	12,000,000	1.9%	1.9%
VAR GROUP SPA				1.9%	1.9%
VAR GROUP SPA	CITIEMME INFORMATICA SRL	Bergamo (BG)	99,000	10.0%	10.0%
YARIX SRL	COMMERC.IO SRL	SCHIO (VI)	370,000	0.7%	n.a.
VAR GROUP SPA				0.7%	n.a.
APRA SPA	COMPUTER VAR TORINO SRL	Torino (TO)	20,000	14.0%	14.0%
APRA SPA	CONSORZIO EIDOS	Civitanova Marche (MC)	16,527	n.a.	10.0%
APRA SPA	CONSORZIO NIDO INDUSTRIA VALLESI	Ancona (AN)	55,555	1.8%	1.8%
LEONET SRL	CONSORZIO SIS	Sassari (SS)	50,000	4.0%	4.0%
VAR GROUP SPA	CONSORZIO TEKNOBUS	San Donà di Piave (VE)	16,000	25.0%	25.0%
YARIX SRL	D3LAB SRL	Rosignano M.mo (LI)	21,053	10.0%	10.0%
VAR GROUP SRL	DELTA INFOR SRL	Lodi (LO)	100,000	10.0%	10.0%
VAR GROUP DIGITAL SRL	DIGITAL SERVICE LEONE SRL	Firenze (FI)	1,160,000	6.9%	n.a.
VAR GROUP SPA	DITECFER SCARL	Pistoia (PT)	96,000	2%	2%
VAR PRIME SRL	DOITSOFT SRL	Villorba (TV)	100,000	n.a.	10.0%
SESA SPA	DV HOLDING SPA	Roma (RM)	100,000	3.0%	n.a.
VAR GROUP SPA				3.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	18.0%	n.a.
YARIX SRL	ELMAS SRL	SCHIO (VI)	41,600	7.5%	n.a.
VAR GROUP SPA				7.5%	n.a.
COMPUTER GROSS ITALIA SPA	EMPOLI F.B.C. SPA	Empoli (FI)	1,040,000	3.0%	3.4%
APRA SPA	G.L. ITALIA Srl	Milano (MI)	10,400	9.0%	9.0%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (AR)	65,519	10.0%	n.a.
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	n.a.	10.0%
VAR GROUP SPA	MACRO GROUP COMMERCIALE SRL	Bologna (BO)	50,000	19.0%	19.0%
COSESA SRL	NEGENTIS SRL	Firenze (FI)	82,051	2.5%	2.5%
VAR GROUP SPA	NEKTE SRL	Milano (MI)	54,890	n.a.	10.0%
VAR BMS SPA	POEMA SRL	Napoli (NA)	12,000	n.a.	10.0%
VAR GROUP SPA	PRIVATAMENTE SRL	Empoli (FI)	12,500	n.a.	10.0%
YARIX SRL				n.a.	10.0%
MF SERVICES SRL	QUASAR SERVICE SRL	San Donà di Piave (VE)	50,000	n.a.	10.0%
GLOBO INFORMATICA SRL	SAIL CLOUD SOLUTIONS SRL	TORINO (TO)	13,000	9.5%	9.5%
VAR GROUP DIGITAL SRL				9.5%	9.5%
VAR GROUP SRL	S.I.L. COMPUTER SRL	Livorno (LI)	10,000	19.9%	19.9%
DELTA PHI SIGLA SRL	SESA CONSORZIO-CENTRO SOLUZIONE	Empoli (FI)	33,053	6.3%	6.3%
ICT LOGISTICA SRL				6.3%	6.3%
VAR GROUP DIGITAL SRL				6.3%	6.3%
VAR GROUP SPA				12.5%	12.5%
DELTA PHI SIGLA SRL	SIGLA TAILOR MADE SRL	Empoli (FI)	10,000	19.0%	19.0%
VAR SERVICE SRL	SIRIO NORD SRL	Roma (RM)	10,400	n.a.	23.7%
VAR GROUP DIGITAL SRL	SKEELER SRL	Perugia (PG)	35,000	15.0%	15.0%
VAR GROUP SPA	SMARTLABS SRL	Roma (RM)	150,000	10.0%	n.a.
TECH VALUE SRL	SOLVE.IT SRL	Torino (TO)	90,000	12.0%	12.0%
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	18.0%	n.a.
VAR GROUP SPA	SYS-DAT SPA	Milano (MI)	1,015,000	n.a.	5.0%
VAR GROUP SPA	SYSDAT.IT Srl	Milano (MI)	100,000	10.0%	10.0%
VAR GROUP SRL	VAR SOLUTIONS SRL	Milano (MI)	10,000	10.0%	10.0%
VAR GROUP SPA	VTF SRL	Empoli (FI)	1,412,700	18.6%	18.6%

Separate Financial Statements at 30 April 2019

Separate Income Statement

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Revenues	5	7,827	6,784
Other income	6	1,315	1,143
Consumables and goods for resale	7	(54)	(48)
Costs for services and rent, leasing, and similar costs	8	(3,730)	(3,524)
Personnel costs	9	(4,766)	(4,119)
Other operating costs	10	(95)	(84)
Amortisation and depreciation	11	(136)	(104)
EBIT		**361**	**48**
Profit from companies valued at equity			
Financial income	12	10,371	9,413
Financial charges	12	(34)	(30)
Profit before taxes		**10,698**	**9,431**
Income taxes	13	(301)	(224)
Profit for the year		**10,397**	**9,207**

Separate Statement of Comprehensive Income

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Profit for the year		**10,397**	**9,207**
Actuarial gain (loss) for empolyees benefits - gross effect		(76)	(8)
Actuarial gain (loss) for empolyees benefits - tax effect		18	2
Comprehensive income for the year		**10,339**	**9,201**

Separate Statement of Financial Position

(in thousands of euros)	Note	At 30 April 2019	2018
Intangible assets	14	105	59
Property, plant and equipment	15	448	352
Investment property	16	289	289
Equity investments	17	68,241	68,241
Deferred tax assets	18	260	258
Other non-current receivables and assets	19	3,064	1,051
Total non-current assets		**72,407**	**70,250**
Current trade receivables	20	840	859
Current tax receivables		18	236
Other current receivables and assets	19	9,949	7,827
Cash and cash equivalents		7,223	8,056
Total current assets		**18,030**	**16,978**
Total assets		**90,437**	**87,228**
Share capital	21	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves	21	2,679	3,500
Profits carried forward		10,397	9,207
Total Equity		**83,347**	**82,978**
Non-current loans	23		
Employee benefits	24	1,624	1,268
Non-current provisions	25		
Deferred tax liabilities	18	3	1
Total non-current liabilities		**1,627**	**1,269**
Current loans	23		
Payables to suppliers		804	431
Current tax payables		605	9
Other current liabilities	26	4,054	2,541
Total current liabilities		**5,463**	**2,981**
Total liabilities		**7,090**	**4,250**
Total equity and liabilities		**90,437**	**87,228**

Separate Statement of Cash Flows

(in thousands of euros)	Note	FY ended 30 April 2019	2018
Profit before taxes		**10,698**	**9,431**
Adjustments for:			
Amortisation and depreciation	11	136	104
Provisions for personnel and other provisions	24	121	118
Net financial (income)/charges	12	(10,334)	(9,383)
Profit from companies valued at equity			
Other non-monetary items		1,059	1,393
Cash flows generated from operating activities before changes in net working capital		**1,680**	**1,663**
Change in inventories			
Change in trade receivables	20	19	(184)
Change in payables to suppliers		373	22
Change in other assets	19	(1,960)	2,304
Change in other liabilities	26	1,513	(3,824)
Use of provisions for risks			
Payment of employee benefits	24	(36)	(21)
Change in deferred taxes		18	2
Change in current tax payables and receivables		898	1,636
Interest paid		(19)	(13)
Taxes paid		(385)	(241)
Net cash flow generated from operating activities		**2,101**	**1,344**
Investments in companies, net of acquired cash			
Investments in property, plant and equipment	15	(204)	(117)
Investments in intangible assets	14	(74)	(6)
Investments in non-current financial assets		(2,000)	(1,007)
Disposals of non-current financial assets			
Disbusrement of loans			
Dividends collected		10,324	9,364
Interest collected		49	49
Net cash flow generated from/(used in) investing activities		**8,095**	**8,283**
Repayments of financial assets			
(Decrease)/increase in short-term loans			
Treasury shares	21	(1,739)	(1,189)
Capital increase and/or shareholders payment			
Change in equity			
Dividends ditribution		(9,290)	(8,666)
Net cash flow generated from/(used in) financing activities		**(11,029)**	**(9,855)**
Translation difference on cash and cash equivalents			
Cash and cash equivalents of assets held for sale			
Change in cash and cash equivalents		**(833)**	**(228)**
Cash and cash equivalents at the beginning of the year		8,056	8,284
Cash and cash equivalents at the end of the year		**7,223**	**8,056**

Separate Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium reserve	Other reserves	Profit for the year and Profits carried forward	Equity
At 30 April 2017	**37,127**	**33,144**	**3,161**	**8,807**	**82,239**
Actuarial gain/(loss) for employees benefit - gross			(8)		(8)
Actuarial gain/(loss) for employees benefit - tax effect			2		2
Purchase of treasury shares			(1,189)		(1,189)
Sale of treasury shares					
Dividends ditribution			(299)	(8,367)	(8,666)
Assignment of shares in execution Stock Grant plan			371		371
Stock Grant Plan - shares vesting in the period			1,022		1,022
Other changes					
Allocation of the profit for the year			440	(440)	
Profit for the year				9,207	9,207
At 30 April 2018	**37,127**	**33,144**	**3,500**	**9,207**	**82,978**
Actuarial gain/(loss) for employees benefit - gross			(76)		(76)
Actuarial gain/(loss) for employees benefit - tax effect			18		18
Purchase of treasury shares			(1,739)		(1,739)
Sale of treasury shares					
Dividends ditribution			(544)	(8,746)	(9,290)
Assignment of shares in execution Stock Grant plan			37		37
Stock Grant Plan - shares vesting in the period			1,022		1,022
Other changes					
Allocation of the profit for the year			461	(461)	
Profit for the year				10,397	10,397
At 30 April 2019	**37,127**	**33,144**	**2,679**	**10,397**	**83,347**

Notes to the Separate Financial Statements

1 General Information

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

Sesa SpA is the parent company of the Sesa Group and provides services of administrative and financial management, organisation, planning and auditing, management of information systems and human resources on behalf of the subsidiaries, and also acts as a holding company, with reference to companies essentially operating in the ICT sector.

Sesa SpA, in particular, is the company resulting from the merger by incorporation of Sesa SpA prior to the merger into Made in Italy 1 SpA, the first special purpose acquisition company (so called "SPAC') incorporated in Italy. The merger by incorporation of Sesa SpA prior to the merger into Made in Italy 1 became effective on 1 February 2013, with the simultaneous change of company name from "Made in Italy 1 SpA" to "Sesa SpA".

Sesa SpA is an Italian company with shares admitted to trading on the STAR segment of the MTA market.

This document was approved by the Company's Board of Directors on 11 July 2019.

2 Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of these separate financial statements for the year ended 30 April 2019 are illustrated below.

2.1 Preparation Basis

The separate financial statements for the year ended 30 April 2019 have been prepared in accordance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The "IFRS" also include all revised international accounting standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

These Financial Statements present comparative data as at 30 April 2018, prepared in compliance with the same principles.

The separate financial statements have been prepared under the assumption that the company is a going concern, in that the Directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Group manages financial risks is contained in note 3 on "Financial risk management".

The separate financial statements have been prepared and presented in Euro, which is the currency of the prevailing economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are stated in Euro thousands.

The financial statement schedules and relative classification criteria adopted by the Group within the scope of the options envisaged by IAS 1 Presentation of Financial Statements are indicated below:

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

The separate financial statements have been prepared on the basis of the conventional historical cost method except for the valuation of financial assets and liabilities, where the application of the fair value method is required.

2.2 Valuation Criteria

The most significant accounting principles and valuation criteria used to prepare the separate financial statements are briefly described below.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes all costs directly incurred to prepare the assets for use, as well as any disinstallation and removal costs that will be incurred as a result of contractual obligations that require restoration of the asset to its original condition. Financial expenses directly attributable to the acquisition, construction or production of qualified assets, are capitalised and depreciated on the basis of the useful life of the asset to which they refer.
Charges incurred for ordinary and/or cyclical maintenance and repairs are charged to the income statement when they are incurred. Costs relating to the expansion, modernisation or improvement of structural elements owned or under lease are capitalised to the extent that they meet the requirements for separate classification as an asset or part of an asset. Assets recorded in relation to leasehold improvements are depreciated on the basis of the duration of the rental contract, or on the basis of the specific useful life of the asset, if lower.

Depreciation is calculated on a straight-line basis using rates that allow depreciation of assets until the end of their useful life. When the asset subject to depreciation consists of distinctly identifiable elements the useful life of which differs significantly from that of the other parts comprising the asset, depreciation is carried out separately for each of these parts in accordance with the component approach method.

The estimated useful life for the various tangible asset categories is as follows:

Class of tangible assets	Useful life in years
Buildings	33
Furniture and furnishings	8
Office equipment	5
Vehicles	4

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

Assets under lease

Property, plant and equipment held under finance leases, through which the risks and rewards of ownership are substantially transferred to the Company, are recognised as Company assets at their fair value on the date the lease is entered into or, if lower, at the present value of the minimum lease payments due, including any amount to be paid for exercising the purchase option.

The corresponding amount due to the lessor is shown in the balance sheet under financial payables. Assets are depreciated using the criterion and rates indicated above, unless the duration of the lease agreement is shorter than the useful life represented by these rates and there is no reasonable certainty of the transfer of ownership of the leased asset at the natural expiry of the agreement; in this case the depreciation period will be represented by the duration of the lease agreement.

Leases in which the lessor substantially retains the risks and rewards of ownership of the assets are classified as operating leases. Operating lease instalments are recognised in full in the income statement over the term of the lease agreement.

INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary elements without physical substance, controllable and capable of generating future economic benefits. These elements are initially recognised at purchase or production cost, including directly attributable expenses for preparing the asset for use. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost. In particular, the following main intangible assets can be identified within the Company:

(a) Goodwill

Goodwill, if recognised, is classified as an intangible asset with an undefined useful life and is initially recognised at cost, as described above, and subsequently subject to impairment testing at least once a year. No write-back is allowed in the event of a previous write-down for impairment.

(b) Other intangible assets with a definite useful life

Intangible assets with a definite useful life are recognised at cost, as described above, net of accumulated amortisation and any impairment losses.

Amortisation begins when the asset becomes available for use and is systematically distributed in relation to its residual possibility of use, i.e. on the basis of its estimated useful life.
The useful life estimated by the Company for the various intangible asset categories is as follows:

Class of intangible assets	Useful life in years
Software licences and similar	5
Client list	10-15
Trademarks and patents	5

The useful life of intangible fixed assets is reviewed and updated, where applicable, at least at the end of each financial year.

INVESTMENT PROPERTY

Properties held for the purpose of obtaining lease payments or for the purpose of increasing the value of the investment are recorded under "Investment property"; these are evaluated at purchase or production cost, plus any accessory costs, net of accumulated depreciation and any losses in value.

REDUCTION IN THE VALUE OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

(a) Goodwill

As previously stated, goodwill, if recognised, is subject to impairment testing once a year or more frequently if there are indications that its value may have been impaired. As at 30 April 2019, no goodwill was recorded.

In the presence of goodwill, the impairment test is carried out with reference to each of the cash generating units (CGUs) to which the goodwill has been allocated. Any impairment of goodwill is recognised if its recoverable value is lower than its book value. Recoverable value is the higher between the fair value of the CGU, net of disposal costs, and its value in use, the latter being the current value of estimated future cash flows for the asset. In determining the value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market evaluations of the cost of money, compared to the period of the investment and the specific risks of the asset.

If the impairment resulting from the impairment test is greater than the value of goodwill allocated to the CGU, the residual excess is allocated to the assets included in the CGU in proportion to their carrying amount. Such allocation shall be limited by the higher of the following amounts:

- the fair value of the asset net of sale expenses;
- the value in use, as defined above;
- zero.

The original value of goodwill cannot be restored if the reasons for its reduction in value no longer exist.

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

At each balance sheet date, an impairment test is carried out to determine whether there are any indications that property, plant and equipment, intangible assets or investment property may have suffered a loss in value. To this end, both internal and external sources of information are considered. With regard to the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset compared to expectations. As regards external sources, the following are considered: the trend in the market prices of the assets, any technological, market or regulatory discontinuities, the trend in market interest rates or in the cost of the capital used to evaluate the investments.

If the presence of such indicators is identified, the recoverable value of the abovementioned assets is estimated, recording any write-down with respect to the relative book value in the income statement. The recoverable value of an asset is the higher between the fair value, net of sale costs, and its value in use, the latter being the current value of estimated future cash flows for the asset. In determining the value in use, expected future cash flows are discounted using a pre-tax discount rate that reflects current market evaluations of the cost of money, compared to the period of the investment and the specific risks of the asset. For an asset that does not generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs.

A loss in value is recognised in the income statement if the book value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value. Impairment of CGUs are first recognised as a reduction in the book value of any goodwill attributed to them and then as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previously made write-down no longer exist, the book value of the asset is restored and recorded in the income statement, within the limits of the net book value that the asset in question would have had if the write-down had not taken place and the relative amortisation had been applied.

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Depending on the characteristics of the instrument and the business model adopted for the related management, the following three categories are pointed out according to IFRS 9:
(i) financial assets measured at amortized cost; (ii) financial assets measured at fair value with recognition of the effects among the other components of comprehensive income; (iii) financial assets measured at fair value with recognition of the effects in the income statement.
The financial asset is measured using the amortized cost method if both of the following conditions are met:
–the financial asset management model consists in holding it with the sole purpose of collecting the related financial flows; and
- the financial asset generates, on contractually predetermined dates, cash flows that represent exclusively the return on the financial asset itself.
The financial assets representing debt instruments whose business model envisages both the possibility of collecting contractual cash flows and the possibility of realize capital gains on disposal (so-called hold to collect and sell business model), are valued at fair value with attribution of the effects on the overall profit (FVTOCI).
A financial asset represented by debt securities that is not valued at amortized cost or at FVTOCI is measured at fair value with the effects posted to the income statement (FVTPL).

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade receivables and other financial assets are included in current assets, with the exception of those with a contractual maturity in excess of twelve months from the balance sheet date, which are classified as non-current assets.

In the case of factoring transactions for trade receivables that do not involve transferral to the factor of the risks and rewards associated with the receivables assigned (the Company continues to be exposed to the risk of insolvency and delayed payment - the so-called assignments with recourse), the transaction is treated in the same way as a loan secured by the receivable subject to assignment. In this case, the receivable assigned continues to be represented in the Company's statement of financial position until it is collected by the factor and any advance obtained from the factor is offset by a financial payable. The financial cost of factoring transactions is represented by interest on the amounts advanced recognised in the income statement on an accruals basis, which are classified as financial expense. Commissions accruing on sales with recourse are included under financial expense, while commissions on sales without recourse are recorded under other operating costs.

IFRS 9 defines a new model of impairment of these assets, with the aim of providing useful information to users of the financial statements regarding the relative expected losses.

For trade receivables, the Group adopts a simplified approach to valuation hich does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss ("ECL") calculated on the whole life of the credit.

Impairment of receivables is recognised in the financial statements when there is objective evidence that the Company will not be able to recover the receivable due from the counterparty on the basis of the contractual terms.
Objective evidence includes events such as:
- significant financial difficulties of the debtor;
- legal disputes with the debtor relating to receivables;

- the likelihood that the debtor will go bankrupt or that other financial restructuring procedures will be initiated.

The amount of the write-down is measured as the difference between the book value of the asset and the current value of the estimated future cash flows and recorded in the income statement. If the reasons for the previous write-downs cease to apply in subsequent periods, the value of the asset is reinstated up to the value that would have derived from the application of the amortised cost.

The adoption of the new IFRS 9 principle had no significant impact on the Group's financial statements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank deposits available and other forms of short-term investment with an original maturity of three months or less.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets with a book value that will be recovered mainly through sale rather than through continuous use are classified as held for sale and reported separately from other assets in the statement of financial position. This condition is considered met when the sale is highly probable and the asset or group of assets being disposed of is available for immediate sale in its present condition.

Non-current assets held for sale are not subject to amortisation and are measured at the lower between their book value and fair value, minus sale costs.

A discontinued operating asset represents a part of the enterprise that has been disposed of or classified as held for sale and (i) represents an important business unit or geographical area of activity; (ii) is part of a coordinated plan to dispose of an important business unit or geographical area of activity; or (iii) is a subsidiary acquired solely for the purpose of being resold.

The results of discontinued operating assets are recognised separately in the income statement, net of tax effects. The corresponding figures for the previous 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 directly attributable ancillary costs, and are subsequently measured at amortised cost, applying the effective interest rate method. Pursuant IFRS 9, they also include trade and other payables. Financial payables are classified as current liabilities, except for those maturing more than twelve months after the balance sheet date and those for which the Company has an unconditional right to defer payment for at least twelve months after the reference date.

Financial payables are recorded at the date of negotiation of the transaction and are removed from the financial statements when they are extinguished and when the Company has transferred all the risks and charges relating to the instrument.

The adoption of the new IFRS 9 principle had no significant impact on the Group's financial statements.

DERIVATIVE INSTRUMENTS

Derivatives are evaluated as securities held for trading and measured at fair value with a balancing entry in the income statement. They are classified under other current and non-current assets or liabilities.
Financial assets and liabilities with a balancing entry in the income statement are initially recognised and subsequently measured at fair value and the relative accessory costs are immediately expensed in the income statement. Profits and losses deriving from changes in the fair value of exchange rate derivatives are presented in the income statement under financial income and expense in the period in which they are recorded.

EMPLOYEE BENEFITS

Short-term benefits consist of wages, salaries, relative social security charges, paymnts in lieu of holidays and incentives in the form of bonuses payable in the twelve months following the balance sheet date. These benefits are recorded as components of payroll costs in the period in which the work is performed.
Defined-benefit plans, which also include severance indemnities due to employees pursuant to Article 2120 of the Italian Civil Code ("TFR"), include the amount of benefits payable to employees that can only be quantified after termination of employment, and are linked to one or more factors such as age, years of service and remuneration; consequently, the relative cost is charged to the income statement on the basis of actuarial calculations. The liability recognised in the financial statements for defined benefit plans corresponds to the current value of the bond at the balance sheet date. Obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The current value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in Euro, which takes into account the duration of the relatated pension plan. Actuarial profits and losses arising from the abovementioned adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income.

As of 1 January 2007, the 2007 budget law and the relative implementation decrees introduced significant changes to the rules governing employee severance indemnities, including the possibility for employees to choose the destination of their accruing employee severance indemnities. In particular, new flows of severance indemnity may be allocated by the employee to selected pension schemes or kept within the company. In the case of allocation to external pension funds, the company is only required to pay a defined contribution to the fund chosen, and from that date the newly accrued amounts are considered defined contribution plans which are not subject to actuarial evaluation.

STOCK GRANT PLAN

In compliance with IFRS 2 - Share-based payments, the total amount of the current value of the stock grants at the assignment date is recognised entirely in the income statement under payroll costs, with a balancing entry recognised directly under shareholders' equity. If there is a "vesting period" in which certain conditions must be met (achievement of goals) for the assignees to become holders of the right, the cost of remuneration, determined on the basis of the current value of the shares at the assignment date, is recognised under payroll costs on a straight-line basis over the period between the assignment date and the vesting date, with a balancing entry recognised directly under shareholders' equity.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are set aside to hedge losses and specific expenses which definitely or probably exist but for which the amount or date of occurrence cannot be determined. The entry is recorded only when there is a current obligation, legal or implicit, for a future outflow of economic resources as a result of past events and it is probable that such outflow is necessary for the fulfilment of the obligation. This amount represents the best estimate of the cost of extinguishing the obligation. The rate used to determine the current value of the liability reflects current market values and takes into account the specific risk associated with each liability.

When the financial effect of time is significant and the dates of payment of the obligations can be reliably estimated, the provisions are measured at the current value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time and the specific risk associated with the obligation. The increase in the value of the provision, determined by changes in the cost of money over time, is recorded as interest expense.

The risks for which the occurrence of a liability is only a possibility are indicated in the specific section providing information on potential liabilities and no provision is made for them.

TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate method.

EARNINGS PER SHARE

(a) Earnings per share - basic
Basic earnings per share is calculated by dividing the Company's share of profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

(a) Earnings per share - diluted
Diluted earnings per share is calculated by dividing the Company's share of profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted average number of shares in circulation is modified by assuming the exercise by all the assignees of rights that potentially have a diluting effect, while the Company's share of profit is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

TREASURY SHARES

Treasury shares are recorded as a reduction in shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sales are recorded as changes in shareholders' equity.

RECOGNITION OF REVENUES

Based on the five-step model introduced by IFRS 15, the Group recognizes revenues after identifying the contracts with its customers and the related performance obligations (transfer of goods and/or services), determining the transaction price, allocating it to each performance obbligation, as well as evaluating the way in which performance obligation are fulfilled (flulfillment at a point in time versus over time).

When the above requirements are met, the Group applies the recognition rules described below.
Revenues from the sale of products are recognized when the control connected with ownership of the goods is transferred to the buyer, or when the customer acquires the full capacity to decide on the use of the asset and to draw substantially all the benefits.
Revenues from the provision of services are recognized when they are carried out with reference of progress of work.
Revenues also include lease payments recognized on a straight-line basis over the duration of the contract.

Revenues are recognized at the fair value of the consideration received for the sale of products and services in the ordinary course of business of the Group. The revenue is recognized net of value added tax, expected returns, allowances, discounts and certain marketing activities implemented with the help of customers and whose value is a function of the revenues themselves.

The adoption of the new IFRS 15 principle had no significant impact on the Group's financial statements.

RECOGNITION OF COSTS

Costs are recognised when they relate to goods and services purchased or consumed during the year or by systematic allocation.

TAXES

Current taxes are determined on the basis of an estimate of taxable income, in compliance with the tax regulations applicable to the Company.
Deferred tax assets and liabilities are calculated on the basis of all the differences that emerge between the taxable amount of an asset or liability and its book value, with the exception of goodwill upon initial recognition and those relating to differences arising from investments in subsidiaries, when the timing of reversal of these differences is subject to Company control and it is probable that they will not occur within a reasonably foreseeable period of time. Deferred tax assets, including those relating to previous tax losses, not offset by deferred taxes, are recognised to the extent that it is probable that future taxable income will be available to enable their recovery. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the years in which the differences will be realised or extinguished.
Current, deferred tax assets and deferred tax liabilities are recorded in the income statement under "Income taxes", with the exception of those relating to items recorded in the statement of comprehensive income other than net profit and those relating to items directly charged or credited to shareholders' equity. In the latter cases, deferred taxes are recorded in the statement of comprehensive income and directly under shareholders' equity. Deferred tax assets and liabilities are offset when they are applied by the same tax authority, there is a legal offsetting right and a settlement of the net balance is expected.
Other taxes not related to income, such as indirect taxes and duties, are included in the income statement under "Other operating costs".

2.4 Newly issued standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Company at 1 May 2018.

- In June 2016, the IASB published a number of amendments to IFRS 2 - "Share-based payments", clarifying the criteria used to measure "cash-settled share-based payments" and the accounting of certain types of share-based payments. An exception to IFRS 2 is also introduced, requiring premiums for which the tax regulations envisage a withholding tax and therefore a subsequent payment to the tax authorities to be treated entirely as share-based payments.
- On 12 November 2009, the IASB published IFRS 9 - Financial Instruments, which was amended on 28 October 2010 and 24 July 2014. The standard, applicable retrospectively for financial years starting on or after 1 January 2018, represents the first part of a phased process aimed at fully replacing IAS 39 and introducing new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the financial statements. Particularly for financial assets, the new standard uses a single approach based on the way financial instruments are managed and on the characteristics of the contractual cash flows of the financial assets themselves in order to determine their

valuation criteria, replacing the different rules envisaged by IAS 39. For financial liabilities, on the other hand, the main change concerns the way in which changes in the fair value of a financial liability designated as a financial liability measured at fair value are recorded in the income statement, if they are due to changes in the creditworthiness of the liability itself. According to the new standard, these changes must be recognised in the other components of comprehensive income and will no longer be recorded in the income statement.

- The FASB issued IFRS 15 "Revenue from contracts with customers" on 28 May 2014. The new standard will be effective for years beginning on or after 1 January 2018. The standard replaces IAS 18 - "Revenues" 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, except for contracts that fall within the scope of IAS 17 - Leases, for insurance contracts and for financial instruments. It establishes a process consisting of five phases to define the timing and amount of the revenues to be recorded (identification of the contracts with the customer, identification of the performance obligations envisaged in the contract, determination of the transaction price, allocation of the transaction price, recognition of the revenues upon fulfilment of the performance obligation).
- On 12 April 2016, the IASB published some further amendments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some provisions and providing further simplifications, in order to reduce costs and complexity, for those who apply the new standard for the first time. The amendments apply for years beginning on or after 1 January 2018.
- In December 2016, the IASB published a number of amendments to IAS 40 - 'Investment Property', clarifying the requirements for making changes in classification to and from Investment properties and specifying that these changes take place when there is an actual change in the destination of the asset in question, as duly documented.
- In December 2016, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). The provisions approved have amended: (i) IFRS 1, 'First-time adoption of IFRS', concerning the elimination of certain exemptions relating to IFRS 7, IAS 19 and IFRS 10 in the case of first-time adoption; (ii) IAS 28, 'Investments in associates and joint ventures', concerning the fair value measurement of associates or joint ventures.
- In December 2016, the IASB issued IFRIC 22 'Foreign currency transactions and advance consideration'. The document provides clarification in relation to the accounting of transactions or parts of transactions that have a price determined in foreign currency.

The adoption of the amendments introduced by these standards did not have a significant impact on the Company's financial statements.

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

- On 13 January 2016, the IASB published the new IFRS 16 - Leases. This new standard will replace the current IAS 17. The main change concerns the recognition of leases by lessees who, under IAS 17, were required to make a distinction between financial leases (accounted for under an on balance-sheet treatment) and operating leases (recorded using the off balance-sheet method). Under IFRS 16, operating leases will be classified in the same way as financial leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rents are recognised. The IASB has provided for an optional exemption for certain low-value, short-term lease and rental contracts. This standard will be applicable from 1 January 2019 and by the Company from 1 May 2019. Earlier applicarion was allowed with the joint appplication of IFRS 15 "Revenue from contracts with customers".

The Group has carried out an in-depth analysis of all the lease contracts in force as at 30 April 2019 in the light of the new accounting rules for leases envisaged by IFRS 16. The standard will mainly influence the recognition of the Group's operating leases.

The main impacts estimated on the Company's financial statements from 1 May 2019 are summarised below:

- Statement of financial position: higher non-current assets due to the recognition of the "right to use leased assets" as a balancing entry to higher financial liabilities. It is estimated that an amount of Euro 250 thousand will be recognised as financial lease liabilities and intangible assets;
- Income statement: other nature, quantification, qualification and classification of expenses which envisages the recording of the "Amortisation of the right to use the asset" and "Financial expenses", in place of the "Costs for use of third party assets - operating lease instalments", as per IAS 17, with a consequent positive impact on EBITDA estimated at approximately Euro 110 thousand on an annual basis. The company estimates that profit before tax will not have a significant impact following the adoption of the new rules, on the basis of the contracts currently in force;
- Statement of cash flows: operating cash flows are expected to increase by approximately Euro 100 thousand while cash flows from financing activities will decrease by approximately Euro 100 thousand, as the repayment of the principal portion of the lease liabilities will be classified as cash flow from financing activities.

The Company will apply the standard from the date of compulsory adoption on 1 January 2019 and therefore from 1 May 2019.

- In October 2017, the IASB published an amendment to IFRS 9 "On prepayment features with negative compensation". The amendment confirms that when a financial liability recognised at amortised cost is modified without this leading to its de-recognition, the related gain or loss must be recognised immediately in the income statement. The gain or loss is measured as the difference between the previous cash flow and the cash flow restated to reflect the change. The amendment is effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In December 2017, the IASB issued a set of amendments to IFRS (Annual Improvements to IFRSs 2015-2017 Cycle). The provisions approved have amended: (i) IFRS 3 "Business Combinations"; (ii) IFRS 11 "Joint arrangements"; (iii) IAS 12 "Income Taxes"; (iv) IAS 23 "Borrowing costs" in relation to the accounting treatment of loans originally linked to the development of a business. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In October 2017, the IASB published an amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". The amendment clarifies the accounting treatment of investments in associates and joint ventures that are not evaluated using the equity method in accordance with IFRS 9. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In February 2018, the IASB published an amendment to IAS 19 "Employee benefits" that introduces changes essentially aimed at requiring the use of updated actuarial assumptions in the calculation of current service cost and net interest for the period following a change in an existing defined benefit plan. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.
- In June 2017, the IASB published the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". The document provides guidance on how to reflect uncertainties in the tax treatment of a given phenomenon in the accounting for current and/or deferred income taxes. The amendments are effective from the year beginning 1 January 2019 and therefore from 1 May 2019.

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

- In May 2017 the IASB issued the new standard IFRS 17 - Insurance Contracts. The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2021.

- In October 2018, the IASB published a number of amendments to IAS 1 and IAS 8, clarifying the definition of "material information". The amendments are effective from 1 January 2020.
- In October 2018, the IASB published a number of amendments to IFRS 3 that amend the definition of "business" in the context of acquisitions of companies or groups of assets. The amendments are effective from 1 January 2020.

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

3 Financial Risk Management

The Company's assets are exposed to credit risk.

The Company's risk management strategy aims to minimise potential negative effects on the Company's financial performance. Risk management is centralised in the treasury function, which identifies, evaluates and hedges financial risks. The treasury function provides indications for monitoring risk management, as well as indications for specific areas, concerning interest rate risk, exchange rate risk.

MARKET RISK

The Company is exposed to market risks only with regard to credit risk.

Interest Rate Risk

The Company's capital structure is characterised by a structurally positive net financial position and is therefore not exposed to interest rate risk.

Exchange Rate Risk

In the year ended 30 April 2019, the Company did not operate in currencies other than the Euro.

Credit risk

The credit risk is represented by exposure to potential losses that may derive from failure to fulfil obligations undertaken by customers. To mitigate the credit risk related to commercial counterparties, and therefore customers, the Company has implemented procedures to ensure that services are supplied to customers considered reliable on the basis of past experience and available information. Furthermore, the Company constantly monitors its commercial exposure and ensures that receivables are collected in compliance with the contractual deadlines. We also point out that the Company's exposure is concentrated mainly on companies belonging to the Sesa Group.

The credit risk deriving from normal operations is constantly monitored using customer information and assessment procedures, with the creation of a provision for bad debts.

The following table provides a breakdown of current receivables from customers as at 30 April 2019 and 2018, grouped by due date, net of the provision for bad debts.

	Year ended 30 April	
	2019	2018
Yet to mature	806	799
Expired by 0-30 days	4	48
Expired by 31-90 days	1	2
Expired by 91-180 days	22	2
Expired by 180-360 days	7	1
Expired by over 360 days	0	7
Total	**840**	**859**

LIQUIDITY RISK

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

The Company's capital structure is characterised by a structurally positive net financial position and is therefore not exposed to liquidity risk.

The following tables show the expected cash flows in future years for financial liabilities at 30 April 2019 and 30 April 2018:

At 30 April 2019 *(Euro thousands)*	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Trade payables	804	804	-	-
Other current and non-current payables	4,659	4,659	-	-

At 30 April 2018 *(Euro thousands)*	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Trade payables	431	431	-	-
Other current and non-current payables	2,550	2,550	-	-

Other current and non-current payables refer mainly to group VAT payables and other relations with companies included in the scope of the tax consolidation.

CAPITAL RISK

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

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

With reference to the classification and measurement of financial assets, it should be noted that the financial assets held by the group are valued at:
- amortized cost in the case of financial assets relating to the "hold to collect" business model;
- fair value recognized in the other components of the comprehensive income statement in the case of financial assets relating to the "hold to collect and sell" business model.

A financial asset representing a debt instrument that is not valued at amortized cost or at the FVTOCI is valued at fair value with the effects being charged to the income statement.

The *fair value* of trade receivables and other financial assets, trade payables and other payables and other financial liabilities, recorded under "current" items of the statement of financial position measured using the amortised cost method, as these are mainly assets underlying commercial transactions the settlement of which is envisaged in the short term, does not differ from the book values of the financial statements at 30 April 2019 and 30 April 2018.

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

The following table provides a breakdown of financial assets and liabilities by category at 30 April 2019 and 30 April 2018:

At 30 April 2019 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**FVOCI assets;**	**Assets or liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					
Current trade receivables	840				840
Other current and non-current assets	13,291				13,291
Cash and cash equivalents	7,223				7,223
Total assets	**21,354**				**21,354**
Liabilities					
Current and non-current loans					
Trade payables	804				804
Other current liabilities	4,659				4,659
Total liabilities	**5,463**				**5,463**

At 30 April 2018 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**FVOCI assets;**	**Assets or liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					
Current trade receivables	859	-	-	-	859
Other current and non-current assets	9,372	-	-	-	9,372
Cash and cash equivalents	8,056	-	-	-	8,056
Total assets	**18,287**	**-**	**-**	**-**	**18,287**
Liabilities					
Current and non-current loans	-	-	-	-	-
Trade payables	431	-	-	-	431
Other current liabilities	2,550	-	-	-	2,550
Total liabilities	**2,981**	**-**	**-**	**-**	**2,981**

FAIR VALUE MEASUREMENT

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

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

The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:
Level 1: Fair value determined with reference to quoted (unadjusted) prices on active markets for identical financial instruments;
Level 2: Fair value determined using valuation techniques with reference to variables observable on active markets;
Level 3: Fair value determined using valuation techniques with reference to variables that cannot be observed on active markets.

4 Estimates and Assumptions

The preparation of the financial statements requires the application by the directors of accounting standards and methods that, in some circumstances, are based on difficult and subjective assessments and estimates based on historical experience and assumptions that are considered reasonable and realistic in relation to the relative circumstances. The application of these estimates and assumptions influences the amounts reported in the financial statements, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the notes provided.

The final results of the financial statement items for which the above estimates and assumptions have been used may differ from those reported in financial statements that record the effects of the occurrence of the estimated event, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

Here is a brief description of the areas that require greater subjectivity on the part of directors in making estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial data.

(a) Reduction of value of assets

In compliance with the accounting standards applied by the Company, property, plant and equipment, intangible assets and investment property are tested for impairment, which should be recognised through a write-down, when there are indications that it may be difficult to recover their net book value through use. Verification of the existence of the above indicators requires directors to make subjective assessments based on information available from the Company and on the market, as well as on historical experience.

Moreover, if it is determined that a potential reduction in value may have been generated, the Company proceeds to determine said value using appropriate evaluation techniques. The correct identification of the elements that indicate the existence of a potential reduction in the value of property, plant and equipment, intangible assets and investment property, as well as the estimates for their determination, depend on factors that may vary over time, influencing the evaluations and estimates made by the directors.

(b) Amortisation and Depreciation

The cost of tangible assets and intangible assets is amortised on a straight-line basis over the estimated useful life of the relative assets. The useful economic life of these assets is determined by the directors at the moment of purchase; it is based on historical experience for similar assets, market conditions and advances regarding future events that could have an impact on the useful life of the assets, including changes in technology. Consequently, the actual economic life may differ from the estimated useful life.

(c) Provision for bad debts

The provision for bad debts reflects the estimated losses on the Company's portfolio of receivables. Provisions have been made for losses expected on receivables, estimated on the basis of past experience with reference to receivables with similar credit risk, current and historical outstanding amounts, as well as the careful monitoring of the quality of the receivables portfolio and the current and expected conditions of the economy and the reference markets. Estimates and assumptions are reviewed on a regular basis and the effects of each change are reflected in the income statement in the year to which they refer.

(d) Employee benefits

The current value of the pension funds recorded in the separate financial statements depends on an independent actuarial calculation and on the various assumptions taken into consideration. Any changes in assumptions and in the discount rate used are promptly reflected in the calculation of the current value and could have a significant impact on the data in the financial statements. The assumptions used for the actuarial calculation are reviewed annually.
The current value is determined by discounting 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 liquidated and which takes into account the duration of the relative pension plan. For further information, see notes 24 Employee benefits and 9 Personnel costs.

5 Revenues

Company’s revenues are generated in Italy. Revenues can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Services rendered and other revenues	7,067	6,097
Other revenues	760	687
Total	**7,827**	**6,784**

Revenues were mainly related 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:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Leases and rentals	40	40
Other income	1,275	1,103
Total	**1,315**	**1,143**

Leases were relatated to the lease of the premises in Rome.

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:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Consumables and other purchases	54	48
Total	**54**	**48**

8 Costs for services and rent, leasing and similar costs

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Hardware and software technical assistance	157	73
Consultancy	2,637	2,826
Leases and rentals	319	246
Marketing	109	62
Insurance	77	65
Utilities	52	22
Support and training expenses	7	9
Maintenance	36	1
Other expenses for services	336	220
Total	**3,730**	**3,524**

The item Consultancy includes the costs related to the Stock Grant Plan towards Excutive Directors for Euro 1,060 thousand.

9 Personnel costs

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	2019	2018
Wages and salaries	3,388	2,929
Social security contributions	973	856
Contributions to defined-contribution pension funds	209	190
Reimbursements and other personnel costs	196	144
Total	**4,766**	**4,119**

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

	Average number of employees at 30 April		Actual number of employees at 30 April	
(in units)	2019	2018	2019	2018
Executives	2	2	2	2
Middle managers	9	8	9	8
Office workers	77	68	84	70
Total	**88**	**78**	**95**	**80**

10 Other Operating costs

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	2019	2018
Accruals to provision for bad debts	3	
Taxes and duties	48	41
Losses not covered by provision for bad debts		
Losses on disposal		
Provision for risks and charges		
Other operating costs	44	43
Total	**95**	**84**

11 Amortisation and depreciation

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Intangible assets	28	17
Property, plant and equipment	108	87
Investment property		
Total	**136**	**104**

12 Financial income and charges

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Commissions and other financial charges	(14)	(13)
Financial charges relating to staff severance pay (TFR)	(20)	(17)
Total financial charges	**(34)**	**(30)**
Other financial income	45	43
Interest income on bank deposits	3	6
Dividends from equity investments	10,323	9,364
Total financial income	**10,371**	**9,413**
Net financial income	**10,337**	**9,383**

13 Income taxes

This item can be broken down as follows:

	FY ended 30 April	
(in thousands of euros)	**2019**	**2018**
Current taxes	294	293
Deferred tax liabilities and taxes related to prior years	7	(69)
Total	**301**	**224**

Sesa SpA, in its capacity as consolidating company, has exercised the option for the national tax consolidation regime (pursuant to art. 117 et seq. of the Consolidated Income Tax Act), which allows the determination of IRES (corporate income tax) on a single taxable base corresponding to the algebraic sum of the positive and negative taxable amounts of the individual participating companies, specifically Computer Gross Italia SpA, Var Group SpA and ICT Logistica Srl, the latter as consolidated companies. In the preparation of the financial statements, the effects of the transfer of the tax positions deriving from the tax consolidation, as regulated by the relative consolidation agreements in force, have therefore been taken into account and, in particular, the consequent credit/debit relationships with the consolidated companies have been recorded. The option to join the Group's VAT regime was also renewed with a special form sent to the Italian Revenue Department.

Consequently, since that date, Sesa SpA has acted as liquidator of VAT credit/debit positions also for its 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 2019 and 30 April 2018:

	FY ended 30 April			
(in thousands of euros)	**2019**		**2018**	
Profit before taxes	**10.698**		**9,431**	
Theoretical taxes	2.568	24.0%	2,263	24.0%
Taxes relating to previous years				
Favourable taxation on dividends	(2.354)		(2,135)	
Taxes on costs for the year charged as a reduction of equity during the FTA				
Other differences	(15)		77	
IRAP (Regional tax on production) tax, including changes in deferred tax assets and liabilities	102		19	
Effective tax burden	**301**		**224**	**2.38%**

14 Intangible assets

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

(in thousands of euros)	Client list	Software and other intangible assets	Trademarks and patents	Total
Balance at 30 April 2017	**10**	**60**		70
Of which:				
- historical cost	*25*	*119*	*9*	***153***
- accumulated amortisation	*(15)*	*(59)*	*(9)*	***(83)***
Investments		6		***6***
Disinvestments				
Amortisation	(3)	(14)		***(17)***
Balance at 30 April 2018	**7**	**52**		59
Of which:				
- historical cost	*25*	*125*	*9*	***159***
- accumulated amortisation	*(18)*	*(73)*	*(9)*	***(100)***
Investments		74		***74***
Disinvestments				
Amortisation	(2)	(26)		***(28)***
Balance at 30 April 2019	**5**	**100**		105
Of which:				
- historical cost	*25*	*199*	*9*	***233***
- accumulated amortisation	*(20)*	*(99)*	*(9)*	***(128)***

The balance of intangible assets as of 30 April 2019 is mainly formed by software and software licenses used by the Company.

15 Property, plant and equipment

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

(in thousands of euros)	**Office machines**	**Other property, plant and equipment**	**Total**
Balance at 30 April 2017	**320**	**2**	**322**
Of which:			
- historical cost	*457*	*133*	***590***
- accumulated depreciation	*(137)*	*(131)*	***(268)***
Investments	115	2	***117***
Disinvestments			
Depreciation	(84)	(3)	***(87)***
Other changes historical cost			
Other changes accumulated depreciation			
Balance at 30 April 2018	**351**	**1**	**352**
Of which:			
- historical cost	*572*	*135*	***707***
- accumulated depreciation	*(221)*	*(134)*	***(355)***
Investments	203		***203***
Disinvestments			
Depreciation	(107)		***(107)***
Other changes historical cost			
Other changes accumulated depreciation			
Balance at 30 April 2019	**447**	**1**	**448**
Of which:			
- historical cost	*775*	*135*	***910***
- accumulated depreciation	*(328)*	*(134)*	***(462)***

The investments made during the year ended 30 April 2019 mainly include the purchase of office machines (server and storage) for corporate services performed by the Company towards other Group's companies.

16 Investment Property

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

(in thousands of euros)	Land	Buildings	Total
Balance at 30 April 2017	**281**	**8**	**289**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	*-*	*(2)*	***(2)***
Depreciation			
Balance at 30 April 2018	**281**	**8**	**289**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	*-*	*(2)*	***(2)***
Depreciation			
Balance at 30 April 2019	**281**	**8**	**289**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	*-*	*(2)*	***(2)***

17 Equity Investments

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

	FY ended 30 April	
(in thousands of euros)	2019	2018
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
Total	**68,241**	**68,241**

At 30 April 2019, the value of the portion of equity related to subsidiaries is higher than their book value recorded in the financial statements.

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

(in thousands of euros)	Equity Investments
Balance at 30 April 2017	**68,241**
Changes:	
- Purchases or subscriptions	-
- Sales	-
Balance at 30 April 2018	**68,241**
Changes:	
- Purchases or subscriptions	-
- Sales	-
Balance at 30 April 2019	**68,241**

18 Deferred tax assets and Deferred tax liabilities

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

	At 30 April	
(in thousands of euros)	2019	2018
Receivables for deferred tax assets due within 12 months	243	255
Receivables for deferred tax assets due beyond 12 months	17	3
Total receivables for deferred tax assets	**260**	**258**
Deferred tax liabilities within 12 months	3	1
Deferred tax liabilities beyond 12 months	-	-
Total deferred tax liabilities	**3**	**1**

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

	At 30 April	
(in thousands of euros)	2019	2018
Balance at the beginning of the year	**259**	**187**
Increase by merger		
Effect on the income statement	1	72
Effect on the statement of comprehensive income		
Reclassifications		
Balance at the end of the year	**260**	**259**
Of which:		
- receivables for deferred tax assets	*260*	*258*
- deferred tax liabilities	*3*	*1*

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

Receivables for deferred tax assets *(in thousands of euros)*	Value differences on property, plant and equipment and intangible assets	Provisions for risks and charges and other allocations	Employee benefits	Other items	Total
Balance at 30 April 2017	**197**		**(10)**	**-**	**187**
Effect on the income statement	72			-	**72**
Effect on the statement of comprehensive income					
Other changes					
Balance at 30 April 2018	**269**		**(10)**	**-**	**259**
Effect on the income statement	1			-	**1**
Effect on the statement of comprehensive income					
Other changes					
Balance at 30 April 2019	**270**		**(10)**	**-**	**260**

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

Deferred tax liabilities *(in thousands of euros)*	Value differences on property, plant and equipment and intangible assets	Employee benefits	Other items	Total
Balance at 30 April 2017				
Reclassifications				
Effect on the income statement	1			**1**
Effect on the statement of comprehensive income				
Balance at 30 April 2018	**1**			**1**
Reclassifications				
Effect on the income statement	1			**1**
Effect on the statement of comprehensive income				
Balance at 30 April 2019	**2**			**2**

19 Other current and non-current receivables and assets

This item can be broken down as follows:

	At 30 April	
(in thousands of euros)	2019	2018
Non-current receivables from others	56	44
Non-current equity investments in other companies	71,249	69,248
Non-current securities		
Total other non-current receivables and assets	**71,305**	**69,292**
Current receivables from subsidiaries	9,733	7,616
Current receivables from others	10	21
Other current tax receivables		5
Accrued income and prepaid expenses	206	185
Derivative assets	-	-
Total other current receivables and assets	**9,949**	**7,827**

Non-current equity investments in other companies refer to companies that are not listed on an active market. These equity investments are evaluated at cost, net of any impairment losses. Their value is therefore the best approximation to the fair value.

The increase of Euro 2 million in Investments refers to the 3% stake held in Digital Value Holding SpA, which controls 72.5% of the company Digital Value SpA, a leading operator in the IT sector with an annual turnover of approximately Euro 300 million and a capitalisation on the STAR Market of over Euro 110 million.

Receivables from subsidiaries include interest-bearing financial receivables totaling 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:

	At 30 April	
(in thousands of euros)	2019	2018
Receivables from customers	774	835
Provision for write-down of receivables from customers (*)	(84)	(85)
Receivables from customers, net of provision for bad debts	**690**	**750**
Receivables from subsidiaries	150	106
Receivables from associated companies		
Receivables from parent companies		3
Total current trade receivables	**840**	**859**

(*) For the purposes of better representation, trade receivables are recorded net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors which, at 30 April 2018 and 30 April 2019, amounted to Euro 77 thousand and Euro 73 thousand respectively. These positions are fully written down through the recognition of a specific provision. Receivables from customers relate mainly to companies in the Sesa Group, even though they do not have a controlling relationship or connection with Sesa SpA.

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

(in thousands of euros)	**Provision for bad debts**
Balance at 30 April 2017	**118**
Allocation	
Use	(33)
Balance at 30 April 2018	**85**
Allocation	
Use	(1)
Balance at 30 April 2019	**84**

21 Equity

Share capital

At 30 April 2019 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 Company does not have Warrants or shares other than ordinary ones.

At 30 April 2019 the treasury shares in portfolio amounted to no. 65,742 for a total value of Euro 1,639 thousand.

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

	Number of shares
Balance at 30 April 2018	
Issued shares	15,494,590
Treasury shares	38,712
Outstanding shares	15,455,878
Movements during the year	
Assignment of shares in execution Stock Grant plan	42,000
Purchase of treasury shares	69,030
Balance at 30 April 2019	
Issued shares	15,494,590
Treasury shares	65,742
Outstanding shares	15,428,848

Other reserves

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

(in thousands of euros)	Legal reserve	Treasury shares reserve	Reserve for actuarial gain (loss)	Sundry reserves	Total Other reserves
At 30 April 2017	**1,439**	**(867)**	**(163)**	**2,752**	**3,161**
Actuarial gain/(loss) for employee benefits – gross			(8)		(8)
Actuarial gain/(loss) for employee benefits – tax effect			2		2
Purchase of treasury shares		(1,189)			(1,189)
Sale/cancellation of treasury shares					0
Dividends distributed				(299)	(299)
Assignment of shares in execution Stock Grant plan		1,097		(726)	371
Stock Grant Plan - shares vesting in the period				1,022	1,022
Other changes					0
Allocation of the profit for the year	440				440
At 30 April 2018	**1,879**	**(959)**	**(169)**	**2,749**	**3,500**
Actuarial gain/(loss) for employee benefits – gross			(76)		(76)
Actuarial gain/(loss) for employee benefits – tax effect			18		18
Purchase of treasury shares		(1,739)			(1,739)
Sale/cancellation of treasury shares					0
Dividends distributed				(544)	(544)
Assignment of shares in execution Stock Grant plan		1,059		(1,022)	37
Stock Grant Plan - shares vesting in the period				1,022	1,022
Other changes					
Allocation of the profit for the year	461				461
At 30 April 2019	**2,340**	**(1,639)**	**(227)**	**2,205**	**2,679**

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 2019 and 30 April 2018 the item is equal to zero.

Below is a summary of the net financial position:

	(in thousands of euros)	At 30 April 2019	At 30 April 2018
A.	Cash		
B.	Cheques and bank and postal deposits	7,223	8,056
C.	Securities held for trading	-	-
D.	**Liquidity (A) + (B) + (C)**	**7,223**	**8,056**
E.	**Current financial receivables**	**6,500**	**6,500**
F.	Current bank debt	-	-
G.	Current portion of non-current debt	-	-
H.	Other current financial payables	-	-
I.	**Current financial debt (F) + (G) + (H)**	**-**	**-**
J.	**Net current financial debt (I) - (E) - (D)**	**(13,723)**	**(14,556)**
K.	Non-current bank debt	-	-
L.	Bonds issued	-	-
M.	Other non-current payables	-	-
N.	**Non-current financial debt (K) + (L) + (M)**	**-**	**-**
O.	**Net financial debt (J) + (N)**	**(13,723)**	**(14,556)**

Interest-bearing financial receivables from Computer Gross Italia SpA and Var Group SpA are recognised for Euro 6.5 million under current financial receivables.

24 Employee benefits

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

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

(in thousands of euros)	FY ended 30 April 2019	FY ended 30 April 2018
Balance at the beginning of the year	**1,268**	**1,146**
Service cost	121	119
Interest on the obligation	20	17
Uses and advances	(36)	(20)
Actuarial loss/(gain)	76	6
Changes for personnel transfers	175	
Balance at the end of the year	**1,624**	**1,268**

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

	At 30 April	
(in thousands of euros)	**2019**	**2018**
Economic assumptions		
Rate of inflation	1.50%	1.50%
Discount rate	1.06%	1.44%
Rate of increase in staff severance pay (TFR)	2.63%	2.63%

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, in line 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.

(in thousands of euros)	**Scenarios**	**Past service liability**
Annual discount rate	0.50%	1,632
	-0.50%	1,784
Annual rate of inflation	0.25%	1,738
	-0.25%	1,674
Turnover rate	1.00%	1,692
	-1.00%	1,713

25 Provisions for risks and charges

At 30 April 2019 the item was equal to zero.

26 Other current liabilities

This item can be broken down as follows:

	At 30 April	
(in thousands of euros)	2019	2018
Accrued expenses and deferred income	14	13
Tax payables	1,693	1,159
Payables to personnel	953	770
Other payables	1,249	472
Payables to social security institutions	145	127
Advances from customers		
Derivative liabilities		
Total other current liabilities	**4,054**	**2,541**

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 2019, the amount of the guarantees, net of the sum already paid, is equal to Euro 6,048 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.

(in thousands of euros)	FY ended 30 April 2019
Fees due to Directors	596
Fees due to Statutory Auditors	66

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 25 August 2017. In relation to the foregoing, it should be noted that, at 30 April 2019, a total of 42,000 shares matured.

The Stock Grant Plan concerns the three-year period 2018-2020 towards Group's executive directors. The Plan consists in the free allocation of a maximum total of n. 189,000 ordinary shares of the parent company Sesa SpA, of which a total of n. 126,000 ordinary shares to be delivered free of charge to the beneficiaries in three annual tranches (the "annual Shares") and a total of n. 63,000 to be delivered at the end of the three-year period (the "three-year shares"). The allocation of the annual shares is subject to the achievement of certain growth objectives in Group's profitability.

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 2019 for audit and non-audit services provided by the independent Auditors and by entities belonging to their network, including expenses.

Service	Entity providing the service	Recipient	Fees for the year ended 30 April 2019 (thousands of euros)
Audit	PwC	Sesa SpA	101
Other assurance services	PwC	Sesa SpA	15

The amount includes the fees, out-of-pocket expenses and the supervisory fee. At 30 April 2019, Indipendent Auditors provided assurance services relating to the limited examination of the Non-Finacial Statement.

28 Transactions with related parties

Relations maintained by the Company with related parties that are associated and parent 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 2019 and 2018.

(in thousands of euros)	Subsidiaries	Associated Companies	Parent Companies	Top managemen t	Other related parties	Total	% on the financial statement item
Current trade receivables							
at 30 April 2019	488	11	-			499	**59.4%**
at 30 April 2018	260	8	3			271	**31.5%**
Other current receivables and assets							
at 30 April 2019	9,732					9,732	**97.8%**
at 30 April 2018	6,500					6,500	**83.0%**
Employee benefits							
at 30 April 2019				1		1	**0.1%**
at 30 April 2018				1		1	**0.1%**
Payables to suppliers							
at 30 April 2019	63	30				93	**11.6%**
at 30 April 2018	59					59	**13.7%**
Other current liabilities							
at 30 April 2019	1,241			103		1,344	**33.1%**
at 30 April 2018	-			72		72	**2.8%**

The following table details the effects on the income statement of transactions with related parties for the years ended 30 April 2019 and 30 April 2018.

(in thousands of euros)	Subsidiaries	Associated Companies	Parent Companies	Top management	Other related parties	Total	% on the financial statement item
Revenues							
at 30 April 2019	7,461	80	65			7,606	97.18%
at 30 April 2018	6,485	67	53			6,605	97.36%
Other income							
at 30 April 2019	1,226	10	1	7		1,244	94.60%
at 30 April 2018	1,094	5	1	7		1,107	96.85%
Consumables and goods for resale							
at 30 April 2019	14					14	25.93%
at 30 April 2018	14					14	27.08%
Costs for services and rent, leasing and similar costs							
at 30 April 2019	531	3		1,655	-	2,189	58.69%
at 30 April 2018	231	-		1,908	-	2,139	60.70%
Personnel costs							
at 30 April 2019				352		352	7.39%
at 30 April 2018				338		338	8.21%
Other operating costs							
at 30 April 2019						-	0.00%
at 30 April 2018						-	0.00%
Financial income							
at 30 April 2019	45					45	0.43%
at 30 April 2018	44					44	0.47%
Financial charges							
at 30 April 2019	-					-	0.00%
at 30 April 2018						-	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 2019 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 2019 was authorised by resolution of the Board of Directors on 11 July 2019.

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 characteristics of the business and
   - the effective application of the administrative and accounting procedures for the preparation of the separate financial statements as at 30 April 2019.

2. No important aspects emerged from the application of the administrative and accounting procedures for the preparation of the separate financial statements as at 30 April 2019.

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 results of the accounting books and records;

   c) provide a true and fair representation of the financial position, results of operations and cash flows of the issuer

   3.2 the Report on Operations includes a reliable analysis of the performance and of the results of operations, as well as of the situation of the issuer and of the group of companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Empoli, 11 July 2019

Paolo Castellacci	Alessandro Fabbroni
Chairman of the Board of Directors	Financial Reporting Manager

Independent Auditor's Report on the Separate Financial Statements of Sesa SpA

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Sesa SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sesa SpA (the Company), which comprise the separate statement of financial position as of 30 April 2019, the separate income statement, separate statement of comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 April 2019, and of the result of its operations and cash flows for the year then ended in accordance 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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. 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. 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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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Equity investments in subsidiaries and associated companies	
"Note 17 to the financial statements as of 30 April 2019. Equity investments" In the financial statements as of 30 April 2019 equity investments in subsidiaries and associated companies, valued at cost, were recognised for an amount equal to Euro 68,241 thousand representing 75.5% of the Company's assets. Annually the Company verifies the existence, if any, of indicators showing that equity investments held in subsidiaries and associated companies may have been impaired, and, where necessary, compares their book value with the estimated recoverable value pursuant to *"IAS 36 – impairment of assets"*. As of 30 April 2019, management did not identify any impairment indicator and the value of the portion of equity related to subsidiaries is higher than their book value in the financial statements. As part of our audit process, we paid special attention to the valuation of such equity investments given the significance of the item under analysis and the high professional judgement necessary to verify the recoverability of the values recognized in the financial statements.	As part of our audit, in order to address such key matter, we carried out an understanding and evaluation of the procedures adopted by the management to verify the book value of the equity investments in subsidiaries and associated companies and the existence of any impairment indicators. We analysed the changes in this item during the year. Furthermore, we examined the financial statements of the investees and verified, by inquiries of management and by the acquisition of sufficient and appropriate evidence, the completeness of the external and internal sources of information considered by the Company for its valuations.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance 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 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit 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 Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 15 July 2013, the shareholders of Sesa SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 30 April 2014 to 30 April 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No.39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Sesa SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Sesa SpA as of 30 April 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Sesa SpA as of 30 April 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Sesa SpA as of 30 April 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 23 July 2019

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 Satatutory Auditors to the Shareholders' Meeting

Dear Shareholders,
with this report, drawn up in compliance with art. 153 of Legislative Decree no. 58/98 and art. 2429 of the Italian Civil Code, the Board of Statutory Auditors of Sesa S.p.A. intends to inform you of the oversight and auditing activities carried out, in the pursuit of its duties, during the financial year ended 30 April 2019.

1. LEGISLATIVE, REGULATORY AND DEONTOLOGICAL SOURCES

During the year ended 30 April 2019, the Board of Statutory Auditors exercised the oversight activity assigned to it in compliance with Article 149 of Legislative Decree no. 58/98, in accordance with the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts in a document dated April 2015 and updated to April 2018, the Consob recommendations on corporate audits and the activities of the Board of Statutory Auditors (and, in particular, Communication no. 1025564 dated 6 April 2001, as subsequently integrated with Communication no. 3021582 dated 4 April 2003 and Communication no. 6031329 dated 7 April 2006) and the indications contained in the Code of Corporate Governance currently in force.
The current Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting on 24 August 2018. The Shareholders' Meeting in question appointed the current Board of Statutory Auditors for the three-year period 2018/2020, partially renewing its members. Until that date, the Board of Statutory Auditors had been chaired by Prof. Sergio Menchini.
During the meeting held on 24 August 2018, the Board of Directors assigned the functions of the Oversight Committee to the Board of Statutory Auditors, as also envisaged by article 4.1 of the General Section of "Model 231" adopted by the Company.
The Board of Statutory Auditors carried out its activities during the financial year in question, by holding six meetings, all of which were duly recorded in the minutes; the Head of the Internal Audit function attended the meetings of the Board of Statutory Auditors.
The Board of Statutory Auditors also attended the eight meetings of the Board of Directors held during the year ended 30 April 2019.
The Board of Statutory Auditors, which was also assigned the functions of the Oversight Committee, met with the representatives of the Indepedent Auditor at least once every six months.
The Chairman of the Board of Statutory Auditors attended the meetings of the Audit and Risks Committee.
The Board of Statutory Auditors requested and obtained comparisons and regular reports from the administrative body, the Independent Auditors, the persons involved in the System for Internal Audit and Risk Management, and the head of the Internal Audit function.
The Board of Statutory Auditors also examined the corporate accounts and other documentation supplied by those responsible for the various functions.
On the basis of the information acquired in the exercise of its oversight activity, the Board of Statutory Auditors did not find any omissions, censurable facts, irregularities or significant facts which required reporting to the regulatory bodies or mention in this report; the Board of

Statutory Auditors also wishes to point out that no reports pursuant to article 2408 of the Italian Civil Code nor complaints were received.

The Board of Statutory Auditors also reports with reference to the obligations relating to non-financial information pursuant to Legislative Decree no. 254/2016. In particular, the regulations introduced by the aforesaid Legislative Decree require that the Public Interest Entities concerned draw up a declaration for each financial year, aimed at ensuring that the public receives correct information on the company's activities, its performance, results and its impact in terms of energy and of environmental, social and personnel issues, as well as respect for human rights and the fight against active and passive corruption. Among other things, the statement includes the main risks generated or incurred in relation to the aforementioned issues, as well as the business model for the management and organisation of activities, the policies applied and the actions taken to manage them by the group as a whole.

The person in charge of the statutory audit of the accounts verified the preparation of the non-financial statement and, in a specific report dated 23 July 2019, separate from that relating to the financial statements, presented a statement of compliance of the information supplied with that envisaged in the Legislative Decree.

2. OVERSIGHT ACTIVITY

2.1. *Oversight of compliance with the law, the Articles of Association and the Code of Corporate Governance*

The Board of Statutory Auditors notes that the internal and external flows of information were implemented by the Company thanks to coordination between the parties involved, in compliance with the law, the Articles of Association and the Code of Corporate Governance, as illustrated in the Report on Corporate Governance and ownership structure drawn up by the Board of Directors pursuant to article 123-bis of the Consolidated Law on Finance. The Board of Statutory Auditors also states that:

- the obligations relating to inside information are fulfilled in compliance with a *"Procedure for the disclosure of Inside Information to the Public"* adopted by the Board of Directors at the meeting held on 25 June 2013, updated on 11 July 2019;
- the Group Register of Persons with access to Inside Information is managed in compliance with a procedure adopted by the Board of Directors on 25 June 2013, suitably amended on 30 May 2016, once again by the Board of Directors, to bring it into line with the new regulations introduced by art. 18 of EU Regulation no. 596/2014 before its entry into force, scheduled for 3 July 2016, appointing the Chairman of the Board of Directors to make the changes to the Procedure made necessary as a result of regulatory interventions on the part of Consob. The procedure was further amended during the Board of Directors' meeting held on 11 July 2019;
- fulfilment of the reporting obligations deriving from the Internal Dealing regulations is managed in compliance with the Internal Dealing Procedure approved on 25 June 2013 by the Board of Directors, as amended on 22 December 2015, 30 May 2016, 14 July 2017 and, most recently, on 11 July 2019.

The Board of Statutory Auditors acknowledges that, on the basis of the information gathered in the performance of its oversight activities, each Company body (or function) has duly fulfilled the reporting obligations imposed by the law.

It should be noted that, on the basis of the information acquired, it does not appear that any breaches of the law, the Articles of Association or the Code of Corporate Governance have been committed by the Company or its bodies or that any complaints have been made by shareholders.

The Board of Statutory Auditors met regularly during the year, during which it also attended the meetings of the Board of Directors.

The Board of Statutory Auditors acknowledges that, with regard to the process of adjusting the organisation of data processing, a Group company that already provides privacy-related consulting services was specifically appointed to carry out assessment, gap analysis and remediation activities for the Group companies. Sesa Spa has appointed the Data Protection Manager so that he can carry out the tasks identified in art. 39 of the GDPR and in the specific Guidelines on data protection.

2.2. *Oversight of the observance of the principles of corect administration*

On the basis of the information acquired through its oversight activity, thanks particularly to the Board of Directors' qurterly report on the activities carried out and on the most important economic, financial and equity transactions carried out by the Company or its subsidiaries, as well as the information gathered from the company documentation consulted, the Board of Statutory Auditors states that it has not become aware of:

- transactions that did not comply with the principles of correct administration;
- transactions resolved and entered into in contrast with the law and/or the Articles of Association;
- transactions that did not take place in the Company's interest;
- transactions contrasting with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's equity;
- transactions which caused a potential conflict of interest.

2.3. *Oversight of the adequacy of the organisational system*

The Board of Statutory Auditors oversaw the adequacy of the organisational structure, collecting information from the heads of the organisational function and regular discussions with the Independent Auditors.

The Board of Statutory Auditors has no particular observations with regard to the Company's organisation which, in terms of structure, procedures, skills and responsibilities, currently appears adequate to the size of the Company, and to the nature of the corporate purpose and the methods by which it is pursued.

The Board of Directors currently in office is made up eight members, three of whom are independent directors in possession of the requirements of independence set forth in art. 147-ter, paragraph 4, TUF and art. 3 of the Code of Corporate Governance, in compliance with the provisions of art. 2.2.3, paragraph 3, letter l), of the Regulations of Borsa Italiana and art. IA.2.10.6 of the Instructions relating to the Regulations of Borsa Italiana, both of which are applicable to Issuers holding the STAR qualification. To this end, the Board of Statutory Auditors confirms the Company's compliance with the laws and regulations as well as with the principles and criteria set out in the Code of Corporate Governance currently in force.

The Company's Board of Directors holds the broadest powers of ordinary and extraordinary management of the Company, with the power to perform all the acts deemed appropriate for the achievement of the corporate purpose, excluding only those reserved to the Shareholders' Meeting by law. Pursuant to art. 15 of the Articles of Association, thr same Board is also given the power, shared with the Extraordinary Shareholders' Meeting, to pass resolutions concerning mergers and demergers in the cases envisaged in Articles 2505 and 2505-bis of the Italian Civil Code, the establishment or closure of secondary offices, the indication of which Directors represent the Company, the reduction of the share capital in the event of withdrawal of a Shareholder, the amendments to the Articles of Association to comply with legislative provisions, and the transfer of the registered office within Italy.

The Board of Directors has not set up an Executive Committee, but has delegated powers to its own members. To this end, the Board of Statutory Auditors was able to ascertain the correspondence between the decision-making structure and the powers delegated.

The Board of Statutory Auditors currently in office, made up of three standing members and two alternate members, checked that the requirements set out in art. 2397 of the Italian Civil Code will remain in force for the duration of the appointment (as confirmed by the results of the verification sent on 10 July 2019), and that there are no grounds for forfeiture, ineligibility or incompatibility, as set out in articles 2382 and 2399 of the Italian Civil Code, article 148, paragraph 3, of Legislative Decree no. 58/98, and article 8 of the Code of Corporate Governance. The members of the Board of Statutory Auditors have complied with the limit on the number of offices that can be held pursuant to article 148-bis of Legislative Decree no. 58/98 and articles 144-duodecies et seq. of the Issuers' Regulations.

Pursuant to a resolution dated 15 July 2013 and in compliance with article 2364 of the Italian Civil Code, the independent auditors PricewaterhouseCoopers S.p.A. were assigned the task of auditing the accounts, until the approval of the financial statements at 30 April 2022.

2.4. *Oversight of the adequacy of the internal audit system and risk management systems*

The Board of Statutory Auditors acknowledges that the Company has established the nature and level of risk compatible with the Company's strategic goals in relation to the indications supplied by the Audit and Risks Committee formed within the Board of Directors; this has been explained in the Financial Report as at 30 April 2019 with respect to which the Board of Statutory Auditors has no observations or comments to make.

The role of guiding and assessing the adequacy of the internal audit and risk management system is performed in accordance with paragraph 7.C.1. of the Code of Corporate Governance by the Board of Directors, which engages the contribution of the Director in charge of the Internal Audit and Risk Management System and the Audit and Risks Committee for this purpose.

The persons and functions involved in the internal audit and risk management system are:

- the Board of Directors, assisted by the Audit and Risks Committee and the Internal Audit function;
- the Board of Statutory Auditors;
- the Oversight Committee;
- the head of the Internal Audit function;
- The Director appointed to draw up the corporate accounting documents.

During the year in question, the Board of Auditors:

- oversaw the actions of those appointed to carry out the Internal Audit activity;
- had regular meetings with those involved in the internal audit and risk management system.

To this end, you are reminded that the head of the Internal Audit function attended all the meetings of the Board of Statutory Auditors;

- was represented by its Chairman at the meetings of the Audit and Risks Committee;
- regularly called the meettings of the Oversight Committee;
- examined the corporate documents;
- analysed the results of the work carried out by the independent auditor;
- presented the results of the work carried out by the Oversight Committee in the pertinent offices.

During the year, the Board of Statutory Auditors, in its capacity as Oversight Committee, acquired all the information suited to the verification of aspects relating to its autonomy, independence and professionalism, necessary to carry out the activity assigned. Also in its capacity as Oversight Committee, the Board of Statutory Auditors acquired information relating to the Organisational and Management Model adopted by the Company pursuant to Legislative Decree no. 231/2001, along with information on its operation and implementation.

In its report dated 15 May 2019, the Oversight Committee illustrated the activities carried out during the year ended 30 April 2019. The report indicated no significant problems and highlighted a situation of substantial alignment with the provisions of the organisational and management model pursuant to Legislative Decree no. 231/01.
From the audits and reports analysed, the Board of Statutory Auditors noted the continuous and constant strengthening of the internal audit system, which was promptly adapted to regulatory developments and amendments. To this end, it should be noted that:

- the latest update, on 11 July 2019, of the procedure adopted by the Board of Directors on 25 June 2013 for the management of the "*Group Register of Persons with Access to Inside Information*" to bring it into line with the new regulations introduced by art. 18 of EU Regulation no. 596/2014, assigning the Chairman of the Board of Directors the power to make the necessary changes to the procedure as a result of regulatory interventions on the issue by Consob;
- the organisational and management model pursuant to Legislative Decree no. 231/01 adopted by the Company on 27 February 2013 was audited in December 2016 and subsequently updated;
- the implementation of a plan for the integration of the administrative-accounting procedures aimed at harmonising standards and control procedures and promoting the analysis and identification of risks at Group level. This project was shared with the Board of Statutory Auditors, the Oversight Committee pursuant to Legislative Decree no. 231/01 and with the Audit and Risks Committee. The project was extended to the review and update of the "231 models" adopted by the main Group companies, which are expected to be completed by December 2019.

On the basis of the information acquired during the oversight activity, it should be noted that the coordination mechanism between the parties involved in the internal audit and risk management system allows adequate sharing of the information between the bodies concerned, with no inadequacies in the internal audit system.

2.5. *Oversight of the adequacy of the administrative accounting system and the independent audit of the accounts*

2.5.1. *Oversight of the administrative-accounting system*

The Board of Statutory Auditors oversaw the adequacy of the administrative and accounting system to correctly portray operations by means of direct observations, information obtained from the heads of the respective functions, examination of company documents and analysis of the results of the work carried out by the Independent Auditor.
The Board of Statutory Auditors examined the results of the tests carried out by KPMG S.p.A., the reports of which were made available on 4 July 2019, to verify the operational effectiveness of the internal audit system with regard to the administrative and accounting procedures for the preparation of financial information and, taking into account the results of the tests, did not find any shortcomings with regard to the adequacy and effective application of the procedures.

2.5.2. *Oversight of the independent audit of the accounts*

The Board of Statutory Auditors oversaw the operations of the Independent Auditor, which, as already mentioned, is PriceWaterhouseCoopers S.p.A.
The Board of Statutory Auditors met with the Independent Auditor several times during the year in order to exchange data and information concerning the activities carried out in the performance of their respective duties. The Board of Statutory Auditors acknowledges that PricewaterhouseCoopers S.p.A. has audited the financial statements in compliance with the International Auditing Standards (ISA Italia) drawn up pursuant to article 11 of Legislative Decree no. 39/2010. In the consequent report issued on 23 July 2019 pursuant to article 14, paragraph 2, of Legislative Decree no. 39/2010, it did not highlighted any facts considered censurable or irregularities such as to require indication pursuant to article 155 of the Consolidated Law on Finance.
Apart from its independent auditing activity, during the year, Sesa S.p.A. assigned PricewaterhouseCoopers S.p.A. non-audit engagements for a total cost of Euro 18,000, mainly relating to activities connected with the Non-Financial Declaration. These fees were considered adequate to the complexity and the amount of the work carried out, without influencing the independence of the statutory auditor.

2.6. *Comments on the statutory financial statements and on the consolidated financial statements*

The Board of Statutory Auditors examined the draft version of the separate and consolidated financial statements for the year ended 30 April 2019, made available by derogation from the terms of article 154-ter, paragraph 1-ter, of Legislative Decree 58/98.
As this Board is not responsible for the analytical audit of the content of the financial statements, the Board of Statutory Auditors oversaw compliance with the procedural rules governing the preparation and layout of the draft version of the separate and consolidated financial statements for the year ended 30 April 2019, specifying that it has no particular observations to report.
As regards the separate financial statements for the year ended 30 April 2019, the Board of Statutory Auditors verified compliance with the provisions of the law governing their

preparation and presentation, considering the audits performed and taking into account the information provided by the Independent Auditor, within the limits of action of the Board of Statutory Auditors pursuant to Article 149 of Legislative Decree No. 58/98.
The Board of Statutory Auditors has also verified that the financial statements are consistent with the facts and information of which it has become aware following the performance of its duties and has no comments to make on the matter.
The Board of Statutory Auditors has no particular comments to make on the report on operation, which was drawn up in compliance with the provisions of the law.

2.7. *Implementation of the rules of corporate governance*

The Board of Statutory Auditors acknowledges that the Company adhered to the Code of Corporate Governance prepared by the Committee for the Corporate Governance of listed companies, in the version updated in July 2015, and has consequently adapted its corporate governance structure.
The Board of Statutory Auditors also notes that the Annual Report on Corporate Governance was prepared pursuant to article 123-bis of Legislative Decree no. 58/98, in compliance with the instructions contained in the Regulations for Organised Markets managed by Borsa Italiana S.p.A., specifying that it contains adequate information for the market on the Company's degree of compliance with the Code of Corporate Governance.

2.8. *Oversight of relations with subsidiaries and transactions with related parties*

The Board of Statutory Auditors acknowledges that the reguar checks and inspections to which it has subjected the Company did not reveal any atypical or unusual transactions with third parties, related parties or beetween group companies, as defined in the Consob Communication dated 28 July 2006.
With regard to transactions between group companies, the Board of Statutory Auditors specifies that, on the basis of the information provided by the Directors, there are commercial transactions relating to the purchase and sale of hardware and software and the performance of services regulated in compliance with normal market conditions and at mutually advantageous economic conditions.
The Board of Statutory Auditors recalls that, on 23 September 2013, the Company adopted the Procedure for transactions with related parties pursuant to Consob Regulation no. 17221 of 12 March 2010, as subsequently amended and supplemented; this Procedure was subsequently updated on 11 July 2019, and identified the body responsible for transactions with related parties in the Risk Control Committee, which then assumed the role of the Related Parties Committee.

3. CONCLUSIONS

The Board of Statutory Auditors, also taking into account the results of the activities carried out by the Independent Auditor contained in the audit report on the separate and consolidated financial statements, has no comments to make pursuant to art. 153 of Legislative Decree no. 58/98 on the matters for which it is responsible in relation to the separate and consolidated financial statements and relative explanatory notes, and to the report on operation.

Empoli, 23 July 2019

THE BOARD OF STATUTORY AUDITORS

Giuseppe Cerati – *Chairman*

Luca Parenti – *Standing Auditor*

Chiara Pieragnoli – *Standing Auditor*

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