Annual Financial Report

30 April

2020

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

Table of 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 Chairman	approval of financial statements 30 April 2021
Moreno Gaini	Executive Deputy Chairman	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
Claudio Berretti*	Non-Executive 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.
* Non-executive Director co-opted on 27 August 2019, following the resignation of Luigi Gola and in office until the next Shareholders' Meeting.

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

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

Head of administrative 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)	2020	2019	2018	2017	2016
Revenues	1,762,641	1,539,854	1,350,900	1,260,275	1,223,485
Total revenues and other income	1,776,025	1,550,605	1,363,035	1,271,469	1,229,602
EBITDA (Earnings before interest, tax, depreciation and amortisation)	94,490	74,346	63,121	57,885	54,009
EBIT (Earnings before interest and taxes)	63,897	52,718	46,290	44,786	43,684
Profit (loss) before taxes	60,191	48,318	43,031	40,337	37,703
Net profit for the year	42,188	33,362	30,183	27,098	25,055
Net profit for the year attributable to the Group	37,914	29,284	26,861	25,043	23,964
Adjusted EBIT[1]	68,465	55,697	48,728	46,343	44,853
Adjusted net profit (EAT) for the year attributable to the Group [1]	41,166	31,404	28,596	26,097	24,755

Consolidated balance sheet figures as at 30 April of every year

(Euro thousands)	2020	2019	2018	2017	2016
Total Net Invested Capital	199,159	190,868	161,339	147,078	137,603
Total Shareholders' Equity	253,859	232,622	216,001	199,028	179,414
- attributable to owners of the parent	236,392	219,285	204,955	191,285	172,152
- attributable to non-controlling interests	17,467	13,337	11,046	7,743	7,262
Net Financial Position (Net liquidity)	(54,700)	(41,754)	(54,662)	(51,950)	(41,811)
Total Shareholders' Equity and NFP	199,159	190,868	161,339	147,078	137,603

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

	2020	2019	2018	2017	2016
EBITDA / Total revenues and other income	5.32%	4.79%	4.63%	4.55%	4.39%
EBIT / Total revenues and other income (ROS)	3.60%	3.40%	3.40%	3.52%	3.55%
Net Profit attributable to Parent Company Shareholders / Total revenues and other income	2.13%	1.90%	1.97%	1.97%	1.95%

Personnel at Group level (*)

(Euro units or thousands)	2020	2019	2018	2017	2016
Personnel at year end	2,547	1,900	1,642	1,427	1,215
Average workforce for the year	2,224	1,771	1,535	1,321	1,150
Personnel costs	114,763	96,318	79,053	70,107	59,004
Average cost per employee	51.6	54.4	51.5	53.1	51.3
Percentage of resources on permanent contracts	99%	98%	97%	97%	97%

(*) 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 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	**2020**	**2019**	**2018**	**2017**	**2016**
(euro)					
Listing Market [1]	MTA – Star	MTA - Star	MTA - Star	MTA - Star	MTA - Star
Stock Prices (30 April of every year)	48.55	27.75	26.30	23.60	15.40
Dividend per share [*]	Note 2	0.63	0.60	0.56	0.48
Comprehensive Dividend (Euro millions) [3]	Note 2	9.762	9.297	8.677	7.513
Pay Out Ratio [4]	0.0%	33.3%	34.6%	34.6%	31.4%
Shares Issued (in millions)	15.49	15.49	15.49	15.49	15.65
Stock market capitalisation (Euro millions) as at 30 April of every year	752.3	430.0	407.5	365.7	241.0
Market to Book Value [**]	3.0	1.8	1.9	1.8	1.3
Dividend Yield (on prices at 30 April) [***]	Note 2	2.3%	2.3%	2.4%	3.1%

Sesa Group	**2020**	**2019**	**2018**	**2017**	**2016**
(euro)					
Earnings per share (base) (****)	2.46	1.90	1.74	1.62	1.55
Earnings per share (diluted) (*****)	2.45	1.89	1.73	1.62	1.54

(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 2020, on 14 July 2020, the Board of Directors of Sesa SpA proposed not to distribute dividends in relation to the context of global uncertainty caused by the spread of the Covid-19 pandemic and to strengthen the Group's growth path.

(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 an important year in its history with a strong development of skills and human capital and unprecedented growth in revenues and profitability. These results were achieved despite the impact of the pandemic and the contraction in the economic cycle, thanks to the development and expansion of business in the main areas of technological and digital innovation.

The Sesa Group achieved economic performances during the year that were well above its long-term track record (CAGR 2011-20 revenues +10.1%, CAGR 2011-20 Ebitda +11.9%) and the reference market:

- **Consolidated Revenues and Other Income reached Euro 1.776 billion, up 14.5% on the previous year;**
- **Ebitda equalled Euro 94.5 million, up 27.1% compared to the previous year;**
- **Net profit attributable to shareholders was Euro 37.9 million, up 29.5% compared to the previous year.**

The Sesa Group has strengthened its role as **reference operator in Italy in the sector of services and solutions for technological innovation and digital transformation for the business segment.** Our range of innovation and digital services has expanded further in the segments of Collaboration, Cloud, Digital Security, Data Management, Advanced Analytics, Cognitive and AI.

The Group's results assume extraordinary importance in view of the epidemic crisis during which they were achieved: at the peak of the emergency (February - April 2020), the Group reacted promptly, implementing organisational changes that allowed business continuity, protecting the health of its resources and continuing to grow in a sustainable manner.

The spread of Covid-19 also accelerated the trends of technological innovation and digital transformation on which to build the economic recovery. In this context, the Group strengthened its **investments in human capital and innovation, realised partly thanks to corporate acquisitions, for a total value of approximately Euro 45 million during the year.** The increase in operating profitability and actions taken to monitor working capital, also following the pandemic crisis, supported financial management, generating operational cash flow of over Euro 95 million as at 30 April 2020. The net financial position as at 30 April 2020 was a positive Euro 54.7 million, showing an improvement compared to the figure of Euro 41.8 million at 30 April 2019, despite the impact of higher debt amounting to Euro 20.8 million resulting from the application of IFRS 16, confirming the sustainability of the Group's investment policies. Financial solidity and sustainability represent one of the Group' s main values and guide its business decisions, enabling a long-term growth strategy.

Ten new acquisitions have taken place in the last 12 months, only six of which since April 2020, confirming the Group's ability to attract and integrate new skills as a distinctive feature on the market, with approximately Euro 100 million in incremental revenues expected in 2021 and 500 new specialised human resources. The aggregations carried out further expand the offer of digital transformation services into complementary segments, with high growth prospects and higher margins than the Group average, with long-term sustainability goals benefiting all stakeholders.

The aggregations that took place during the year include the launch of the new Group **Business Services** Sector, through Base Digitale SpA which, with an expected annual revenue of Euro 50 million and a human capital of about 300 resources, will contribute to the Group' strategic development in the years to come.

As at 30 April 2020, **the VAD (Value Added Distribution) sector**, which operates on the IT value market, generated Revenues and Other Income of Euro 1.452 billion, up 11.6% on the previous year, and EBITDA of Euro 53.3 million (EBITDA margin 3.7%), up 14.4% on 30 April 2019. The net result after taxes (EAT) as at 30 April 2020 was Euro 29.6 million, up 24.2%, with an EAT margin reaching 2.0% as at 30 April 2020, compared to 1.8% as at 30 April 2019. The VAD sector benefited from the focus on the value-added business areas of the market and the expansion of the solutions offered to customers in the Security, Analytics, Enterprise Software, Cloud and Collaboration segments. The positive results achieved during the year also result from initiatives undertaken in recent years to further strengthen the Italian market share (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, June 2020). The development operations carried out during the year included the acquisition of 100% of the capital of **Pico Srl**, operating in Digital Media software solutions, the historic partner of the Enterprise Software Vendor Adobe, and the partnership agreement in February 2020 with **Fortinet**, expanding operation in the Security sector. Transactions carried out after the end of the year and contributing to next year's results include the acquisition of 55% of **Clever Consulting Srl**, a company specialising in the offer of End Point Security solutions with a Vendor portfolio including Blackberry, Accellion, Wandera, TITUS and Globalscape, as well as the acquisition of control (55%) of **Service Technology Srl**, a company operating in the refurbished sector that offers reverse logistics services, management and renewal of technology parks, in June 2020.

The **Software and System Integration Sector (SSI)**, offering Technological Innovation solutions and Digital Transformation services for the SME and Enterprise segments, continues the development trend recorded over the last four years. Growth rates during the year amounted to 15.6% in terms of revenues and 43.9% in terms of operating profitability (Ebitda), thanks to the development strategy in the most innovative business areas of the market (including Digital Cloud, Digital Security and Digital Process). Revenues reach a total of approximately Euro 400 million, with an Ebitda result at 30 April 2020 of Euro 37.8 thousand (Ebitda margin 9.5%) up 43.9% compared to Euro 26.2 million (Ebitda margin 7.7%) at 30 April 2019. Net profit after taxes (EAT) amounted to Euro 12.0 million, up 25.1% compared to a net profit of Euro 9.6 million at 30 April 2019, with an EAT margin rising from 2.8% to 3.0%.
The growth of the SSI sector has been boosted by recent acquisitions and investments in human capital, with a marked increase in specialised resources. External development operations include the acquisition of control of **Gencom Srl,** a company based in Forlì with 25 human resources, operating in the Networking and Collaboration sector in support of Digital Security projects, which was included within the scope of consolidation in May 2019.
Significant acquisition projects with benefits that should become apparent next year were also finalised. The majority of the capital of **zero12 Srl** was purchased in May 2020. zero12 Srl is based in Padua and has approximately 20 employees specialised in Cloud Computing and Big Data Analysis solutions, with particular reference to application development and SaaS architectures. In May 2020, a binding agreement was entered into for the acquisition of 51% of **Infolog SpA**, a company specialising in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, "WMS"), with over 200 customers operating in some of the main sectors Made in Italy and a workforce of over 40 resources.

Also, in May 2020, a binding agreement was entered into for the acquisition of a majority stake in **Analytics Network Srl** ("AN") and **SPS Srl** ("SPS"), focused on the development of cognitive analytics solutions and services for the enterprise segment. AN and SPS have about 20 human resources with consolidated expertise in data analytics in support of business processes, Predictive Analysis, Machine Learning and Artificial Intelligence. Lastly, in June 2020, a binding agreement was entered into for the purchase of 100% of the capital of **Di.Tech Srl**, a Bologna-based company with over 250 human resources, specialising in the supply of software solutions and IT services for the food distribution sector, focusing particularly on IT systems for the management of logistics, supply chains and store management. Di.Tech is the digital partner of reference for IT services and solutions of the Conad Group, one of Italy's leading food retail operators, with over 3,300 points of sale.

The Group further strengthened its initiatives for the organic development of human capital during the year, with **the acquisition of new skills and the strengthening of corporate welfare plans, also in order to support and sustain the well-being and work-life balance of human resources**. More than **200 new recruits**, most of them young graduates of specialisation schools and universities in Italy, were hired as part of training programmes in the business areas of greatest growth and innovation, professional apprenticeships and internships. A complex system of company welfare (benefits, flexible benefits, work-life balance programmes) is dedicated to the over 2,500 resources, most of whom (99%) are employed on permanent contracts. This system was further strengthened during the year, supplementing the initiatives already in place with specific benefits related to the pandemic emergency.

The Group closed the year with very positive financial results, confirming its resilience and ability to grow continuously and sustainably in periods of instability and deceleration in the economic cycle.

In particular, the Group's role as a hub in its sector is confirmed and consolidated, thanks to investments in innovation, skills and the ability to support the growing demand for digital transformation resulting, among other things, from the current phase of economic recovery and the convergence of business organisation models towards hybrid and digital formulas.

Considering the state of global crisis and the acceleration of the investments that the Group intends to make to support future development and the growing demand for digitisation, the Board of Directors has resolved to propose to the Shareholders' Meeting not to distribute any dividend and to allocate the profit for the year to profits carried forward.

We would like to conclude by thanking the over 2,500 human resources of the Group who have contributed significantly to the attainment of these results, as well as all our stakeholders, to whom we confirm our determined commitment to generate sustainable value in the long term.

Paolo Castellacci
Chairman of the BoD

Alessandro Fabbroni
Managing Director

Company headquarters and Group infrastructure

The Sesa Group operates throughout the whole of Italy and in some European countries. The Group headquarters is in Empoli (Florence), where a technological centre occupying an area of over 25,000 square metres has been developed, including around 10,000 square metres of office space, a data centre dedicated to cloud computing services of around 1,300 square metres and a logistics centre and warehouse of around 14,000 square metres, as well as buildings housing the company crèche, canteen and auditorium. There is also an Experience Lab at the Empoli headquarters, available to the Group's customers.

The Group also has a widespread presence in Milan, where it has a total workforce of over 500 employees, which has grown steadily in recent years, and offices occupying an area of over 4,000 square metres. Other offices are located throughout Italy, particularly in Genoa, Turin, Verona, Padua, Bolzano, Trento, Brescia, Montebelluna, Ferrara, Bologna, Florence, Siena, Arezzo, Perugia, Rome, Pescara, Ancona, Jesi, Naples, Bari, Palermo and Cagliari.

There are also foreign branches operating in Germany (Aichach, Filderstadt and Moers), Spain (Barcelona) and China (Shanghai).

Empoli Technology Centre

Experience Lab, Empoli (FI)

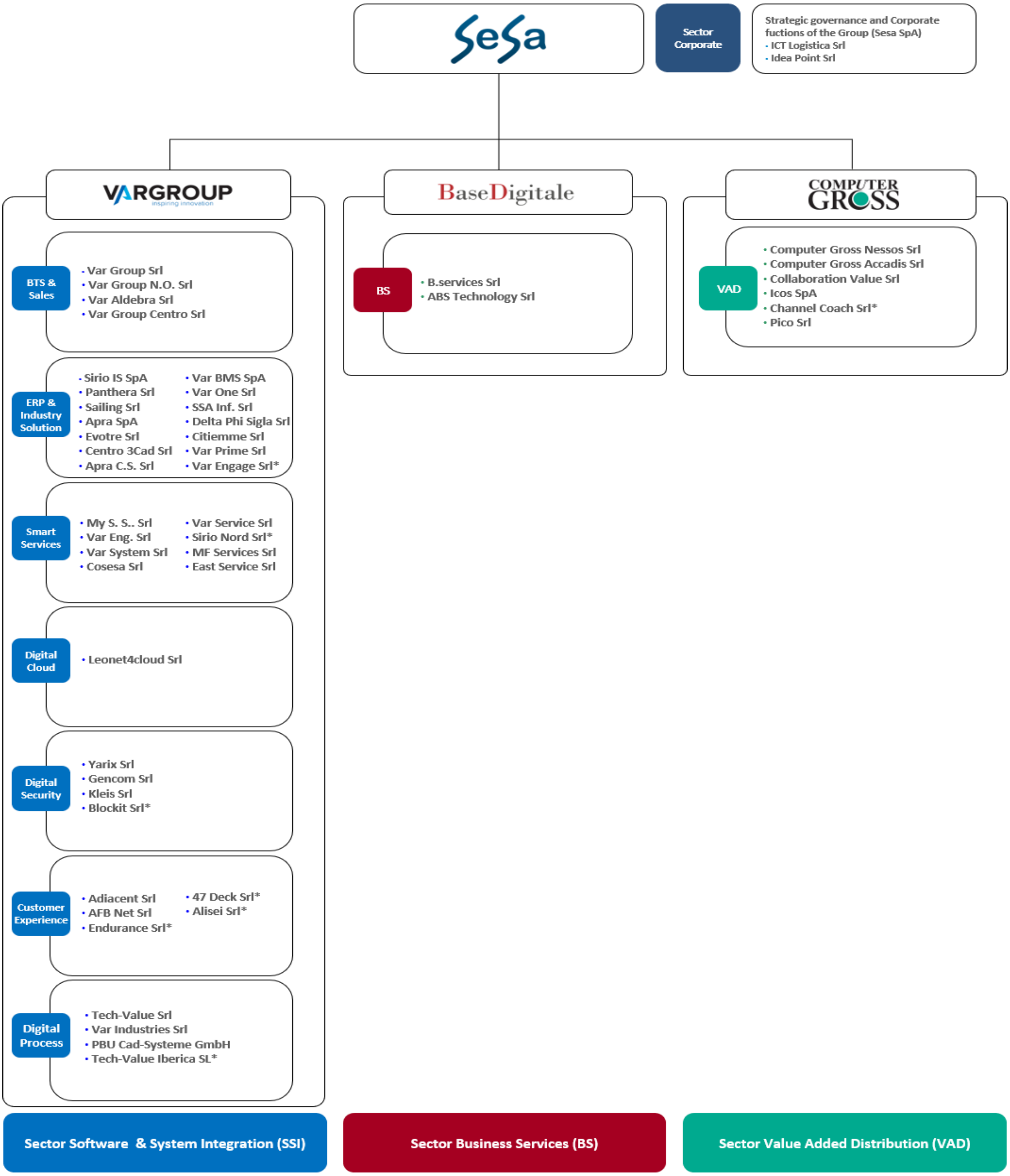
Group Datacenter, Empoli (FI)

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

Group Structure as at 30 April 2020

The Sesa Group is organised into four business sectors. The VAD Sector (Distribution of Value-Added Information Technology solutions), managed through the subsidiary Computer Gross SpA, the SSI Sector (Software and System Integration), managed through the subsidiary Var Group SpA, which offers digital transformation solutions and services to end users belonging to the SME and Enterprise segments, the BS Sector (Business Services) led by the subsidiary Base Digitale SpA, which offers outsourcing, security and digital transformation services for the finance segment, and the Corporate Sector which, through the parent company Sesa SpA, manages the Group's corporate functions and financial and operational platform.



**Subsidiaries valued at cost due to their insignificance or irrelevance from an accounting point of view.*

Changes in the scope of consolidation compared to the previous year include the entry of Gencom Srl, Kleis Srl, Var Group Centro Srl since May 2019, SSA Informatica Srl and Var System Srl since June 2019, Apra Computer System Srl and Citiemme Srl since July 2019 and East Service Srl since January 2020. The BS Sector, including the companies Base Digitale SpA, B.Services Srl, ABS Technology and Globo Informatica Srl, was included in the consolidation area from March 2020. Pico Srl joined the VAD Sector in January 2020. The Group's corporate simplification plan continued during the year: the mergers of Synergy Srl into Var One Srl and Var ITT Srl into Leonet4Cloud Srl were completed in February 2020, while the mergers of Tech In-Nova Srl into Tech Value Srl, and of Bservices Srl and Globo Informatica into Base Digitale SpA, which had already been approved, were completed after 30 April 2020.

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 digital 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 four sectors:

- The Corporate Sector comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within the parent company Sesa SpA. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, 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. Marketing services in support of the ICT Channel are supplied by Idea Point Srl;

- The VAD Sector includes activities related to the Value-Added Distribution (VAD) of technological innovation solutions, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing segments. The VAD Sector is managed by the wholly owned subsidiary Computer Gross SpA;

- the Software and System Integration Sector (SSI) offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly owned subsidiary Var Group SpA;

- the Business Services Sector (BS) offers process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale 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. Sesa SpA holds 100% control of Computer Gross SpA and Var Group SpA, managing the functions of Administration, Finance and Audit, Human Resources, 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 SpA and 33.33% through Var Group SpA) provides ICT logistics services to the main companies in the Group and other leading ICT operators.

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

Software and System Integration Sector (SSI)

Business Technology Solutions & Sales ("BTS & Sales") Business Unit

Var Group SpA
The Company, which is wholly owned by Sesa SpA, is a Digital Services & Innovation provider and reference operator in the Italian IT market for the SME and Enterprise segments with a turnover of Euro 396 million as at 30 April 2020

(including that of the subsidiaries). Var Group has developed an integrated offer of digital solutions with an organisational model, also through its subsidiaries, divided into seven business units: Business Technology Solutions, Smart Services, Digital Security, Digital Cloud, Digital Process, Customer Experience, ERP & Industry Solutions. Innovative A.I., block chain and IoT solutions are offered to supplement the range.

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, 59% owned by Var Group Srl, offers IT services and solutions on behalf of Var Group SpA in Northeast Italy (through the Bologna, Verona, Treviso, Trento and Bolzano).

Var Group Centro Srl
The Company, 97-5% owned by Var Group Srl, offers IT services and solutions on behalf of the parent company Var Group SpA in Central-Southern Italy.

<u>Digital Cloud Business Unit</u>

Leonet4Cloud Srl
The Company, a wholly owned subsidiary of Var Group SpA, offers private, public and hybrid cloud services, with a portfolio of products and services to meet business and enterprise demand. The merger by incorporation of the wholly owned subsidiary Var ITT Srl was completed in February 2020.

<u>Smart Services Business Unit</u>

My Smart Services Srl
The Company, a wholly owned subsidiary of Var Group SpA, offers managed services across the entire Italian 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.

Var System Srl
The Company, jointly controlled by Var Group Nord Ovest Srl and Leonet4Cloud Srl, offers system services in support of the IT infrastructure for SME & Enterprise customers. It was established in June 2019 with contributions from companies already within the Group's scope of consolidation.

East Service Srl
The company, a wholly owned subsidiary, offers system services to support the corporate IT infrastructures of SME and Enterprise customers operating in North-East Italy (Trentino Alto Adige, Veneto, Lombardy). The company entered the consolidation area in January 2020.

Digital Security Business Unit

Yarix Srl
The company, 100% owned by Var Group SpA, offers Digital Security services to the SME, Enterprise and public administration markets. The company is one of the leading Italian operators in the Cybersecurity sector, with a highly specialised Security Operation Centre (SOC) at its headquarters in Montebelluna, as well as an R&D centre located in Tel Aviv (Israel).

Gencom Srl
The company, based in Forlì, is 60% controlled by Yarix Srl and operates in the networking and collaboration sector in support of complex Digital Security projects. It has been included in the scope of consolidation since May 2019.

Kleis Srl
The company, 51% controlled by Var Group SpA, is a Turin-based firm specialising in Artificial Intelligence and Machine Learning, operating in the banking sector and in areas related to e-commerce and the prevention of electronic fraud. It has been included in the consolidation setting since May 2019.

ERP & Vertical solutions Business Unit

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

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

Var BMS SpA
The company, 84% controlled by Var Group SpA, is active mainly in Northern Italy, operating in the SAP ERP consulting and services sector with reference to Enterprise customers.

Var One Srl
The company, 65% 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. The merger by incorporation of Synergy Srl was completed in February 2020.

SSA Informatica Srl
The Company, 100% owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME customers. SSA Informatica offers consulting, business solutions and services to its customers concentrated in North-Eastern Italy. SSA Informatica has been included in the consolidation area since June 2019.

Citiemme Informatica Srl
The Bergamo-based company, owned by Var Group SpA and Var One Srl, holders of 37% and 26% of the quota capital respectively, operates in the supply of integrated solutions and services on the TeamSystem platforms (Alyante and ACG) for SME customers. Citiemme Informatica Srl offers consulting, business solutions and services to its customers concentrated in North-Eastern Italy. Citiemme Informatica Srl has been included in the consolidation area since July 2019.

Apra SpA
The company, 75% controlled by Var Group SpA, offers digital services, business applications ("I-Wine" and "I-Furniture") and IT solutions to SME and Enterprise customers in Central Eastern Italy and belonging to certain segments Made in Italy (including Furniture and Wine).

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

Apra Computer System Srl
The company, 55% owned by Apra SpA, offers IT and vertical services and solutions for SME customers. It has been included in the consolidation area since July 2019.

Evotre Srl
The company, 56% owned by Apra SpA, offers Zucchetti HR management solutions to support SME customers in Central Italy. It has been included in the consolidation area since April 2019.

Sailing Srl
The company, 75% owned by Var Group SpA, operates in the production and marketing of software ("Arethè") and IT services for the large-scale retail/retail market.

Var Prime Srl
The company, 100% owned by Var Group SpA, is the reference operator for solutions on the Microsoft Dynamics platform, dedicated to the SME segment.

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

Digital Process Business Unit

Var Industries Srl
The 86% controlled company operates in the field of technological innovation (IoT and Industry 4.0) with a focus on Digital Processing solutions.

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 1,000 customers and approximately 35 resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu). Following the merger by incorporation of CCS Team Srl, Tech-Value Srl controls Tech-In-Nova Srl, Tech-Value Iberica SL and PBU CAD-Systeme GmbH.

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

Customer Experience Business Unit

Adiacent Srl
The company, 53% controlled by Var Group SpA and 33% by Sesa SpA, supplies IT solutions to corporate customers, with reference to the digital transformation area (web marketing, e-commerce and digital solutions) for the SME, Enterprise and Finance segments.

AFB Net Srl
The company, 62% owned by Adiacent Srl, is active in the digital transformation sector with specific expertise in digital marketing and e-commerce projects.

Business Services Sector (BS)

Base Digitale SpA
The company, controlled by Sesa SpA, leads the Business Services Sector and is an operational holding company. The company and its subsidiaries (B.Services Srl and ABS Technology Srl) entered the consolidation setting in March 2020. The merger of Bservices Srl and Globo Informatica Srl into Base Digitale SpA was completed in April 2020, with completion of the pertinent effects in July 2020.

B.Services Srl
The company, 100% owned by Base Digitale SpA, supplies business process outsourcing, digital transformation, Fleet management and operations services. It is a recognised partner of some of the leading national operators in the finance and banking sector, including BMPS, Banca Intesa and the Credit Agricole Group. It has a staff of over 220 employees working at the Florence headquarters and at the branches in Monteriggioni (SI) and Pisa. The company was merged into Base Digitale SpA in July 2020.

ABS Technology Srl
The company, 100% owned by Base Digitale SpA, supplies physical and logical security services mainly for banks and operators in the retail and large-scale retail sector. It has a staff of over 40 employees working at the Florence headquarters and at the branch in Monteriggioni (SI).

Value Added Distribution Sector (VAD)

Computer Gross SpA
The company, wholly owned by Sesa SpA, is the reference operator in Italy in the value added distribution of technological innovation solutions to resellers (software houses, system integrators and dealers) with a portfolio of over 13,000 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 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, VMware, Adobe and Fortinet. Computer Gross SpA has about 350 employees and is organised into Business Units with technical and commercial personnel dedicated to market segments (enterprise software, networking, POS, value solutions) and/or to strategic brands distributed.
The company, with revenues of Euro 1,434 million and a net profit of Euro 30.8 million achieved in the year ended 30 April 2020, is the main subsidiary, in terms of revenue and profitability, of the Sesa Group.

Icos SpA
Icos SpA, 81% owned by Computer Gross SpA, is a value added distributor of enterprise software and datacenter solutions on the Italian market, with offices in Ferrara, Milan and Rome, a long-standing partner of the Vendor Oracle and a distributor of NetApp, CommVault and other Vendor software solutions.

Computer Gross Nessos Srl
Computer Gross Nessos Srl, 60% owned by Computer Gross SpA, employs personnel dedicated to the management of Networking products and solutions, a sector where it is the national market reference operator 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 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 SpA, it markets Hitachi Data Systems solutions on behalf of said company.

Pico Srl
A wholly owned subsidiary of Computer Gross SpA, it is the main national distributor of the Adobe brand.

Performance of operations

General economic trend

The spread of the pandemic has had an unprecedented economic impact on the global economy. World GDP is expected to fall by 3% in 2020 after a three-year period from 2017 to 2019 with growth rates of around 3%. The contraction of the economic cycle highlights factors of uncertainty that continue to be significant. The baseline scenario envisages the containment of the pandemic in the second half of 2020, with a return to global GDP growth in 2021 of 5.8% and a progressively narrowing gap between the growth of advanced and emerging economies (source IMF - WEO, April 2020).

In the Euro zone, after a three-year period from 2017 to 2019 with an average GDP growth of around 2%, a reduction in GDP of over 6% is expected in 2020. The return to normality is expected to bring GDP growth in 2021 to 4.7% (source IMF - WEO, April 2020).

The impact of the lockdown measures adopted by the major world economies has resulted in a marked contraction in industrial production. The impact of the global crisis on the performance of the Italian economy has been severe, with an anticipated 9.1% reduction in GDP in 2020. This drop is greater than that of other advanced economies due to greater dependence on sectors such as tourism and transport and the reduced capacity to respond in terms of economic policy. The impact of the spread of the epidemic has affected all sectors with some exceptions including health, communications, information technology and food. Italian GDP is expected to recover by about 5% in 2021, in line with other European economies (source IMF - WEO, April 2020).

The following table shows the final results for 2016, 2017, 2018 and 2019 and forecast GDP trend for 2020 and 2021 (source: IMF - WEO, April 2020).

Percentage Values	Change in GDP 2016	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020 (E)	Change in GDP 2021 (E)
World	+3.2%	+3.8%	+3.6%	+2.9%	-3.0%	+5.8%
Advanced Economies	+1.7%	+2.3%	+2.3%	+1.7%	-6.1%	+4.5%
Emerging Market	+4.3%	+4.8%	+4.5%	+3.7%	-1.0%	+6.6%
USA	+1.5%	+2.3%	+2.9%	+2.3%	-5.9%	+4.7%
Japan	+1.0%	+1.7%	+0.3%	+0.7%	-5.2%	+3.0%
China	+6.7%	+6.9%	+6.6%	+6.1%	+1.2%	+9.2%
Great Britain	+1.8%	+1.8%	+1.3%	+1.4%	-6.5%	+4.0%
Euro Zone	+1.8%	+2.3%	+1.9%	+1.2%	-7.5%	+4.7%
Italy	+0.9%	+1.5%	+0.8%	+0.3%	-9.1%	+4.8%

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

Since 2016, the IT market in Italy has been characterised by growing development rates, always higher than Italy's Gross Domestic Product. Even in 2020, the year of the Covid-19 epidemic, the anticipated drop in the market (-1.7%) remains well below the sharp drop in Italy's GDP (-9.1%). The IT sector continues to be one of the markets that will be least affected by the spread of the pandemic, with forecasts of a return to growth in 2021 (+4.8%). Even during lockdown, demand did not suffer significant contractions as companies accelerated the demand for digitisation to pursue business continuity, investing in particular in segments such as collaboration, cloud solutions and security. A return to growth of about 5%, higher than the historical average, is expected in 2021, completely recovering the market downturn of 2020 (Source: Sirmi, June 2020).

The growth of the IT market is mainly driven by the development of the Management Services segment, which includes digital services and solutions and reflects the evolution of the way technology is used. In 2020, Management Services is the only segment to report positive progress, supporting business continuity in all areas of activity. This market segment, in which the Sesa Group has extensive coverage, is expected to return to growth in 2021, with rates accelerating further (+8.4%) compared to the 2016-2019 track record (Source: Sirmi, June 2020).

The following table represents the IT market trend in Italy in 2016-2019 and the forecasts for 2020, 2021 and 2022 (Source: Sirmi, June 2020).

Italian IT market (Euro millions)	**2016**	**2017**	**2018**	**2019**	**2020E**	**2021E**	**2022E**	**Change 17/16**	**Change 18/17**	**Change 19/18**	**Change 20/19**	**Change 21/20**	**Change 22/21**
Hardware	6,006	6,044	6,025	6,172	5,945	6,137	6,300	0.6%	-0.3%	2.4%	-3.7%	3.2%	2.7%
Software	3,848	3,833	3,845	3,861	3,762	3,793	3,830	-0.4%	0.3%	0.4%	-2.6%	0.8%	1.0%
Project Services	3,423	3,436	3,500	3,588	3,279	3,431	3,533	0.4%	1.9%	2.5%	-8.6%	4.6%	3.0%
Management Services	5,193	5,504	5,900	6,350	6,653	7,215	7,801	6.0%	7.2%	7.6%	4.8%	8.4%	8.1%
Total IT Market	**18,470**	**18,817**	**19,270**	**19,971**	**19,639**	**20,575**	**21,464**	**1.9%**	**2.4%**	**3.6%**	**-1.7%**	**4.8%**	**4.3%**
Cloud Computing	**1,510**	**1,862**	**2,296**	**2,830**	**3,461**	**4,181**	**4,679**	**23.3%**	**23.6%**	**23.0%**	**17.9%**	**19.5%**	**17.4%**
Cloud (SaaS, PaaS, IaaS) Adoption %	15.3%	18.8%	23.3%	28.2%	34.4%	40.2%	46.2%						

Within the IT market, the distribution segment, where the Group operates through its main subsidiary Computer Gross SpA (VAD Sector), recorded an average growth of 5% in the three-year period from 2017 to 2019, supported by the networking, collaboration and enterprise software (including analytics, security and cloud) segments. Due to the spread of the Covid-19 epidemic, a reduction of about 1% is expected in 2020, with positive signals in the cloud and collaboration areas in support of the digital transformation of companies. A return to growth is expected in 2021, with rates rising above the historical average (Source Sirmi, June 2020).

The System Integrator segment recorded an average growth of about 6% in 2017-2019, thanks to the demand for digital transformation and technological innovation of companies and organisations. Due to the pandemic emergency, a contraction in demand of about 3% is expected in 2020, due mainly to a decline in project services and with trends varying in relation to the sectors of activity. Innovative services (Cybersecurity, Cloud Computing, Big Data, AI/Cognitive, Analytics) and collaboration solutions are expected to grow also in 2020.

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 2020, 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 the Report on Operations, in addition to the financial figures required by the IFRSs, certain figures originating from the latter are also illustrated, despite not being required by 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.

Economic highlights of the Sesa Group

The reclassified consolidated income statement (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified income statement	30/04/2020	%	30/04/2019	%	Change 2020/19
Net revenues	**1,762,641**		**1,539,854**		**14.5%**
Other Income	13,384		10,751		24.5%
Total Revenues and Other Income	**1,776,025**	**100.0%**	**1,550,605**	**100.0%**	**14.5%**
Product purchase costs	1,429,220	80.5%	1,258,954	81.2%	13.5%
Costs for services and rent, leasing, and similar costs	133,404	7.5%	117,293	7.6%	13.7%
Payroll	114,763	6.5%	96,318	6.2%	19.2%
Other operating costs	4,148	0.2%	3,694	0.2%	12.3%
Total product purchase costs and Operating Costs	**1,681,535**	**94.7%**	**1,476,259**	**95.2%**	**13.9%**
Gross Operating Margin (Ebitda)	**94,490**	**5.32%**	**74,346**	**4.79%**	**27.1%**
Amortisation and depreciation of tangible and intangible assets (sw)	17,105		8,715		96.3%
Amortisation of client lists and know how purchased (PPA)	4,568		2,979		53.3%
Accruals and other non-monetary costs	8,920		9,934		-10.2%
Operating Result (EBIT)	**63,897**	**3.60%**	**52,718**	**3.40%**	**21.2%**
Net financial income and expense	(3,706)		(4,400)		-15.8%
Result before taxes (Ebt)	**60,191**	**3.39%**	**48,318**	**3.12%**	**24.6%**
Income taxes	18,003		14,956		20.4%
Net result	**42,188**	**2.38%**	**33,362**	**2.15%**	**26.5%**
Net result attributable to the owners of the parent	*37,914*		*29,284*		*29.5%*
Net result attributable to non-controlling interests	*4,274*		*4,078*		*4.8%*
Gross Operating Margin (Ebitda) **excluding the effects of IFRS 16**	**88,573**	**4.99%**	**74,346**	**4.79%**	**19.1%**
Net result **excluding the effects of IFRS 16**	**42,429**	**2.39%**	**33,362**	**2.15%**	**27.2%**
Adjusted Operating Result*	**68,465**	**3.85%**	**55,697**	**3.59%**	**22.9%**
Adjusted Result before taxes	**64,759**	**3.65%**	**51,297**	**3.31%**	**26.2%**
Adjusted Net Result*	**45,440**	**2.56%**	**35,482**	**2.29%**	**28.1%**
*Adjusted net result attributable to the owners of the parent**	*41,166*		*31,404*		*31.1%*

The year under review closed with an acceleration of the growth of revenues (+14.5%) and Ebitda (+27.1%) compared to the Group's long-term trend (CAGR revenues 2011-2020 +10.1%, CAGR Ebitda 2011-2020 +11.9%).
Total revenues and other income increased by Euro 225.4 million (+14.5%), from Euro 1,551 million as at 30 April 2019 to Euro 1,776 million as at 30 April 2020, thanks to the contribution of all the Group's sectors, including Business Services, from March 2020.

* The Adjusted Operating Result and the Adjusted Result before taxes are defined gross of amortisation of intangible assets (client lists and know-how) recognised following the purchase price allocation (PPA) process. The Adjusted Net Result and the Adjusted Net Group Result are defined gross of amortisation of intangible assets (client lists and know-how) recognised following the PPA process and net of taxes.

The VAD and SSI sectors showed an essentially organic growth in revenues of 11.6% and 15.6% respectively, with a contribution to consolidated annual growth resulting from external leverage (changes in the scope of consolidation as a result of corporate acquisitions) of around 20%.

Changes in the scope of consolidation compared to the previous year include PBU CAD-Systeme GmbH operating in the PLM services and solutions sector for "engineering intensive" customers, consolidated since February 2019), Gencom Srl operating in the networking and collaboration sector for Digital Security projects, consolidated since May 2019), Evotre Srl (operating in the Zucchetti platform services sector, consolidated since May 2019), Kleis Srl (operating in the security services sector, consolidated since May 2019), SSA Informatica Srl (operating in the services sector SAP Business One, consolidated since June 2019), Apra Computer System Srl (system integrator of IT solutions and infrastructures, consolidated since July 2019), Citiemme Srl (operating in the services sector on the TeamSystem platform, consolidated since July 2019), East Service Srl (operating in the smart services sector in the North East and consolidated since January 2020), Pico Srl (operating in the marketing of Adobe solutions, consolidated since January 2020). The Business Services Sector was also established and consolidated from March 2020.

In the period under review the consolidated Gross Margin[2] rose by 18.9%, from Euro 291,651 thousand (18.8% of revenues and other income) at 30 April 2019 to Euro 346,805 thousand at 30 April 2020 (19.5% of revenues and other income), against an increase in operating costs of 16.1%, from Euro 217,305 thousand at 30 April 2019 (14.0% of revenues and other income) to Euro 252,315 thousand at 30 April 2020 (14.2% of revenues and other income).

	Year ended 30 April				
(Euro thousands)	**2020**	**%**	**2019**	**%**	**Change**
Total Revenues and Other Income	**1,776,025**	**100.0%**	**1,550,605**	**100.0%**	**14.5%**
Gross Margin	**346,805**	**19.5%**	**291,651**	**18.8%**	**18.9%**
Costs for services and rent, leasing, and similar costs	133,404	7.5%	117,293	7.6%	13.7%
Personnel	114,763	6.5%	96,318	6.2%	19.2%
Other operating costs	4,148	0.2%	3,694	0.2%	12.3%
Total operating costs	**252,315**	**14.2%**	**217,305**	**14.0%**	**16.1%**

As a result of the development of human capital and the growing added value of the services offered, Personnel costs rose from Euro 96,318 thousand at 30 April 2019 to Euro 114,763 thousand at 30 April 2020 (+19.2%). The total number of the Group's human resources grew from 1,900 at 30 April 2019 to 2,547 at 30 April 2020 as a result of both the entry into the consolidation area of the recently acquired companies (Gencom Srl, Kleis Srl, Citiemme Srl, SSA Informatica Srl, Pico Srl and Evotre Srl) and the establishment of the Business Services Sector, as well as the inclusion via internal lines of over 200 resources following recruitment and training plans for young resources, among other initiatives.

Thanks to the development of revenues from value added solutions, the Group's Ebitda result grew by +27.1%, from Euro 74,346 thousand at 30 April 2019 (4.79% of Revenues and Other Income) to Euro 94,490 thousand (5.32% of Revenues and Other Income) at 30 April 2020. The Ebitda margin in the VAD sector increased from 3.58% at 30 April 2019 to 3.67% at 30 April 2020, while Ebitda in the SSI sector increased from 7.66% at 30 April 2019 to 9.53% at 30 April 2020.
The growth in consolidated Ebitda for the year was mainly organic with a contribution from external leverage of approximately 27%, almost entirely related to the SSI sector. The growth in Ebitda excluding the effects of IFRS 16 in the year was 19.1% (the application of IFRS 16 from 1 May 2019 resulted in the reversal of Euro 5,917 thousand in rental and hire costs at 30 April 2020).

The consolidated operating result (Ebit) increased by 21.2%, from Euro 52,718 thousand (Ebit margin 3.40%) at 30 April 2019 to Euro 63,897 thousand (Ebit margin 3.60%) at 30 April 2020. This was thanks to the increase in the Ebitda result described above and despite the increase in tangible depreciation and intangible amortisation amounting to Euro 8,390 thousand (Euro 5,757 thousand of which due to higher amortisation of rights of use following the application of IFRS 16), as well as higher amortisation of client lists and technological know-how deriving from company acquisitions, which increased from Euro 2,979 thousand at 30 April 2019 to Euro 4,568 thousand at 30 April 2020. Adjusted EBIT, excluding customer list depreciation and amortisation and know-how, increased by 22.9% from Euro 55,697 thousand at 30 April 2019 (adjusted EBIT margin 3.59%) to Euro 68,465 thousand (adjusted EBIT margin 3.85%) at 30 April 2020.

Profit before taxes at 30 April 2020 amounted to Euro 60,191 thousand, an increase of 24.6% compared to Euro 48,318 thousand at 30 April 2019, after net financial charges of Euro 3,706 thousand at 30 April 2020, falling from Euro 4,400

[2] Consolidated gross commercial margin (Gross Margin) measured as the difference between revenues and other income and product purchase costs

thousand at 30 April 2019 due, among other things, to the higher contribution of the associated companies, recorded using the equity method, including Attiva SpA and Kolme Srl for the VAD and Studio 81 Srl sector, Innorg Srl and Polymatic Srl for the SSI sector. Financial management shows a net negative balance of Euro 5,034 thousand, in line with the figure at 30 April 2019 despite the increase in revenues. The trend in exchange management shows a negative balance of Euro 370 thousand at 30 April 2020 compared to net expense amounting to Euro 140 thousand at 30 April 2019.

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Interest expense on sales of receivables	1,673	1,159
Expenses and commissions for sales of receivables with recourse	121	247
Bank and loan interest expense	485	334
Other interest payable	1,155	1,444
Commissions and other financial expense	2,514	2,622
Financial expense related to severance indemnities	263	309
Total financial expense	***6,211***	***6,115***
Interest income on other short-term receivables	736	625
Other financial income and dividends from shareholdings	142	382
Bank interest income	27	25
Total financial income	***1,177***	***1,032***
Total financial items (A)	**(5,034)**	**(5,083)**
Total foreign exchange items (B)	**(370)**	**(140)**
Share of profits of companies valued at equity (C)	**1,698**	**823**
Net financial income/(expense) (A+B+C)	**(3,706)**	**(4,400)**

The consolidated net result at 30 April 2020 amounts to Euro 42,188 thousand (+26.5%) and reflects a slight reduction in the tax burden. The adjusted net result, excluding client list and know-how amortisation, increased by +28.1% from Euro 35,482 thousand at 30 April 2019 to Euro 45,440 thousand at 30 April 2020.

Consolidated net profit after minority interests at 30 April 2020 amounted to Euro 37,914 thousand, an increase of 29.5% compared to the profit of Euro 29,284 thousand at 30 April 2019, reflecting a higher incidence of the results of wholly owned subsidiaries.

The Group's adjusted net profit for the period ended 30 April 2020 was Euro 41,166 thousand, up 31.1% on the net profit of Euro 31,404 thousand for the period ended 30 April 2019.

Highlights of the Group's balance sheet

The reclassified balance sheet (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified Balance Sheet	30/04/2020	30/04/2019	Change 2020/19
Intangible assets	74,273	54,001	20,272
Tangible assets (including rights of use)	83,958	57,771	26,187
Investments carried at equity	12,158	10,030	2,128
Other non-current assets and deferred tax assets	25,715	27,354	(1,639)
Total non-current assets	**196,104**	**149,156**	**46,948**
Inventories	91,127	82,044	9,083
Trade receivables	393,645	364,314	29,331
Other current assets	48,646	43,451	5,195
Current assets for the year	**533,418**	**489,809**	**43,609**
Trade payables	379,066	326,009	53,057
Other current payables	99,610	79,964	19,646
Short-term liabilities for the year	**478,676**	**405,973**	**72,703**
Net working capital	**54,742**	**83,836**	**(29,094)**
Provisions and other non-current tax liabilities	20,665	17,792	2,873
Employee benefits	31,022	24,332	6,690
Net non-current tax liabilities	**51,687**	**42,124**	**9,563**
Net Invested Capital	**199,159**	**190,868**	**8,291**
Shareholders' Equity	**253,859**	**232,622**	**21,237**
Medium-term Net Financial Position	187,038	123,040	63,998
Short-term Net Financial Position	(241,738)	(164,794)	(76,944)
Tot. Net Financial Pos. (Net Liquidity)	**(54,700)**	**(41,754)**	**(12,946)**
Equity and Net Financial Position	**199,159**	**190,868**	**8,291**

The balance sheet shows an increase in net invested capital, which increased from Euro 190,868 thousand at 30 April 2019 to Euro 199,159 thousand at 30 April 2020, mainly as a result of:

- increase in non-current assets, from Euro 149,156 thousand at 30 April 2019 to Euro 196,104 thousand at 30 April 2020, generated by investments in corporate acquisitions and tangible fixed assets and by the recognition from 1 May 2019 of the right to use tangible fixed assets for Euro 20.6 million in application of IFRS 16;
- reduction of net working capital to Euro 54,742 thousand (NWC/Revenues 5.9%) at 30 April 2020 from Euro 83,836 thousand (NWC/Revenues 8.0%) at 30 April 2019, thanks to improved efficiency in working capital management;

With regard to financing, there was:

- an improvement in the Net Financial Position, with a positive balance (net liquidity) of Euro 54,700 thousand at 30 April 2020, compared to a positive balance of Euro 41,754 thousand at 30 April 2019, thanks to cash flow from operations net of the above mentioned investments in non-current assets, the distribution of dividends (Euro 10.5 million at Group level) and the recognition of financial liabilities in application of IFRS 16 amounting to Euro 20.8 million;
- an increase in consolidated Shareholders' equity, reaching a total of Euro 253,859 thousand at 30 April 2020 compared to Euro 232,622 thousand at 30 April 2019, thanks to profits generated in the period net of dividends distributed in September 2019.

Non-current assets at 30 April 2020 amounted to Euro 196,104 thousand, up Euro 46,948 thousand as a result of the investment plan to support the Group's future growth, as indicated below:

- an increase in intangible assets from Euro 54,001 thousand at 30 April 2019 to Euro 74,273 thousand at 30 April 2020, following the recognition of intangible assets (client list and know how) resulting from the Purchase Price Allocation (PPA) process deriving from acquisitions of companies and investments in software and technology to support the business. The differences between the price to acquire control of the companies and the related net assets have been allocated to the customer list and technological know-how entry and are subject to amortisation.
- an increase in tangible fixed assets from Euro 57,771 thousand at 30 April 2019 to Euro 83,958 thousand at 30 April 2020, following the Group's investments in technological infrastructures.

There was a further improvement in efficiency in the management of working capital: net working capital amounted to Euro 54,742 thousand at 30 April 2020 falling by 34.7% compared to 30 April 2019, and an improvement in the ratio of Net Working Capital to Revenues, down to 5.9% at 30 April 2020 compared with 8.0% at 30 April 2019.

Net non-current liabilities, equal to Euro 51,687 thousand at 30 April 2020, rose by € 9,563 thousand compared to Euro 42,124 thousand at 30 April 2019, due to the increase in deferred tax liabilities, following the recognition of the tax impact on client lists and know-how acquired over the past 12 months, and the increase in the Employee Severance Indemnity Provision following the change in the scope of consolidation.

Consolidated shareholders' equity at 30 April 2020 amounted to Euro 253,859 thousand, compared to Euro 232,622 thousand following the profit for the year and net of the dividend paid out during the year.

The Group's Net Financial Position at 30 April 2020 was positive (net liquidity), equating to Euro 54,700 thousand, improving on the positive balance of Euro 41,754 thousand at 30 April 2019. Excluding the effects of the application of IFRS 16 from 1 May 2019 which led to the recognition of financial liabilities for Euro 20,818 thousand, the Net Financial Position at 30 April 2020 would be positive by Euro 75,518 thousand, with an improvement of Euro 33,764 thousand compared to the previous period at 30 April 2019. The increase in the Net Financial Position compared to 30 April 2019 was achieved thanks to operating cash flows of approximately Euro 95 million, after investments in corporate acquisitions and technological infrastructures for over Euro 45 million (excluding the recognition of Euro 20.6 million of rights of use in accordance with IFRS 16), and after the distribution of dividends and the repurchase of treasury shares for a total of approximately Euro 13 million. The average annual Net Financial Position was[3] Euro 11.6 million at 30 April 2020, improving on the average annual Net Financial Position of Euro 7.5 million at 30 April 2019.

The Group's Net Financial Position for the year ended 30 April 2020 is provided below and compared with the previous year ended 30 April 2019. The Net Financial Position at 30 April 2020 reflects the adoption of IFRS 16, applied from 1 May 2019, without the restatement of the comparative figures.

Net financial position	**30/04/2020**	**30/04/2019**	**Change 2020/19**
Liquidity	(368,466)	(249,074)	(119,392)
Current financial receivables	(478)	(1,352)	(874)
Current financial payables	127,206	85,632	41,574
Short-term net financial position	**(241,738)**	**(164,794)**	**(76,944)**
Non-current financial payables	187,038	123,040	63,998
Net financial position	**(54,700)**	**(41,754)**	**(12,946)**
Net financial position **excluding the effects of IFRS 16 from 1.5.19**	**(75,518)**	**(41,754)**	**(33,764)**

[3] Annual average Net Financial Position determined as the simple arithmetic average of the Group's Net Financial Position at the close of the quarters at 31 July, 31 October, 31 January and 30 April of each financial year.

Results of the VAD Sector

The VAD (value added distribution) sector continued its strategy of focusing on value added business areas during the year, expanding the portfolio of solutions offered in the security, analytics, enterprise software and collaboration segments and further strengthening its share of the Italian market (47% of the total in the storage, system, server, networking, enterprise software, source Sirmi, year 2020).

Significant development operations by external lines were pursued during the year:

- in November 2019, the purchase of 100% of the capital of Pico Srl, a company supplying Digital Media solutions, long-standing partner of the Enterprise Software vendor Adobe;
- in February 2020, the partnership agreement with the vendor Fortinet, further expanding the portfolio of value-added solutions in the security segment, one of the most dynamic areas of the market, to meet the growing demand for data protection and IT security.

Growth by external lines continued after the closure of the financial statements with:

- the acquisition, in May 2020, of 55% of the capital of Clever Consulting, a company specialising in End Point Security solutions, with a vendor portfolio including Blackberry, Accellion, Wandera, TITUS and Globalscape and 2019 revenues of Euro 4.2 million. The company has a human capital of 20 specialised resources;
- the acquisition, in June 2020, of control of Service Technology Srl, operating in the refurbished sector, which offers services for reverse logistics, management and renewal of technology parks.

The reclassified income statement of the VAD Sector (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

VAD Sector		**30 April**			
(Euro thousands)	**2020**	**%**	**2019**	**%**	**Change**
Third-party revenues	**1,367,341**		**1,204,342**		**13.5%**
Inter-sector revenues	76,845		90,942		-15.5%
Total Revenues	**1,444,186**		**1,295,284**		**11.5%**
Other income	7,734		6,010		28.7%
Total revenues and other income	**1,451,920**	**100.0%**	**1,301,294**	**100.0%**	**11.6%**
Consumable materials and goods	(1,348,562)	-92.9%	(1,206,257)	-92.7%	11.8%
Gross commercial margin	**103,358**	**7.1%**	**95,037**	**7.3%**	**8.8%**
Costs for services and rent, leasing, and similar costs	(31,111)	-2.1%	(30,001)	-2.3%	3.7%
Personnel costs	(16,400)	-1.1%	(15,865)	-1.2%	3.4%
Other operating costs	(2,593)	-0.2%	(2,603)	-0.2%	-0.3%
Ebitda	**53,254**	**3.67%**	**46,568**	**3.58%**	**14.4%**
Amortisation/depreciation, provisions and other non-monetary costs	(9,339)		(9,495)		-1.6%
Operating result (Ebit)	**43,915**	**3.0%**	**37,073**	**2.8%**	**18.5%**
Net financial income and expense	(2,217)		(3,206)		-30.8%
Result gross of taxes	**41,698**	**2.9%**	**33,867**	**2.6%**	**23.1%**
Income taxes	(12,081)		(10,013)		20.7%
Net result for the year	**29,617**	**2.0%**	**23,854**	**1.8%**	**24.2%**
Net result attributable to non-controlling interests	349		264		32.2%
Net result attributable to the owners of the parent	**29,268**		**23,590**		**24.1%**
Gross Operating Margin (Ebitda) excluding the effects of IFRS 16	**51,968**	**3.6%**	**46,568**	**3.6%**	**11.6%**
Net result excluding the effects of IFRS 16	**29,633**	**2.0%**	**23,854**	**1.8%**	**24.2%**

In the year under review, the VAD sector accelerated the trend already highlighted from the second half of the previous financial year, with double-digit growth rates in both revenues (+11.6%) and profitability (+14.4%), consolidating its market leadership. The development of the VAD sector was once again higher than that of the reference market which, in the last three years, from 2017 to 2019, recorded average growth rates of 5% (Source: Sirmi, June 2020). Even in the last quarter of the year (February - April 2020), that worst affected by provisions to restrict the spread of the Covid-19 virus, revenues and operating profitability performed well, thanks to organisational resilience and the implementation of prompt mitigation actions to ensure business continuity and employee health.

Total Revenues and other income amounted to Euro 1,451,920 thousand at 30 April 2020, an increase of 11.6% compared to Euro 1,301,294 thousand at 30 April 2019, thanks to the organic development of Computer Gross SpA sales favoured by new commercial initiatives. There was a positive trend in revenues in all the main business units, with particular reference to the offer of IT solutions of value. These results benefited from the expansion of the brands distributed, especially in the enterprise software and customer portfolio development segments, enriched by the search for new Business Partners belonging to emerging market segments.

In the year under review, the gross trade margin (Gross Margin) increased by 8.8%, from Euro 95,037 thousand (Gross Margin of 7.3%) at 30 April 2019 to Euro 103,358 thousand (Gross Margin of 7.1%) at 30 April 2020, thanks to the increase in turnover.

The Ebitda result amounted to Euro 53,254 thousand (Ebitda margin 3.67%), up 14.4% compared to Euro 46,568 thousand (Ebitda margin 3.58%) at 30 April 2019, achieved thanks to the development of the Gross Margin and the lower incidence of operating costs, favoured by the growing exploitation of operating leverage. The application of IFRS 16 from 1 May 2019 resulted in the reversal of Euro 1,286 thousand in rental and lease costs at 30 April 2020; the growth in Ebitda would have been 11.6% excluding the effects of IFRS 16 in the year under review.
The net result of Euro 29,617 thousand at 30 April 2020 grew by 24.2% compared to 30 April 2019, supported by the above-mentioned growth in Ebitda and the improvement in financial management.

The reclassified balance sheet of the VAD Sector (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified Balance Sheet	**30/04/2020**	**30/04/2019**	**Change**
Intangible assets	3,461	3,251	210
Tangible assets (rights of use)	42,530	39,391	3,139
Investments carried at equity	9,127	7,388	1,739
Other non-current receivables and assets and deferred tax assets	9,510	11,914	(2,404)
Total non-current assets	**64,628**	**61,944**	**2,684**
Inventories	75,713	66,053	9,660
Trade receivables	290,451	282,069	8,382
Other current assets	12,256	13,900	(1,644)
Current assets for the year	**378,420**	**362,022**	**16,398**
Trade payables	303,711	272,632	31,079
Other current payables	14,124	11,720	2,404
Short-term liabilities for the year	**317,835**	**284,352**	**33,483**
Net working capital	**60,585**	**77,670**	**(17,085)**
Provisions and other non-current tax liabilities	3,473	6,180	(2,707)
Employee benefits	2,326	1,800	526
Net non-current liabilities	**5,799**	**7,980**	**(2,181)**
Net Invested Capital	**119,414**	**131,634**	**(12,220)**
Shareholders' Equity	**205,551**	**186,569**	**18,982**
Medium-term Net Financial Position	80,863	76,549	4,314
Short-term Net Financial Position	(167,000)	(131,484)	(35,516)
Tot. Net Financial Pos. (Net Liquidity)	**(86,137)**	**(54,935)**	**(31,202)**
Equity and Net Financial Position	**119,414**	**131,634**	**(12,220)**
Net financial position **excluding the effects of IFRS 16 from 1.5.19**	**(88,954)**	**(54,935)**	**(34,019)**

There has been an improvement in the main balance sheet and financial ratios. Net working capital shows a reduction from Euro 77,670 thousand to Euro 60,585 thousand, thanks to increased efficiency in working capital management. Shareholders' equity recorded an increase of Euro 18,982 thousand, reaching a total of Euro 205,551 thousand at 30 April 2020, following the profits generated during the year, net of the dividend distributed to the parent company.
The Net Financial Position reached a net positive balance of Euro 86,137 thousand (net liquidity) at 30 April 2020, with an improvement of Euro 31,202 thousand compared to the previous year, generated by the favourable trend of the operating cash flow.

Results of the SSI Sector

The **Software and System Integration Sector (SSI)** which offers technological innovation and digital services for the SME and Enterprise segments, continues the double-digit development trend of the last three years, favoured by numerous strategic actions aimed at strengthening skills, know-how and business lines to support the demand for the digital transformation of customers.
Even in the last quarter of the year (February - April 2020), that worst affected by restrictive provisions linked to the pandemic, revenues and operating profitability performed well, thanks to organisational resilience and the implementation of prompt mitigation actions to ensure business continuity and employee health.

The most significant initiatives and transactions carried out during the year included:

- the reorganisation of the Business Units, launched in the previous year, aimed at developing a greater focus in areas of specialisation (BTS, Managed Services, ERP & Vertical, Digital Cloud, Digital Security, Customer Experience, Digital Process) consistent with the evolution of the demand for the digital transformation of customers. Within the scope of this evolution, it is worth mentioning the development of skills in the Digital Cloud, Digital Security and Digital Process areas;
- 60% of the share capital of Gencom Srl, a company based in Forlì with 25 human resources, operating in the networking and collaboration sector in support of Digital Security projects, was acquired through the subsidiary Yarix Srl, with annual revenues of approximately Euro 10 million. The company has been included in the scope of consolidation since May 2019.
- in May 2020, the purchase of the majority share in zero12 Srl, based in Padua, with about 20 human resources, specialised in IT solutions in the Cloud Computing and Big Data Analysis sector, with particular reference to application development and SaaS architectures. zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, reference operators in the Cloud, Big Data and Analytics sectors. In 2019, zero12 generated revenues of Euro 2.3 million, with an Ebitda of Euro 600 thousand (Ebitda margin of 25%) and a net profit after tax of Euro 431 thousand, with a credit Net Financial Position at 31 December 2019 of Euro 665 thousand;
- In May 2020, the binding agreement for the acquisition of 51% of Infolog SpA, a Modena-based company specialising in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, "WMS"), with over 200 customers operating in some of the main sectors Made in Italy and a workforce of about 40 resources. In 2019, Infolog generated revenues of Euro 4.2 million, Ebitda of approximately Euro 1 million and a net profit of Euro 350 thousand; at 31 December 2019, the Net Financial Position was negative by approximately Euro 500 thousand;
- in May 2020, Var Group SpA signed a binding agreement for the acquisition of the majority of the quota capital of Analytics Network Srl ("AN") and SPS Srl ("SPS"). AN is an operator focused on the development of cognitive analytics solutions and services for the enterprise segment, while SPS is specialised in IBM SPSS (advance analytics) software solutions. AN and SPS have a human capital of about 20 resources, with over 20 years' consolidated expertise in data analytics to support business processes, predictive analysis, machine learning, artificial intelligence, both cloud-based and on-premises, and a client base of about 500 cross-industry customers. In the financial year ended 31 December 2019, AN and SPS jointly developed revenues of approximately Euro 6.0 million, EBITDA of over Euro 1.0 million and a net profit of approximately Euro 0.5 million, with a closing Net Financial Position of approximately Euro 0.25 million;
- in June 2020, Var Group SpA signed a binding agreement for the acquisition of 100% of the capital of Di-Tech Srl, a Bologna-based company with over 250 human resources, about 100 of whom employed by the Romanian subsidiary Beenear, specialised in the development and supply of software solutions and IT services for the food distribution sector, focusing particularly on IT systems for the management of logistics, supply chains and store management. Di.Tech SpA is the digital partner of reference for IT services and solutions of the Conad Group, one of Italy's leading food retail operators, with over 3,300 points of sale. Di.Tech SpA closed the financial statements at 31 December 2019 with revenues of Euro 19 million, Ebitda of approximately Euro 2.0 million, net profit after tax of Euro 487 thousand, a Net Financial Position ("NFP") of approximately Euro 2.0 million and shareholders' equity of Euro 4.1 million at the closing date.

The reclassified income statement of the SSI Sector (in Euro thousands) at 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

SSI Sector *(Euro thousands)*	30 April 2020	%	2019	%	Change
Third-party revenues	**385,744**		**333,566**		**15.6%**
Inter-sector revenues	3,093		2,649		16.8%
Total Revenues	**388,837**		**336,215**		**15.7%**
Other income	7,476		6,581		13.6%
Total revenues and other income	**396,313**	**100.0%**	**342,796**	**100.0%**	**15.6%**
Consumable materials and goods	(149,474)	-37.7%	(134,344)	-39.2%	11.3%
Costs for services and rent, leasing, and similar costs	(118,504)	-29.9%	(107,191)	-31.3%	10.6%
Personnel costs	(89,133)	-22.5%	(74,034)	-21.6%	20.4%
Other operating costs	(1,424)	-0.4%	(983)	-0.3%	44.9%
Ebitda	**37,778**	**9.5%**	**26,244**	**7.7%**	**43.9%**
Amortisation/depreciation, provisions and other non-monetary costs	(19,007)		(10,862)		75.0%
Operating result (Ebit)	**18,771**	**4.7%**	**15,382**	**4.5%**	**22.0%**
Net financial income and expense	(1,377)		(1,144)		20.4%
Result gross of taxes	**17,394**	**4.4%**	**14,238**	**4.2%**	**22.2%**
Income taxes	(5,361)		(4,622)		16.0%
Net result for the year	**12,033**	**3.0%**	**9,616**	**2.8%**	**25.1%**
Net result attributable to non-controlling interests	3,829		3,827		0.1%
Net result attributable to the owners of the parent	**8,204**		**5,789**		**41.7%**
Gross Operating Margin (Ebitda) **excluding the effects of IFRS 16**	**33,550**	**8.5%**	**26,244**	**7.7%**	**27.8%**
Net result **excluding the effects of IFRS 16**	**12,097**	**3.1%**	**9,616**	**2.8%**	**25.8%**

The Software and System Integration Sector (SSI) further accelerates its revenue growth trend (CAGR Revenues 2017-19: +11%) and profitability growth trend (CAGR Ebitda 2017-19: +31%) achieved in the last 3 financial years, thanks to the development strategy in the business areas with the greatest market growth potential, supported by corporate acquisitions and investments in human capital.

Total Revenues and Other income and the Ebitda result at 30 April 2020 grew by 15.6% and 43.9% respectively, with the Ebitda margin rising from 7.7% at 30 April 2019 to 9.5% at 30 April 2020 (an increase of 180 basis points), supported in particular by the growing percentage of revenues in the ERP & Industry Solutions, Digital Security, Digital Cloud and Digital Process areas. The application of IFRS 16 from 1 May 2019 resulted in the reversal of Euro 4,228 thousand in rental and lease costs at 30 April 2020; the growth in Ebitda would have been 27.8% excluding the effects of IFRS 16 in the year under review.

Growth during the period benefited by about 60% in terms of revenues and profitability from corporate acquisitions and changes in the scope of consolidation during the year, which included PBU CAD-Systeme GmbH, Evotre Srl, Kleis Srl, Var Group Centro Srl, Gencom Srl, SSA Informatica Srl, Apra Computer System Srl, Citiemme Srl and East Service Srl.

Net profit for the period is Euro 12,033 thousand, up 25.1% compared to Euro 9.616 thousand at30 April 2019, thanks to the above-mentioned increase in the Ebitda result and net of higher amortisation/depreciation and provisions, which have risen from Euro 10,862 thousand at 30 April 30 2019 to Euro 19,007 thousand at 30 April 2020.
The increase in amortisation and depreciation reflects higher investments in technology and recent company acquisitions as well as the effects of the application of IFRS 16 from 1 May 2019 amounting to Euro 4,082 thousand.
After minority interests, the net profit attributable to Group shareholders amounts to Euro 8,204 thousand, up 41.7% compared to Euro 5,789 thousand at 30 April 2020, thanks also to the acquisition of minority interests in certain Group companies during the year.

The reclassified balance sheet of the SSI Sector (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified Balance Sheet	**30/04/2020**	**30/04/2019**	**Change**
Intangible assets	64,607	50,640	13,967
Tangible assets (utilisation rights)	36,698	17,738	18,960
Investments carried at equity	3,202	2,072	1,130
Other non-current receivables and assets and deferred tax assets	11,807	12,961	(1,154)
Total non-current assets	**116,314**	**83,411**	**32,903**
Inventories	14,404	16,294	(1,890)
Trade receivables	114,296	108,709	5,587
Other current assets	33,593	29,135	4,458
Current assets for the year	**162,293**	**154,138**	**8,155**
Trade payables	89,356	83,795	5,561
Other current payables	72,270	64,557	7,713
Short-term liabilities for the year	**161,626**	**148,352**	**13,274**
Net working capital	**667**	**5,786**	**(5,119)**
Provisions and other non-current tax liabilities	15,312	11,857	3,455
Employee benefits	25,393	20,608	4,785
Net non-current liabilities	**40,705**	**32,465**	**8,240**
Net Invested Capital	**76,276**	**56,732**	**19,544**
Shareholders' Equity	**30,405**	**28,493**	**1,912**
Medium-term Net Financial Position	102,552	52,991	49,561
Short-term Net Financial Position	(56,681)	-24,752	(31,929)
Tot. Net Financial Pos. (Net Liquidity)	**45,871**	**28,239**	**17,632**
Equity and Net Financial Position	**76,276**	**56,732**	**19,544**
Net financial position **excluding the effects of IFRS 16 from 1.5.19**	**31,844**	**28,239**	**3,605**

From a financial and equity point of view, the Sector records an increase in net invested capital of Euro 19,544 thousand, due mainly to investments in non-current assets for a net amount of Euro 32,903 thousand, going from Euro 83.411 thousand at 30 April 2019 to Euro 116,314 thousand at 30 April 2020. This increase reflects investments in infrastructure and corporate acquisitions for business development in sectors with a greater content in innovation and market specialisation. Intangible assets, rising by Euro 13,967 thousand compared to 30 April 2019, and tangible assets, rising by Euro 18,960 thousand compared to 30 April 2019, reflect: (i) investments in software and technology for the development of cloud computing services and IT solutions for customers, (ii) the increase in the client list and technological know-how entries following company acquisitions and (iii) the recognition of the utilisation right amounting to Euro 13,984 thousand following the application of IFRS 16 from 1 May 2019.

As regards sources of financing, the increase in invested capital was covered mainly by third-party financing, balancing the various maturities. The medium-term debt component grew by Euro 49,561 thousand compared to 30 April 2019, following the subscription of medium-term loans (48-60 months) for a total of Euro 75 million, compared to a reduction in the short-term debt component of Euro 31,929 thousand. The net financial position goes from a negative balance of Euro 28,239 thousand at 30 April 2019 to a positive balance of Euro 45,871 thousand at 30 April 2020. Excluding the effects of the application of IFRS 16 from 1 May 2019 which led to the recognition of financial liabilities for Euro 14,027 thousand, the Net Financial Position at 30 April 2020 would be negative by Euro 31,844 thousand, largely in line with a total of Euro 28,239 thousand at 30 April 2019.

Results of the Business Services Sector

The **Business Services Sector** offers process outsourcing, security and digital transformation services for the finance sector, through Base Digitale SpA, the subsidiary set up in February 2020 with the aim of expanding the Sesa Group's operations in an additional market segment, with primary customers including some of Italy's leading banking groups. The Business Services Sector includes B.Services Srl, Globo Informatica Srl and ABS Technology Srl. Sesa SpA's entry into the share capital of Base Digitale SpA coincides with an internal reorganisation which also includes the merger by incorporation of B.services Srl and Globo infomatica Srl into Base Digitale SpA, completed in July 2020. The BS Sector became part of the Group consolidation scope from March 2020 and the fact that it only operated for two months (March and April 2020) is reflected.

The reclassified income statement of the Business Services Sector (in Euro thousands) for the year ended 30 April 2020 is provided below.

Corporate Sector	**30 April**				
(Euro thousands)	**2020**	**%**	**2019**	**%**	**Change**
Third-party revenues	**7,827**				
Inter-sector revenues	137				
Total Revenues	**7,964**				
Other income	209				
Total revenues and other income	**8,173**	**100.0%**			
Consumable materials and goods	(2,322)	-28.4%			
Costs for services and rent, leasing, and similar costs	(3,294)	-40.3%			
Personnel costs	(1,989)	-24.3%			
Other operating costs	(12)	-0.1%			
Ebitda	**556**	**6.80%**			
Amortisation/depreciation, provisions and other non-monetary costs	(278)				
Operating result (Ebit)	**278**	**3.4%**			
Net financial income and expense	(87)				
Result gross of taxes	**191**	**2.3%**			
Income taxes	(24)				
Net result for the year	**167**	**2.0%**			
Net result attributable to non-controlling interests	83				
Net result attributable to the owners of the parent	**84**				
Gross Operating Margin (Ebitda) **excluding the effects of IFRS 16**	**306**	**3.7%**			
Net result **excluding the effects of IFRS 16**	**326**	**4.0%**			

Total revenues and other income of the Sector, equating to Euro 8,173 thousand, reflects just two months of ordinary operation of B.Services Srl, ABS Technology Srl and Globo Informatica Srl. The provision of services by the companies belonging to the Business Services Sector also continued during the emergency period linked to the spread of the Covid-19 virus, as its main customers included finance and retail customers who guaranteed the continuity of service during lockdown.

Operating profitability generated in the two months of reporting is in line with expectations, recording an Ebitda of Euro 556 thousand and an Ebitda margin of 6.80%. The application of IFRS 16 from 1 May 2019 resulted in the reversal of Euro 250 thousand in rental and lease costs at 30 April 2020; the Ebitda result would have been Euro 306 thousand excluding the effects of IFRS 16 in the year under review.

After depreciation and amortisation of Euro 278 thousand, net financial management was negative by Euro 87 thousand and, after taxes, the result for the year was Euro 167 thousand at 30 April 2020.

The reclassified balance sheet of the Sector (in Euro thousands) for the year ended 30 April 2020 is provided below.

Reclassified Balance Sheet	**30/04/2020**	**30/04/2019**	**Change**
Intangible assets	4,093		
Tangible assets (including rights of use)	3,795		
Investments carried at equity			
Other non-current receivables and assets and deferred tax assets	1,555		
Total non-current assets	**9,443**		
Inventories	1,313		
Trade receivables	10,662		
Other current assets	2,824		
Current assets for the year	**14,799**		
Trade payables	16,215		
Other current payables	5,509		
Short-term liabilities for the year	**21,724**		
Net working capital	**(6,925)**		
Provisions and other non-current tax liabilities	1,497		
Employee benefits	1,264		
Net non-current liabilities	**2,761**		
Net Invested Capital	**(243)**		
Shareholders' Equity	**6,743**		
Medium-term Net Financial Position	4,946		
Short-term Net Financial Position	(11,932)		
Tot. Net Financial Pos. (Net Liquidity)	**(6,986)**		
Equity and Net Financial Position	**(243)**		
Net financial position **excluding the effects of IFRS 16 from 1.5.19**	**(10,637)**		

The BS Sector had a well-balanced equity and financial structure at 30 April 2020, with non-current assets totalling Euro 9,443 thousand, shareholders' equity of Euro 6,743 thousand and medium-term minority sources of Euro 4,946 thousand.

Net invested capital is negative by Euro 243 thousand as a result of the net working capital which, at 30 April 2020, was negative by Euro 6,925 thousand and non-current liabilities, equal to Euro 2,761 thousand at 30 April 2020. The net non-current assets and, particularly, the tangible assets items include rights of use, in application of IFRS 16, totalling Euro 3,449 thousand.

The net financial position at 30 April 2020 was positive by Euro 6,986 thousand. Excluding the effects of the application of IFRS 16 from 1 May 2019 which led to the recognition of financial liabilities for Euro 3,651 thousand, the Sector's net financial position at 30 April 2020 would be positive by Euro 10,637 thousand.

Results of the Corporate Sector

The **Corporate Sector** continued to supply services to the Group during the year. More specifically, activities relating to strategic governance and management of the Group's operating machinery and financial platform were further implemented following the increase in the number of companies included in the scope of consolidation, also in order to support the integration of recent corporate acquisitions. The logistics activities, supplied by the subsidiary ICT Logistica Srl, and the management and organisation services supplied by Sesa SpA, continued without interruption even during the Covid-19 lockdown, supporting the operational continuity of the Sesa Group companies.

The reclassified income statement of the Corporate Sector (in Euro thousands) for the year at 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Corporate Sector	30 April				
(Euro thousands)	**2020**	**%**	**2019**	**%**	**Change**
Third-party revenues	**1,729**		**1,946**		**-11.2%**
Inter-sector revenues	15,590		12,870		21.1%
Total Revenues	**17,319**		**14,816**		**16.9%**
Other income	2,870		2,323		23.5%
Total revenues and other income	**20,189**	**100.0%**	**17,139**	**100.0%**	**17.8%**
Consumable materials and goods	(217)	-1.1%	(206)	-1.2%	5.3%
Costs for services and rent, leasing, and similar costs	(9,567)	-47.4%	(8,633)	-50.4%	10.8%
Payroll costs	(7,241)	-35.9%	(6,419)	-37.5%	12.8%
Other operating costs	(262)	-1.3%	(222)	-1.3%	18.0%
Ebitda	**2,902**	**14.4%**	**1,659**	**9.7%**	**74.9%**
Amortisation/depreciation, provisions and other non-monetary costs	(1,969)		(1,271)		54.9%
Operating result (Ebit)	**933**	**4.6%**	**388**	**2.3%**	**140.5%**
Net financial income and expense	(25)		(50)		-50.0%
Result gross of taxes	**908**	**4.5%**	**338**	**2.0%**	**168.6%**
Income taxes	(537)		(316)		69.9%
Net result for the year	**371**	**1.8%**	**22**	**0.1%**	**1,586.4%**
Net result attributable to non-controlling interests					
Net result attributable to the owners of the parent	**371**		**22**		**1,586.4%**
Gross Operating Margin (Ebitda) excluding the effects of IFRS 16	**2,749**	**13.6%**	**1,659**	**9.7%**	**65.7%**
Net result excluding the effects of IFRS 16	**373**	**1.9%**	**22**	**0.1%**	**1,595.5%**

Total revenues and other income of the Sector, equalling Euro 20,189 thousand, showed an increase compared to the previous year (+17.8%), thanks to the growth of organisation, administration and financial management, planning and control, human resource management and IT consulting services supplied by Sesa SpA to the Group companies, which recorded an increase in the user base during the year.

The Gross margin (Ebitda) increased by Euro 1,243 thousand (+74.9%), from Euro 1,659 thousand at 30 April 2019 to Euro 2,902 thousand at 30 April 2020, due to the increase in revenues and a lower incidence of operating costs.

Amortisation, depreciation, accruals to provisions and other non-monetary costs mainly include the notional cost connected to the stock grant plan of executive directors for a total of Euro 1,533 thousand and the amortisation of the rights of use of Euro 148 thousand, recorded following the application of IFRS 16 from 1 May 2019. It should be noted that the cost of the stock grants of Euro 1,533 thousand includes the portion of the three-year plan that has matured (63,000 Sesa SpA shares), as the directors waived their share of the annual plan (42,000 Sesa SpA shares), despite having met the underlying targets during the period. This choice takes into account the efforts made by all Group resources during lockdown and the Sesa Group's growing role of social responsibility.

After financial items, equity investments and taxes, the result for the year amounted to Euro 371 thousand at 30 April 2020, compared to Euro 22 thousand at 30 April 2019.

From a financial and equity point of view, there was a consolidation of the main ratios compared to the previous year.

Reclassified Balance Sheet	30/04/2020	30/04/2019	Change
Intangible assets	2,112	110	2,002
Tangible assets (including rights of use)	944	642	302
Investments carried at equity	778	818	(40)
Other non-current receivables and assets and deferred tax assets	76,813	70,907	5,906
Total non-current assets	**80,647**	**72,477**	**8,170**
Inventories			
Trade receivables	4,874	4,658	216
Other current assets	7,599	4,172	3,427
Current assets for the year	**12,473**	**8,830**	**3,643**
Trade payables	4,025	4,388	(363)
Other current payables	7,876	3,941	3,935
Short-term liabilities for the year	**11,901**	**8,329**	**3,572**
Net working capital	**572**	**501**	**71**
Provisions and other non-current tax liabilities	622	(6)	628
Employee benefits	2,039	1,924	115
Net non-current liabilities	**2,661**	**1,918**	**743**
Net Invested Capital	**78,558**	**71,060**	**7,498**
Shareholders' Equity	**85,989**	**86,118**	**(129)**
Medium-term Net Financial Position	177		177
Short-term Net Financial Position	(7,608)	(15,058)	7,450
Tot. Net Financial Pos. (Net Liquidity)	**(7,431)**	**(15,058)**	**7,627**
Equity and Net Financial Position	**78,558**	**71,060**	**7,498**
Net financial position excluding the effects of IFRS 16 from 1.5.19	**(7,755)**	**(15,058)**	**7,303**

The Corporate Sector closed the year with a balanced equity and financial structure, with shareholders' equity of Euro 85,989 thousand at 30 April 2020 and non-current assets of Euro 80,647 thousand. Total non-current assets rose during the year from Euro 72,477 thousand at 30 April 2019 to Euro 80,647 thousand at 30 April 2020 following the establishment of the Business Services Sector, managed by Base Digitale SpA, and the purchase of 33% of Adiacent Srl.

Net invested capital of Euro 78,558 thousand at 30 April 2020 reflects Total non-current assets worth Euro 80,647 thousand, net working capital of Euro 572 thousand and non-current liabilities totalling Euro 2,661 thousand.

As regards sources of financing, the Net Financial Position fell from a positive balance (net liquidity) of Euro 15,058 thousand at 30 April 2019 to a positive balance (net liquidity) of Euro 7,431 thousand, down due to investments made in non-current assets. The Net Financial Position at 30 April 2020 also reflects the purchase of treasury shares during the year for Euro 2,765 thousand and the payment of shareholder dividends of Euro 9,740 thousand.

Highlights of the income statement, balance sheet and cash flow statement of the parent company Sesa SpA

The reclassified income statement (in Euro thousands) for the year at 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified income statement	30/04/2020	%	30/04/2019	%	Change 2020/19
Net revenues	**9,437**		**7,827**		**20.6%**
Other Income	2,318		1,315		76.3%
Total Revenues and Other Income	**11,755**	**100.0%**	**9,142**	**100.0%**	**28.6%**
Purchase of goods	44	0.4%	54	0.6%	-18.5%
Costs for services and rent, leasing, and similar costs	3,533	30.1%	2,670	29.2%	32.3%
Payroll	5,170	44.0%	4,766	52.1%	8.5%
Other operating costs	135	1.1%	95	1.0%	42.1%
Total Operating Costs	**8,882**	**75.6%**	**7,585**	**83.0%**	**17.1%**
Gross Operating Margin (Ebitda)	**2,873**	**24.4%**	**1,557**	**17.0%**	**84.5%**
Amortisation and Depreciation	300		136		120.6%
Accruals and other non-monetary costs	1,533		1,060		44.6%
Operating Result (Ebit)	**1,040**	**8.8%**	**361**	**3.9%**	**188.1%**
Financial income and expense	10,524		10,337		1.8%
Result before taxes (Ebt)	**11,564**	**98.4%**	**10,698**	**117.0%**	**8.1%**
Income taxes	464		301		54.2%
Net result	**11,100**	**94.4%**	**10,397**	**113.7%**	**6.8%**
Gross Operating Margin (Ebitda) excluding the effects of IFRS 16	**2,750**	**23.4%**	**1,557**	**17.0%**	**76.6%**
Net result excluding the effects of IFRS 16	**11,101**	**94.4%**	**10,397**	**113.7%**	**6.8%**

Total revenues and other income amounted to Euro 11,755 thousand at 30 April 2020, with an increase of Euro 2,613 thousand (+28.6%) compared to the previous year, favoured by the development of administrative and financial management services, organisation, planning and control, management of information systems and human resources, and the general, corporate and legal affairs of the main Group companies. The shares of the parent company Sesa SpA are listed on the STAR segment of the Milan Stock Market.

Total operating costs at 30 April 2020 amounted to Euro 8,882 thousand, up Euro 1,297 thousand (+17.1%) compared to Euro 7,585 thousand at 30 April 2019, as a result of the greater needs related to the increase in the user base. The most significant changes refer to higher service costs, related to the supply of professional services to customers and the cost of labour resulting from the strengthening of the workforce necessary to cope with the increase in the perimeter of the activities performed. Sesa SpA's workforce increased from 95 resources at 30 April 2019 to 99 resources at 30 April 2020.

The lower incidence of Operating Costs contributes to the growth of the Gross Operating Margin (Ebitda), equating to Euro 2,873 thousand at 30 April 2020 (Ebitda margin 24.4%), compared to Euro 1,557 thousand (Ebitda margin 17.0%) at 30 April 2019.

Amortisation, depreciation, accruals to provisions and other non-monetary costs mainly include the notional cost connected to the stock grant plan of executive directors for a total of Euro 1,533 thousand and the amortisation of the rights of use of Euro 120 thousand, recorded following the application of IFRS 16 from 1 May 2019.
It should be noted that the cost of the stock grants of Euro 1,533 thousand includes the portion of the three-year plan that has matured (63,000 Sesa SpA shares), as the directors waived their share of the annual plan (42,000 Sesa SpA shares), despite having met the underlying targets during the period. This choice takes into account the efforts made by all Group resources during lockdown and the Sesa Group's growing role of social responsibility.

The operating result improved thanks to the increase in gross margins, rising from Euro 361 thousand at 30 April 2019 to Euro 1,040 thousand at 30 April 2020.

Financial items and equity investments recorded an increase from Euro 10,337 thousand at 30 April 2019 to Euro 10,524 thousand at 30 April 2020, thanks to the higher dividends resolved by the subsidiaries.
The Net result after taxes amounts to Euro 11,100 thousand at 30 April 2020, an increase of Euro 703 thousand (+6.8%) compared to the net profit at 30 April 2019 of Euro 10,397 thousand.

The reclassified balance sheet (in Euro thousands) for the year ended 30 April 2020 is provided below, and compared with the previous year ended 30 April 2019.

Reclassified Balance Sheet	**30/04/2020**	**30/04/2019**	**Change 2020/19**
Intangible assets	121	105	16
Tangible assets (including rights of use)	727	448	279
Investments and Other non-current receivables	79,117	71,854	7,263
Total non-current assets	**79,965**	**72,407**	**7,558**
Inventories			
Trade receivables	1,324	840	484
Other current assets	7,275	3,467	3,808
Other current assets	**8,599**	**4,307**	**4,292**
Trade payables	847	804	43
Other current payables	8,418	4,659	3,759
Short-term liabilities for the year	**9,265**	**5,463**	**3,802**
Net working capital	**(666)**	**(1,156)**	**490**
Provisions and other non-current tax liabilities	31	3	28
Employee benefits	1,696	1,624	72
Net non-current liabilities	**1,727**	**1,627**	**100**
Net Invested Capital	**77,572**	**69,624**	**7,948**
Shareholders' Equity	**83,480**	**83,347**	**133**
Medium-term Net Financial Position	175		175
Short-term Net Financial Position	(6,083)	(13,723)	7,640
Tot. Net Financial Pos. (Net Liquidity)	**(5,908)**	**(13,723)**	**7,815**
Equity and Net Financial Position	**77,572**	**69,624**	**7,948**

The balance sheet of the parent company Sesa SpA as at 30 April 2020 shows an increase (+11.4%) in net invested capital, from Euro 69,624 thousand to Euro 77,572 thousand, largely as a result of the increase in non-current assets following the purchase of a 33% stake in Adiacent Srl and the establishment of Base Digitale SpA, the subsidiary created to manage the new BS (Business Services) Sector.

As regards financial sources, the Net Financial Position, positive by Euro 5,908 thousand at 30 April 2020, fell by Euro 7,815 thousand compared to Euro 13,723 thousand at 30 April 2019, due to current operations and the above-mentioned increase in fixed assets. The increase in equity investments and the requirements connected to the payment of the dividend of Euro 9.7 million was supported by the result for the year, which includes dividends received from subsidiaries. Shareholders' equity at 30 April 2020 amounts to Euro 83,480 thousand, substantially in line with the value of Euro 83,347 thousand at 30 April 2019. The change in shareholders' equity was mainly due to the profit for the year of Euro 11,100 thousand, net of dividends distributed in September 2019, equal to Euro 9.7 million (Euro 0.63 per share), and the purchase of treasury shares during the year amounting to Euro 2.8 million.

Net financial position	**30/04/2020**	**30/04/2019**	**Change 20/19**
Liquidity	(5,767)	(7,223)	1,456
Current financial receivables	(1,500)	(6,500)	5,000
Current financial debt (including IFRS 16 liabilities)	1,184	-	1,184
Short-term net financial position	**(6,083)**	**(13,723)**	**7,640**
Non-current financial debt (including IFRS 16 liabilities)	175	-	175
Non-current net financial position	**175**	**-**	**175**
Net financial position	**(5,908)**	**(13,723)**	**7,815**
Net financial position **excluding the effects of IFRS 16 from 1.5.19**	**(6,204)**	**(13,723)**	**7,519**

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 SpA and Var Group SpA. On 14 July 2020, the Board of Directors, acting on a proposal from the Remuneration Committee, defined the Remuneration Policy, in compliance with the main recommendations of the Self-Governance Code and the regulatory provisions issued by Consob.

On 14 July 2020, 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. During the same session, the Board of Directors examined the communication by the Chairman of the Italian Corporate Governance Committee dated 19 December 2019 on the degree of compliance of issuers with the Corporate Governance Code, containing the "Recommendations of the Committee for 2020". 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.

It should also be noted that on 14 July 2020 the Board of Directors approved the Audit Report at 30 April 2020 prepared by the Internal Audit function and preventively discussed 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 Director appointed to prepare the company's financial reports, on the adequacy and effectiveness of the administrative and accounting procedures. The new audit plan for 2021 was approved during the same session.

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

Treasury shares

As at 30 April 2020, the parent company Sesa SpA held 87,961 shares, equating to 0.568% of the share capital, purchased at an average price of 37.5 euros under the treasury share purchase plan approved by the shareholders' meeting of 27 August 2019. In application of the international accounting standards, these instruments are deducted from the Company's shareholders' equity.

Relations with subsidiaries, associated companies, parent companies and affiliates

With regard to 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.

Management of Human Capital

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 over 200 hires, mainly of young people from specialisation schools and Italian universities, brought into the company with training plans in the areas of the greatest growth and development potential (cloud computing, digital security, digital services), with professional traineeships and apprenticeships (43 trainees and 173 apprentices at 30 April 2020), 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 43 and the composition of the workforce shows a qualified component of more than 32%.

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 recruitment plans, also using digital communication tools, 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 20,000 hours of training were provided during the year, 4,630 of which were technical and professional training, with 6,900 hours of training within the scope of Key Skills (Soft and Digital Skills, Project Management, Languages, Sales Techniques) and 8,500 hours of compulsory training (Occupational Health and Safety, Corporate Responsibility Legislative Decree 231). Despite the Covid-19 emergency and the relative stoppage of training activities, the total number of training hours increased by more than 10% compared to the previous year, involving about 50% of the workforce.

In order to achieve management objectives, individual incentive plans are assigned, involving 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 particularly of high potential resources.

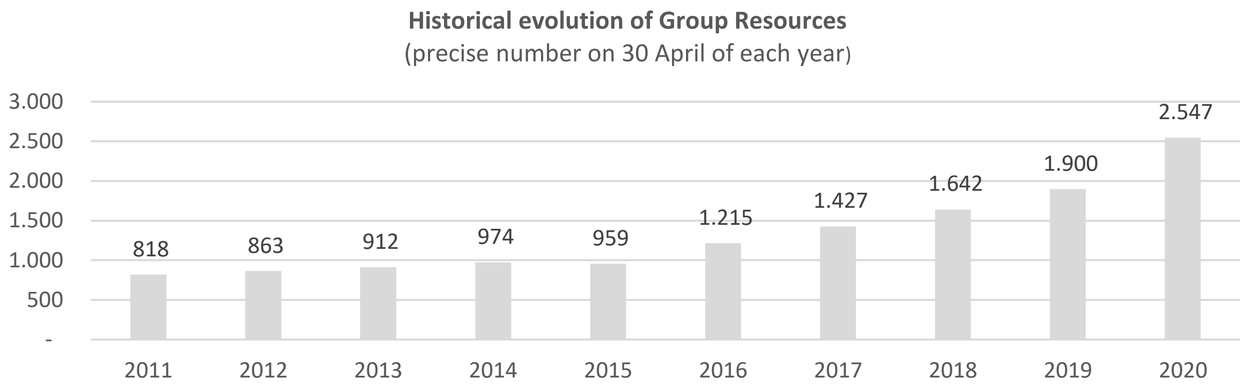
The corporate welfare system that has been in operation for over six years within the Group was further strengthened during the year, developing to accommodate flexible plans through a dedicated company website which offers the possibility to select benefits and work-life balance services for workers to support income, education and the well-being 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).

In light of the global crisis and the extraordinary effort made by the SeSa Group's human resources during the Covid-19 emergency, the new 2020/2021 welfare plan has further strengthened initiatives to benefit the quality of working life

and the well-being of workers, encouraging them to return to the workplace in conditions of absolute safety and protection of health.
These include scholarships for the reimbursement of the costs sustained to purchase school books, support with creche fees and educational stays abroad, with an increase in contributions for Summer Camps and the possibility to convert them into babysitting contributions.
The plan also envisages the innovative introduction of a DAD discount voucher for the purchase of computer equipment to support remote learning for the children of employees up to the age of 14, and the renewal of support for housing mobility (housing contribution for employees who move out of their family home) and sustainable mobility (contribution to expenses incurred by employees to travel to work on public transport). The new plan also confirmed the Work-Life Balance and human capital enhancement programmes, such as scholarships to attend part-time university degree or master courses and the possibility for employees to apply for time off to carry out voluntary work and to transfer holidays.

Lastly, it should be noted that, in view of the Covid-19 health emergency and based on an initiative promoted by the SeSa Foundation, the Unisalute #AndràTuttoBene health policy has been activated in favour of all Group employees, in addition to a reorganisation of the Continuous Services for personnel, such as the company canteen services, in compliance with Covid-19 Safety Procedures.

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



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

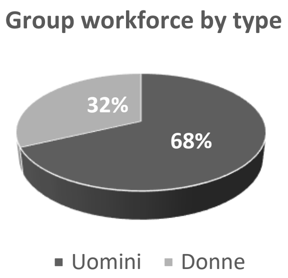
As at 30 April 2020, the Group companies had a total workforce of 2,547 employees, showing a growth trend of over 600 resources, approximately 400 of whom following the expansion of the scope of consolidation, with the entry of the new Base Digitale Sector (with approximately 300 human resources) and the company acquisitions completed during the year, and more than 200 resources following internal recruitment plans in business areas with higher growth potential.

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

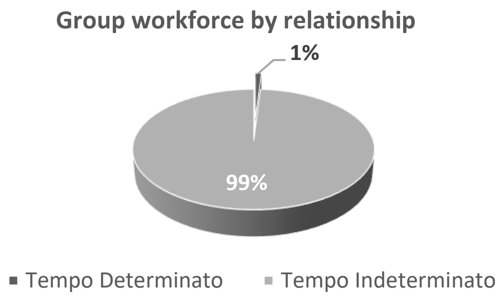
	Average number of employees for the year ended April 30		Number of employees at 30 April	
(In units)	**2020**	**2019**	**2020**	**2019**
Executives	21	19	22	20
Middle Management	189	146	208	170
Office Staff	2,014	1,606	2,317	1,710
Total	**2,224**	**1,771**	**2,547**	**1,900**

The Group considers human capital to be a strategic resource, to be loyalized and developed through long-term professional growth paths and the systematic appointment of permanent staff. At 30 April 2020, the percentage of staff employed on permanent contracts had reached 99% of the Group's total resources.

Women account for 32% of the total workforce.



Men Women



Permanent Temporary

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 4.44%, which is very low for the sector in question and to be considered in relation to an incoming turnover of 12.64%), without ever having resorted to mobility, 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, also through the recent creation of a company portal for the general and specific training of employees. In this sense, it is important to verify, during the year in progress and for previous years too, that 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.

Following the pandemic, the Sesa Group promptly adopted measures to safeguard the health and safety of its employees and, in line with the provisions made on a case by case basis by the competent Authorities, to guarantee the operation of essential services. In response to the lockdown measures gradually implemented in March and April, progressive mitigation actions were introduced, including changes in working methods, management and the optimisation of offices and procedures, measures to protect employee health and safety, with the formation of a task force to constantly monitor and deal with the situation as it developed.

Right from the start of the emergency, arrangements were made for all personnel to be promptly sent communications regarding the measures being taken with the instructions to be followed, including the reduction and monitoring of transfers between the Group's various offices (replaced by audio/video-conference calls) and the rescheduling of training activities in e-learning mode. In observance of government regulations, agile working methods were organised and activated during the lock-down, thanks to investments in digital technology and platforms that involved a very significant part of the Group's human resources in March and April 2020.

In order to correctly manage the health emergency and implement legal measures, a Sesa Task Force was set up to provide guidance and issue guidelines on health and safety in the workplace. The Task Force, with the involvement of all the main corporate functions, including the Human Resources and Legal & Compliance Departments, the Medical Officer promptly adopted specific protocols for the correct prevention of contagion and the implementation of related procedures.

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

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

External Risks

Risks associated with the macroeconomic context and the ICT market

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

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

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

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

Risks associated with the spread of Covid-19 virus

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

The first thing the Group did when the health emergency began to spread in February 2020, was to implement the necessary organisational adjustments to protect the health of its employees. During the lockdown (in March and April 2020), a significant part of its operating activities was reorganised so that staff could work from home, allowing the Group to operate continuously and guaranteeing the safety of its human resources. The Group continued to operate in all sectors (VAD, SSI, Business Services and Corporate) also during lockdown, because its activities are among those considered essential under the Prime Ministerial Decree of 22 March 2020, in support of the country's main economic and health activities. The Group's management promptly reinforced risk mitigation procedures and control, with the organisation of specific task forces to monitor the main business risks and protect its stakeholders:

- a Health and Safety Task Force to monitor health risks and regulate health procedures and protocols in compliance with the government's emergency measures, protecting the health of the Group's employees;
- a Financial Task Force to monitor credit and financial risks, oversee collection management and analyse the economic situation of the Group companies. This activity took the form of forecasts and sensitivity analyses in relation to the various scenarios;
- Market supervision, to monitor market risk and plan the Group's future activities in relation to changes in demand. The task force drew up plans, with the application of sensitivity analyses, to assess the short and medium-term impacts of the pandemic.

The results for the fourth quarter of the year (February - April 2020) show a favourable trend both in terms of revenues and profitability compared to the fourth quarter of the previous year, confirming the resilience of the Group's organisation and the validity of the actions taken to mitigate risks.

Further considerations on the outlook for the future are reported in the "Outlook" paragraph.

Internal Risks

Risks related to dependence on key personnel

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

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

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

Risks associated with failure to comply with contractual and compliance commitments

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

In relation to compliance risks, the Group has adopted policies and procedures, including the adoption of 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. As stated in the "Risks associated with the spread of Covid-19 virus" paragraph, the precautions already in place to control the credit risk were strengthened following the spread of the pandemic.

Liquidity risk

At certain times during the financial year, the ordinary operations of the Sesa Group companies generate a need for working capital and, consequently, financial exposure. The Group closed the consolidated financial statements as at 30

April 2020 with a net financial position (net liquidity) of Euro 54,700 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 SpA and Var Group SpA. As stated in the “Risks associated with the spread of Covid-19 virus” paragraph, the precautions already in place to control the credit risk were strengthened following the spread of the pandemic.

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 2020, the Group did not have any interest rate derivatives in place. In light of the current trend in interest rates and the moderate level of average annual indebtedness, the Group's risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk. In relation to the Group's low level of debt at 30 April 2020 (net financial position of Euro 54,700 thousand) the sensitivity analyses, aimed at assessing the impact of a potential fluctuation in interest rates on the Group's economic and financial situation, show insignificant results.

Exchange rate risk

Group companies do not operate on foreign markets to a significant extent, essentially using the euro as the currency for the management of commercial and financial transactions. The purchase of goods and IT products in foreign currencies, mainly centralised at Computer Gross SpA, relates exclusively to the US dollar.
It should also be noted that there are no derivative transactions in foreign currencies, but forward currency purchase transactions to hedge the exchange rate risk relating to payables in foreign currencies to some suppliers. At 30 April 2020 there were 49 forward transactions in place, twenty of which had a negative fair value of Euro 33 thousand and 29 of which had a positive fair value of Euro 69 thousand. In relation to the Group's limited transactions in foreign exchange and the hedging of the underlying risk through forward transactions, the Group has reported insignificant results in sensitivity analyses aimed at assessing a hypothetical appreciation/depreciation of the Euro.

Price risk

The Group does not hold any financial instruments or stocks listed on equity markets at 30 April 2020, with the exception of Sesa SpA's own shares deducted from shareholders' equity 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 2020 was essentially centralised in Computer Gross SpA and Var Group SpA.

Significant events occurring after the end of the year

In May and June 2020, the Group regained full operational capacity, supporting the economic recovery by offering digital services and technological solutions. Important business development and corporate acquisitions were also completed, strengthening the Sesa Group's role as reference player in the digital transformation of the Italian market in strategic business segments:

- The purchase, in May, of the majority shareholding in zero12 Srl, based in Padua, with approximately 20 employees specialised IT solutions in the Cloud Computing sector and Big Data Analysis, with particular reference to application development and SaaS architectures.
- The purchase, in June 2020, of 51% of Infolog SpA, a company specialising in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, "WMS") and ERP management solutions, with over 200 customers operating in some of the main sectors Made in Italy and a workforce of over 40 resources.
- the binding agreement, in May 2020, for the acquisition of the majority of the share capital of Analytics Network Srl ("AN") and SPS Srl ("SPS"). AN is an operator focused on the development of cognitive analytics solutions and services for the enterprise segment, while SPS is specialised IBM SPSS advance analytics software solutions. AN and SPS have about 20 human resources with over 20 years' consolidated expertise in data analytics in support of business processes, predictive analysis, machine learning and artificial Intelligence, both cloud-based and on premises.
- the binding agreement, in June 2020, for the purchase of 100% of the capital of Di.Tech Srl, a Bologna-based company with over 250 human resources, specialising in the supply of software solutions and IT services for the food distribution sector, focusing particularly on IT systems for the management of logistics, supply chains and store management. Di.Tech is the digital partner of reference for IT services and solutions of the Conad Group, one of Italy's leading food retail operators, with over 3,300 points of sale.

No other significant events occurred after the end of the year.

Outlook

In the early months of the new year, the Group operated in a highly complex operating environment, benefiting from the progressive recovery of the economic cycle and the significant demand for digital transformation. Although uncertainty is still significant, the digitisation of companies and organisations is essential to economic and productive recovery. In the new year, the Group will also benefit from the increased scope of consolidation resulting from recent corporate acquisitions.
In May and June 2020, the Group regained full operational capacity, supporting the economic recovery by offering digital services and technological solutions. Important business development and corporate acquisitions were also completed, strengthening the role as reference player in the digital transformation of the Italian market in strategic business segments.

The Group will continue to pursue its strategy of focusing on value-added business areas, investing in the wealth of skills and professionalism of its human resources, continuing along the path of sustainable growth to the benefit of all stakeholders.
The favourable trend of revenues in May and June 2020 and the acceleration of the company acquisitions carried out from April to June 2020 lay the foundation to allow the Group to continue growing in terms of revenues, skills and profitability in the new year, with the aim of confirming the long-term track record (CAGR revenues 2011-2020 10.1%, CAGR Ebitda 2011-2020 11.9%).

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

In view of current global uncertainty and in order to strengthen the Group's growth with investments to support the demand for digitisation by stakeholders, reinforcing the Group's social responsibility, it is proposed that the shareholders' meeting allocate the profit for the year to reserves.

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 2020

Consolidated Statement of Income

(Euro thousands)	Note	Year ended 30 April 2020	2019
Revenues	7	1,762,641	1,539,854
Other income	8	13,384	10,751
Consumables and goods for resale	9	(1,429,220)	(1,258,954)
Costs for services and rent, leasing, and similar costs	10	(134,937)	(118,353)
Personnel costs	11	(114,763)	(96,318)
Other operating costs	12	(11,535)	(12,568)
Amortisation and Depreciation	13	(21,673)	(11,694)
Operating result		**63,897**	**52,718**
Share of profits of companies valued at equity	14	1,698	823
Financial income	15	4,178	3,317
Financial expenses	15	(9,582)	(8,540)
Profit before taxes		**60,191**	**48,318**
Income taxes	16	(18,003)	(14,956)
Profit for the year.		**42,188**	**33,362**
of which:			
Profit attributable to non-controlling interests		4,274	4,078
Profit attributable to the Group		37,914	29,284
Earnings per share - basic (in Euro)	25	2.46	1.90
Earnings per share - diluted (in Euro)	25	2.45	1.89

Consolidated Comprehensive Statement of Income

(Euro thousands)	Note	Year ended 30 April 2020	2019
Profit for the year		**42,188**	**33,362**
Actuarial gain/loss for employee benefits - Gross effect	25	(1,277)	(1,606)
Actuarial gain/loss for employee benefits - Tax effect	25	306	385
Comprehensive income for the year		**41,217**	**32,141**
of which:			
Comprehensive income attributable to non-controlling interests		4,152	3,580
Comprehensive income attributable to the Group		37,065	28,561

Statement of Consolidated Financial and Equity Situation

(Euro thousands)	Note	As at 30 April 2020	As at 30 April 2019
Intangible assets	17	74,273	54,001
Rights of use		49,617	
Property, plant and equipment	18	34,341	57,771
investment property	19	290	290
Equity Investments valued at equity	14	12,158	10,030
Receivables for deferred tax assets	30	9,901	7,834
Other non-current receivables and assets	21	15,524	19,230
Total non-current assets		**196,104**	**149,156**
Inventory	22	91,127	82,044
Current trade receivables	23	393,645	364,314
Current tax receivables		5,307	4,051
Other current receivables and assets	21	43,817	40,752
Cash and cash equivalents	24	368,466	249,074
Total current assets		**902,362**	**740,235**
Non-current assets held for sale			
Total assets		**1,098,466**	**889,391**
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(17,763)	(5,639)
Profits carried forward		183,884	154,653
Total shareholders' equity attributable to the Group		**236,392**	**219,285**
Shareholders' equity attributable to non-controlling interests		17,467	13,337
Total Shareholders' equity	25	**253,859**	**232,622**
Non-current loans	26	156,551	123,040
Financial liabilities for non-current rights of use		30,487	
Employee benefits	27	31,022	24,332
Non-current provisions	28	1,780	4,595
Deferred tax liabilities	20	18,885	13,197
Total non-current liabilities		**238,725**	**165,164**
Current loans	26	119,092	85,632
Financial liabilities for current rights of use		8,114	
Trade payables		379,066	326,009
Current tax payables		5,812	4,067
Other current liabilities	29	93,798	75,897
Total current liabilities		**605,882**	**491,605**
Total liabilities		**844,607**	**656,769**
Total shareholders' equity and liabilities		**1,098,466**	**889,391**

Consolidated Statement of Cash Flows

(Euro thousands)	Note	Year ended 30 April 2020	2019
Profit before taxes		**60,191**	**48,318**
Adjustments for:			
Amortisation and Depreciation	13	21,673	11,694
Accruals to provisions relating to personnel and other provisions	12, 11.	10,549	10,684
Net financial (income) expense	15	2,541	2,576
Profit of companies valued at equity	14	(1,698)	(823)
Other non-monetary entries		968	1,174
Cash flows generated from operating activities before changes in net working capital		**94,224**	**73,623**
Change in inventory	22	(7,187)	(14,127)
Change in trade receivables	23	(7,612)	(36,229)
Change in payables to suppliers		27,937	26,229
Change in other assets	21	13,360	(10,212)
Change in other liabilities	29	(571)	(393)
Use of provisions for risks	28	(3,804)	(702)
Employee benefits	27	(582)	(698)
Change in deferred taxes	20	(2,088)	(1,222)
Change in receivables and payables for current taxes		489	5,281
Interest paid	15	(3,313)	(2,937)
Taxes paid		(15,611)	(9,783)
Net cash flow generated from operating activities		**95,242**	**28,830**
Investments in companies net of cash acquired	56	(6,959)	(9,167)
Investments in property, plant and equipment	18	(11,810)	(9,201)
Investments in intangible assets	17	(4,791)	(4,870)
Disposal of property, plant and equipment and intangible assets	16.17 18	188	702
Disposal of investment property	19	-	-
Disposal of assets held for sale		-	-
Investments in associated companies	14	(980)	(1,407)
Disposals of associated companies	14	-	1,293
Non-current equity investments in other companies	21	(1,833)	(5,268)
Disposals of non-current equity investments in other companies	21	3,781	580
Dividends collected		545	222
Interest collected	15	763	650
Net cash flow generated from/(used in) investing activities		**(21,096)**	**(26,466)**
Subscription of long-term loans	4.26	156,715	79,000
Repayment of long-term loans	4.26	(108,479)	(68,812)
(Reduction)/increase in short-term loans	4.26	17,691	(413)
Repayment of financial liabilities for rights of use		(8,002)	
Investments/disinvestments in financial assets		560	1,598
Capital increase			
Change in Group's equity			
Change in equity attributable to non-controlling interests			
Treasury shares	25	(2,765)	(1,739)
Dividends distributed	25	(10,474)	(10,118)
Net cash flow generated from/(used in) financing activities		**45,246**	**(484)**
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**119,392**	**1,880**
Opening balance of cash and cash equivalents		249,074	247,194
Closing balance of cash and cash equivalents		**368,466**	**249,074**

Statement of Changes in Consolidates Shareholders’ Equity

(Euro thousands)	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders’ equity attributable to the Group	Shareholders' equity attributable to non-controlling interest	Total Shareholders' equity
As 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 employee benefits - gross			(951)		(951)	(655)	**(1,606)**
Actuarial gain/(loss) for employee benefits - 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							
Distribution of dividends			(544)	(8,746)	(9,290)	(828)	**(10,118)**
Assignment of shares in execution of 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)			
Change in the scope of consolidation and other changes			(5,876)	1,615	(4,261)	(461)	**(4,722)**
As at 30 April 2019	**37,127**	**33,144**	**(5,639)**	**154,653**	**219,285**	**13,337**	**232,622**
Profit for the year				37,914	37,914	4,274	**42,188**
Actuarial gain/(loss) for employee benefits - gross			(1,117)		(1,117)	(160)	**(1,277)**
Actuarial gain/(loss) for employee benefits - tax effect			268		268	38	**306**
Comprehensive income for the year			**(849)**	**37,914**	**37,065**	**4,152**	**41,217**
Purchase of treasury shares			(2,765)		(2,765)		**(2,765)**
Sale of treasury shares							
Distribution of dividends				(9,740)	(9,740)	(734)	**(10,474)**
Assignment of shares in execution of Stock Grant plan							
Stock Grant plan - shares vesting in the period			1,533		1,533		**1,533**
Allocation of profit for the year			656	(656)			
Change in the scope of consolidation and other changes			(10,699)	1,713	(8,986)	712	**(8,274)**
As at 30 April 2020	**37,127**	**33,144**	**(17,763)**	**183,884**	**236,392**	**17,467**	**253,859**

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, in particular, in the value-added distribution of IT software and technologies (Value Added Distribution or VAD), in the offer of System Integrator services aimed at training and supporting companies as IT end-users (Software and System Integration or VAR), and in the provision of business services for the finance & banking sector (BS Sector). The Group is also active in the logistics services sector, mainly for 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 14 July 2020.

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 2020 (hereinafter the “Consolidated financial statements”) are illustrated below.

2.1 Preparation Basis

The Consolidated financial statements for the year ended 30 April 2020 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 such as to 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 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 shows the cash flows from operating activities according to 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 as well as the financial statements of the subsidiaries approved by their respective administrative bodies. These financial statements have been suitably adjusted, where necessary, to bring them into line with IFRS and the Company's reporting date at 30 April.

The companies included in the scope of consolidation at 30 April 2020 are detailed in Annex 1, which is an integral part of the Consolidated financial statements. For further details on the main changes that occurred 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 is effectively acquired and cease to be consolidated from the date on which control is transferred to a third party. The criteria adopted for line-by-line consolidation are the following:

- assets and liabilities, income and expenses of subsidiaries are considered line by line, attributing the portion of shareholders' equity and net profit for the period to the minority shareholders, where applicable; these portions are shown separately under shareholders' equity and in the income statement;
- business combinations of companies in which the control of an entity is acquired are recognised, in accordance with the provisions of IFRS 3, using the acquisition method. The acquisition cost is represented by the current value ("fair value") on the date of purchase of the assets transferred, liabilities assumed, and equity instruments issued. The identifiable assets, liabilities and potential liabilities assumed are recorded at their current value on the acquisition date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits and assets held for sale, which are recorded in accordance with the pertinent accounting standards. Where positive, the difference between the acquisition cost and the current value (fair value) of the assets and liabilities acquired, is recorded under intangible assets as goodwill. Where negative, it is recorded, after verifying the correct measurement of the current values of the assets and liabilities acquired and the acquisition cost, directly in the income statement as income. Accessory costs are recognised in the income statement at the time they are incurred.
- the acquisition cost also includes the potential consideration, recorded at fair value, on 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 consideration classified as shareholders' equity is not recalculated and the subsequent extinction is recognised 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 being acquired at the respective fair value on the acquisition date and recognises any resulting gain or loss in the income statement.
- acquisitions of minority interests relating to entities which are already controlled or the disposal of minority interests that do not result in the loss of control are considered as equity transactions; consequently, any difference between the acquisition/disposal cost and the related portion of equity acquired/disposed of is recognised as an adjustment to the Group's shareholders' equity.
- business combinations in which the participating companies are definitively controlled by the same company or companies both before and after the business combination, with said control being permanent, are classified as transactions "under common control". These transactions do not fall within the scope of IFRS 3, which governs the method of accounting for business combinations, nor of other IFRS. In the absence of a reference accounting standard, the Group, in accordance with the provisions of OPI 1 - Accounting of "business combinations of entities under common control" in the statutory and consolidated financial statements, issued by Assirevi, and with the provisions of IAS 8, has booked these entities on the basis of the book values resulting from the financial statements of the company acquired on 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 related 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 if the transaction provides evidence of impairment of the asset transferred. Reciprocal payables and receivables, costs and revenues, and financial income and expenses are also eliminated, if significant.

The financial statements of subsidiaries are prepared using the currency of the main 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 between 20% and 50% of the voting rights are held. Investments in associated companies are valued using the equity method and are initially recorded at cost. The equity method is described below:

- the book value of these investments is aligned with the shareholders' equity adjusted, where necessary, to reflect the application of IFRS and includes the recognition of the higher values attributed to assets and liabilities and any goodwill, if any, identified at the time of acquisition;
- profits or losses pertaining to the Group are recognised from the date on which the significant influence began and until the date on which the significant influence ceases. If, due to losses, the company valued using the equity method has a negative shareholders' equity, the book value of the investment is cancelled and any excess pertaining to the Group, where the Group has undertaken to fulfil the 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 valued using the equity method, not represented by the result of the income statement, are recorded directly in the statement of comprehensive income;
- unrealised profits and losses generated by transactions entered into between the Company/subsidiaries and the investee company valued using the equity method, including the distribution of dividends, are eliminated on the basis of the value of the Group's interest in the investee company, except for losses where these represent a reduction in the value of the underlying asset.

CONVERSION OF TRANSACTIONS IN A CURRENCY OTHER THAN THE FUNCTIONAL CURRENCY

Transactions in currencies other than the functional currency of the entity entering into the transaction are converted using the exchange rate in force on the date of the transaction. Exchange gains and losses generated by the closing of the transaction or by the year-end conversion of assets and liabilities in foreign currency 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 deinstallation 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 property, plant and equipment	Useful life in years
Buildings	33
General installations	7
Specific data centre installations	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.

Right of use

Contracts for the leasing of property, plant and equipment entered into as a lessee entail the recognition of an asset representing the right to use the leased asset and the financial liability for the obligation to make the payments envisaged by the contract. In particular, the lease liability is recognised initially as equal to the current value of the future payments to be made, adopting a discount rate equal to the interest rate implicit in the lease or, if this cannot be easily determined, using the lessee's incremental financing rate.
After initial recognition, the lease liability is measured at amortised cost using the effective interest rate and is restated following contractual renegotiations, changes in rates and changes in the valuation of any contractual options envisaged.
The right of use is initially recognised at cost and is subsequently adjusted to take into account amortisation and depreciation, any impairment losses and the effects of any recalculations of lease liabilities.
The Group has decided to adopt certain simplifications envisaged by the Standard, excluding contracts with a duration of less than or equal to 12 months (so-called "short-term", calculated on the residual duration at first-time adoption) and those with a value of less than Euro five thousand (so-called "low-value").

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 "Technological know-how" class includes the intangible value of skills and technologies acquired externally by the group as part of the business combination operations carried out; this activity, like client lists, is recorded in the financial statements following the Purchase Price Allocation (PPA) process.

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"; They 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 2020, 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

Based on the characteristics of the instrument and the business model adopted for its management, the following three categories are distinguished in compliance with IFRS 9:
(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, recording the effects among the other comprehensive income components; (iii) financial assets measured at fair value, recording the effects in the income statement.
Financial assets are measured using the amortised cost method if both of the following conditions are met:
-the financial asset management model consists of holding the financial asset for the sole purpose of collecting the related cash flows; and
-the financial asset generates, at contractually predetermined dates, cash flows that are exclusively representative of the return on the financial asset.
Financial assets representing debt instruments with a business model that envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value, recording the effects under comprehensive income (FVTOCI).
A financial asset represented by debt securities that is not measured at amortised cost or FVTOCI is measured at fair value, recording the effects in 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 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 impairment/write-down model for these assets, with the aim of providing useful information to users of the financial statements on the relative expected losses.

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

Receivables are entirely written down 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. 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.

INVENTORY

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. In compliance with IFRS 9, they also include trade payables and payables of a varying nature. 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.

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 personnel 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 personnel 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 personnel 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

On the basis of the five-stage model introduced by IFRS 15, the Group proceeds with the recognition of revenues after identifying the contracts with its customers and the relative services to be provided (transfer of goods and/or services), determining the payment to which it believes it is entitled in exchange for the provision of each of these services, and assessing the manner in which these services are to be provided (fulfilment at a given time versus fulfilment over time.)

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

Revenues are recognised at the fair value of the price received for the sale of products and services in the ordinary course of the Group's business. Revenues are recognised net of value added tax, expected returns, allowances, discounts and certain marketing activities carried out with the help of customers, the value of which depends on the revenues themselves.

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 01 May 2019.

- On 13 January 2016, the IASB published the new IFRS 16 - Leases. This new standard replaces 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 lease contracts. This standard is applicable from 1 January 2019 and by the Sesa Group from 1 May 2019.
  The Group has carried out an in-depth analysis of all the lease and rental contracts already in force as at 30 April 2019 in the light of the new accounting rules for leases envisaged by IFRS 16. The standard mainly influences the recognition of the Group's operating leases and lease contracts.
  The main impacts on the Group's consolidated financial statements at 30 April 2020 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. At 30 April 2020, the new standard determined the recognition of amounts payable of Euro 20.8 million for financial leases and of Euro 20.6 million for intangible assets (rights of use);
  - 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 of Euro 5.9 million on an annual basis with the same scope of consolidation. At 30 April 2020, the new standard had a negative impact on the net result of Euro 241 thousand;
- 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 amendments are effective for annual periods beginning on or after 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 2019.

The adoption of the amendments to the aforesaid standards, with the exception of that indicated with regard to IFRS 16, have had no significant effect 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 applicable by the Group.

- 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 the year beginning 1 January 2020 and therefore from 1 May 2020.
- 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 the year beginning 1 January 2020 and therefore from 1 May 2020.
- In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7, providing clarification in view of the reform on the interest rates applied to transactions carried between banks. The amendments are effective from the year beginning 1 January 2020 and therefore from 1 May 2020.

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 2023.
- In May 2020, the IASB published an amendment to IFRS 16 "Leases". The amendment makes it possible to neutralise changes in the payment of fees resulting from agreements between the parties in view of the negative effects of Covid-19. The amendment is effective from 1 June 2020.
- In January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements" which provides clarification on the classification of liabilities between current and non-current. The amendment is applicable from 1 January 2022.
- In May 2020, the IASB published amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets". Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples annexed to IFRS 16 "Leases" were also published. These changes will be applicable from 1 January 2022.

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 2020 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 2020 there were 49 forward contracts in force, twenty of which had a negative fair value of Euro 33 thousand and 29 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 2020, 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 riskiest situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts, which also consider the current pandemic. 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 2020 and 30 April 2019, grouped by due date, net of the portion of the provision for bad debts.

(Euro thousands)	**As at 30 April 2020**	**As at 30 April 2019**
Yet to mature	341,378	322,321
Expired by 0-90 days	39,409	31,635
Expired by 90-180 days	5,778	3,460
Expired by 180-360 days	3,271	3,774
Expired by over 360 days	3,809	3,123
Total	**393,645**	**364,314**

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 2020 and 30 April 2019:

As at 30 April 2020 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	224,334	67,783	156,551	
Short-term loans	50,460	50,460		
Advances received from factoring companies	849	849		
Financial liabilities for rights of use	38,601	8,114	17,702	12,785
Exchange rate derivatives				
Trade payables	379,066	379,066		
Other current and non-current payables	93,798	93,798		

As 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	75,897	75,897

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 valuation of financial assets, it should be noted that the financial assets held by the group are valued:
-at amortised cost in the case of financial assets relating to the "hold to collect" business model;
-at fair value, recorded under other comprehensive income components 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 measured at amortised cost or FVTOCI is measured at fair value, recording the effects in 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 2020 and 30 April 2019. 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 2020 and 30 April 2019:

As at 30 April 2020 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					-
Current trade receivables	393,645				393,645
Other current and non-current assets	48,287		10,985	69	59,341
Cash and cash equivalents	368,466				368,466
Total assets	**810,398**		**10,985**	**69**	**821,452**
Liabilities					-
Current and non-current loans	263,034		12,609		275,643
Financial liabilities for rights of use	38,601				38,601
Trade payables	379,066				379,066
Other current liabilities	93,765			33	93,798
Total liabilities	**774,466**		**12,609**	**33**	**787,108**

As at 30 April 2019 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					-
Current trade receivables	364,314				364,314
Other current and non-current assets	45,817		14,115	50	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	7,968		208,672
Trade payables	326,009			326,009
Other current liabilities	75,896		1	75,897
Total liabilities	**602,609**	**7,968**	**1**	**610,578**

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 2020, 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		69	
Assets available for sale			
Investments in other companies			10,985
Other Assets			
Total		**69**	**10,985**
Liabilities measured at Fair Value			
Derivative financial instruments		33	
Financial liabilities at fair value through profit or loss		3,504	
Other Liabilities		9,105	
Total		**12,642**	

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.

Other assets include shares in mutual funds issued by leading brokers and recorded at fair value according to data observable on the active market and an insurance policy measured at fair value on the basis of redemption value.

Derivative financial instruments include the fair value (MtM) of forward transactions in the Euro/Dollar category at 30 April 2020.

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 fair 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 2020:

(*Euro thousands*)	**Level 1**
Balance at 30.04.2019	-
Profits and (losses) through profit or loss	
Increases/(Decreases)	
Balance at 30.04.2020	-
Total	-

(*Euro thousands*)	**Level 2**
Balance at 30.04.2019	**(7,902)**
Profits and (losses) through profit or loss	(14)
Increases/(Decreases)	(4,657)
Balance at 30.04.2020	**(12,573)**
Total	**(12,573)**

(Euro thousands)	**Level 3**
Balance at 30.04.2019	**14,115**
Profits and (losses) through profit or loss	(382)
Increases/(Decreases)	(2,748)
Balance at 30.04.2020	**10,985**
Total	**10,985**

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 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 property, plant and equipment and intangible assets is depreciated/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, calculated on the whole life of the receivable. 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 27 Employee benefits and 11 Personnel costs.

5 Business combinations

The most significant business combinations carried out during the year include the following: the acquisition of the majority of the capital of Gencom Srl and the establishment of the Business Services Sector (BS Sector).

In May 2019, 60% of the capital of Gencom Srl was acquired through the subsidiary Yarix Srl. Gencom Srl is a company based in Forlì with 25 human resources, operating in the networking and collaboration sector in support of Digital Security projects, was acquired through the subsidiary Yarix Srl, with annual revenues of approximately Euro 10 million. The company has been included in the scope of consolidation since May 2019.

The Business Services Sector offers process outsourcing, security and digital transformation services for the finance sector, through Base Digitale SpA, the subsidiary set up in February 2020 with the aim of expanding the Sesa Group's operations in an additional market segment, with primary customers including some of Italy's leading banking groups. The Business Services Sector includes B.Services Srl, Globo Informatica Srl and ABS Technology Srl. Sesa SpA entered the capital of Base Digitale SpA in February 2020.

In compliance with IFRS 3, the fair values of assets, liabilities and potential liabilities were determined at 30 April 2020.

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 2020:

	Gencom Srl	Citiemme Srl	SSA Infor. Srl	Apra Comp. System Srl	East Serv. Srl	VG Centro Srl	Kleis Srl	Pico Srl	B. Services Srl	Base Digitale Srl	ABS Tech. SpA	Total
Intangible assets	7,421	287	1,153	1,709	3,824	-	214	351	169	2,013	65	17,206
Property, plant and equipment	550	40	28	285	374	3	5	1,445	78		301	3,109
Other current and non-current assets	1,481	128	99	164	7	237	43	2,171	8,078	2,045	1,302	15,755
Inventory	239	-	-	99	152	-	2	286	130	-	988	1,896
Trade receivables	2,165	1,861	270	791	887	225	195	6,102	5,408		9,743	27,647
Cash and cash equivalents	1,463	599	360	400	561	31	36	712	1,951	73	45	6,231
Assets purchased	**13,319**	**2,915**	**1,910**	**3,448**	**5,805**	**496**	**495**	**11,067**	**15,814**	**4,131**	**12,444**	**71,844**
Non-current loans	29			62				5,627				5,718
Employee benefits	234	589	42	547	408	23	26	362	742		359	3,332
Current loans	-	18	8	2	1	-	-			-		29
Deferred tax liabilities	2,129	82	330	492	870		62	89		580		4,634
Trade payables	3,206	748	187	158	818	56	27	3,118	7,597		8,648	24,563
Other liabilities	1,269	763	490	931	870	124	163	321	7,474		3,436	15,723
Liabilities purchased	**6,867**	**2,200**	**1,057**	**2,192**	**2,967**	**203**	**278**	**9,517**	**15,813**	**580**	**12,443**	**53,999**
Non-controlling interests	**(477)**	(251)		(72)		(7)	(32)			(3,526)		(4,365)
Net assets purchased	**5,975**	**464**	**853**	**1,184**	**2,838**	**286**	**185**	**1,550**	**1**	**25**	**1**	**13,480**

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

(Euro thousands)	Gencom Srl	Citiemme Srl	SSA Infor. Srl	Apra Comp. System Srl	East Serv. Srl	VG Centro Srl	Kleis Srl	Pico Srl	B. Services Srl	Base Digitale Srl	ABS Tech. SpA	Total
Price	5,975	464	853	1,184	2,838	286	185	1,550	1	25	1	13,362
Cash and cash equivalents acquired	1,463	599	360	400	561	31	36	712	1,951	73	45	6,231
Price net of Cash and cash equivalents acquired	**(4,512)**	**(135)**	**493**	**784**	**2,277**	**255**	**149**	**838**	**(1,950)**	**(48)**	**(44)**	**7,131**

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:

- The VAD Sector includes activities related to the Value-Added Distribution (VAD) of technological innovation solutions, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing segments. The VAD Sector is managed by the wholly owned subsidiary Computer Gross SpA;
- the Software and System Integration Sector (SSI) offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly owned subsidiary Var Group SpA;
- the Business Services Sector (BS) offers process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA;
- The Corporate Sector comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within the parent company Sesa SpA. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, 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. Marketing services in support of the ICT Channel are supplied by Idea Point Srl;

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

- revenues from third parties by operating segment;
- Ebitda defined as the profit for the year before depreciation and amortisation, accruals to the provision for bad debts, accruals to the provisions for risks, notional costs relating to stock grant plans assigned to executive directors, financial income and 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 following table shows information about results of operations by operating sector for the years ended 30 April 2020 and 30 April 2019.

	Year ended 30 April 2020						Year ended 30 April 2019				
(Euro thousands)	**Value Added Distribution**	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Corporate**	**Eliminations**	
Third-party revenues	**1,367,341**	**385,744**	**7,827**	**1,729**		**1,762,641**	**1,204,342**	**333,566**	**1,946**		**1,539,854**
Inter-sector revenues	76,845	3,093	137	15,590		95,665	90,942	2,649	12,870		106,461
Revenues	**1,444,186**	**388,837**	**7,964**	**17,319**	**(95,665)**	**1,762,641**	**1,295,284**	**336,215**	**14,816**	**(106,461)**	**1,539,854**
Other income	7,734	7,476	209	2,870	(4,905)	13,384	6,010	6,581	2,323	(4,163)	10,751
Total revenues and other income	**1,451,920**	**396,313**	**8,173**	**20,189**	**(100,570)**	**1,776,025**	**1,301,294**	**342,796**	**17,139**	**(110,624)**	**1,550,605**
Consumables and goods for resale	(1,348,562)	(149,474)	(2,322)	(217)	71,355	(1,429,220)	(1,206,257)	(134,344)	(206)	81,853	(1,258,954)
Costs for services and rent, leasing and similar costs	(31,111)	(118,504)	(3,294)	(9,567)	29,072	(133,404)	(30,001)	(107,191)	(8,633)	28,532	(117,293)
Personnel costs	(16,400)	(89,133)	(1,989)	(7,241)		(114,763)	(15,865)	(74,034)	(6,419)		(96,318)
Other operating costs	(2,593)	(1,424)	(12)	(262)	143	(4,148)	(2,603)	(983)	(222)	114	(3,694)
Ebitda	**53,254**	**37,778**	**556**	**2,902**	**-**	**94,490**	**46,568**	**26,244**	**1,659**	**(125)**	**74,346**
Amortisation, depreciation, write-downs and other non-monetary costs	(9,339)	(19,007)	(278)	(1,969)		(30,593)	(9,495)	(10,862)	(1,271)	-	(21,628)
Operating Result (EBIT)	**43,915**	**18,771**	**278**	**933**	**-**	**63,897**	**37,073**	**15,382**	**388**	**(125)**	**52,718**
Net financial income and expense	(2,217)	(1,377)	(87)	(25)	-	(3,706)	(3,206)	(1,144)	(50)	-	(4,400)
Profit before taxes	**41,698**	**17,394**	**191**	**908**	**-**	**60,191**	**33,867**	**14,238**	**338**	**(125)**	**48,318**
Income taxes	(12,081)	(5,361)	(24)	(537)		(18,003)	(10,013)	(4,622)	(316)	(5)	(14,956)
Profit for the year	**29,617**	**12,033**	**167**	**371**	**-**	**42,188**	**23,854**	**9,616**	**22**	**(130)**	**33,362**
Profit attributable to non-controlling interests	349	3,829	83	-	13	4,274	264	3,827	-	(13)	4,078
Profit attributable to the Group	**29,268**	**8,204**	**84**	**371**	**(13)**	**37,914**	**23,590**	**5,789**	**22**	**(117)**	**29,284**

The following table shows the financial information by operating sector for the years ended 30 April 2020 and 30 April 2019.

(Euro thousands)	Year ended 30 April 2020						Year ended 30 April 2019				
	Value Added Distribution	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Corporate**	**Eliminations**	
Intangible assets	3,461	64,607	4,093	2,112		74,273	3,251	50,640	110		54,001
Property, plant and equipment	10,668	22,707	346	620		34,341	39,391	17,738	642		57,771
Right of use	31,862	13,991	3,449	315		49,617					
Investment property	281			9		290			290		290
Equity Investments valued at equity	9,127	3,202		778	(949)	12,158	7,388	2,072	818	(248)	10,030
Receivables for deferred tax assets	4,810	3,297	1,308	553	(67)	9,901	4,055	3,454	392	(67)	7,834
Other non-current receivables and assets	4,419	8,510	247	76,260	(73,912)	15,524	7,859	9,507	70,225	(68,361)	19,230
TOTAL NON-CURRENT ASSETS	**64,628**	**116,314**	**9,443**	**80,647**	**(74,928)**	**196,104**	**61,944**	**83,411**	**72,477**	**(68,676)**	**149,156**
Inventory	75,713	14,404	1,313		(303)	91,127	66,053	16,294		(303)	82,044
Current trade receivables	290,451	114,296	10,662	4,874	(26,638)	393,645	282,069	108,709	4,658	(31,122)	364,314
Current tax receivables	319	4,754	182	52		5,307	188	3,774	89		4,051
Other current receivables and assets	12,303	28,839	2,754	9,047	(9,126)	43,817	14,356	26,069	10,583	(10,256)	40,752
Cash and cash equivalents	235,037	111,101	15,017	7,311		368,466	179,812	60,704	8,558		249,074
TOTAL CURRENT ASSETS	**613,823**	**273,394**	**29,928**	**21,284**	**(36,067)**	**902,362**	**542,478**	**215,550**	**23,888**	**(41,681)**	**740,235**
Non-current assets held for sale											
TOTAL ASSETS	**678,451**	**389,708**	**39,371**	**101,931**	**(110,995)**	**1,098,466**	**604,422**	**298,961**	**96,365**	**(110,357)**	**889,391**
Share capital	40,000	3,800	50	37,127	(43,850)	37,127	40,000	3,800	37,126	(43,799)	37,127
Share premium reserve		4,051	3,484	33,144	(7,535)	33,144		4,051	33,144	(4,051)	33,144
Other reserves and profits carried forward	163,577	10,238	(162)	15,718	(23,250)	166,121	144,902	8,855	15,848	(20,591)	149,014
TOTAL SHAREHOLDERS’ EQUITY ATTRIBUTABLE TO THE GROUP	**203,577**	**18,089**	**3,372**	**85,989**	**(74,635)**	**236,392**	**184,902**	**16,706**	**86,118**	**(68,441)**	**219,285**
Shareholders' equity attributable to non-controlling interests	1,974	12,316	3,371		(194)	17,467	1,667	11,787		(117)	13,337
TOTAL SHAREHOLDERS' EQUITY	**205,551**	**30,405**	**6,743**	**85,989**	**(74,829)**	**253,859**	**186,569**	**28,493**	**86,118**	**(68,558)**	**232,622**
Non-current loans	62,643	92,908	2,500		(1,500)	156,551	76,549	52,991		(6,500)	123,040
Financial liabilities for non-current rights of use	18,220	9,644	2,446	177		30,487					
Employee benefits	2,326	25,393	1,264	2,039		31,022	1,800	20,608	1,924		24,332
Non-current provisions	447	1,318	15			1,780	3,531	1,064			4,595
Deferred tax liabilities	3,026	13,994	1,482	622	(239)	18,885	2,649	10,793	(6)	(239)	13,197
TOTAL NON-CURRENT LIABILITIES	**86,662**	**143,257**	**7,707**	**2,838**	**(1,739)**	**238,725**	**84,529**	**85,456**	**1,918**	**(6,739)**	**165,164**
Current loans	66,017	50,037	1,992	1,063	(17)	119,092	48,972	36,660			85,632
Financial liabilities for current rights of use	2,386	4,383	1,205	140		8,114					
Trade payables	303,711	89,356	16,215	4,025	(34,241)	379,066	272,632	83,795	4,388	(34,806)	326,009
Current tax payables	652	2,835	72	2,243	10	5,812	463	2,989	605	10	4,067
Other current liabilities	13,472	69,435	5,437	5,633	(179)	93,798	11,257	61,568	3,336	(264)	75,897
TOTAL CURRENT LIABILITIES	**386,238**	**216,046**	**24,921**	**13,104**	**(34,427)**	**605,882**	**333,324**	**185,012**	**8,329**	**(35,060)**	**491,605**
TOTAL LIABILITIES	**472,900**	**359,303**	**32,628**	**15,942**	**(36,166)**	**844,607**	**417,853**	**270,468**	**10,247**	**(41,799)**	**656,769**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**678,451**	**389,708**	**39,371**	**101,931**	**(110,995)**	**1,098,466**	**604,422**	**298,961**	**96,365**	**(110,357)**	**889,391**

7 Revenues

Group revenues are generated mainly in Italy. Foreign sales of the subsidiaries Computer Gross Spa, Var Group Spa and PBU-CAD-System GMBH, amount to Euro 29,183 thousand. The revenues item is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Sale of solutions, software and accessories	1,533,864	1,351,131
Development of software and other services	99,547	97,481
Hardware and software assistance	103,870	74,089
Marketing activities	10,243	9,264
Other sales	15,117	7,889
Total	**1,762,641**	**1,539,854**

Group revenues of Euro 1,762,641 thousand as at 30 April 2020 recorded an increase of 14.5% compared to the previous year, favoured by sales of IT solutions and software, up 13.5% compared to 30 April 2019, and services both in the IT design area (developments, consultancy and other services) and in the infrastructure area (assistance, cloud computing, etc.) which increased 40.2% during the year compared to 30 April 2019.

8 Other Income

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Transport activities	1,398	1,092
Capital gains on disposals	596	49
Commissions	1,356	1,585
Leases and rents	239	261
Training courses	191	65
Other income	9,604	7,699
Total	**13,384**	**10,751**

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

9 Consumables and goods for resale

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Purchase of hardware	961,258	864,940
Purchase of software	465,716	391,357

Consumables and other purchases	2,246	2,657
Total	**1,429,220**	**1,258,954**

10 Costs for Services and rent, leasing and similar costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Technical assistance for hardware and software maintenance	51,796	42,367
Consulting activities	30,222	26,160
Agents' commissions and contributions	8,476	9,343
Rentals and hires	3,602	8,227
Marketing	6,280	5,461
Transport	4,282	3,758
Insurance policies	2,606	1,970
Utilities	2,302	2,164
Logistics and warehouse storage	1,363	2,102
Support and training expenses	1,326	1345
Maintenance	5,061	3,948
Other service expenses	17,621	11,508
Total	**134,937**	**118,353**

The reduction in the Rents and Hires item reflects the application of IFRS 16 from 1 May 2019, resulting in the reversal of payments for the renting and hire of buildings and cars for a total of Euro 5.9 million. The growth in other service components reflects the growth in sales of services, particularly in the Managed Services, Digital Security, ERP & Industry Solutions and Digital Solutions Business Units of the SSI Sector.

11 Personnel Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Wages and salaries	79,243	66,059
Social security payments	22,401	18,507
Contributions to defined contribution pension funds	5,066	4,163
Contributions to pension funds for defined benefits	100	69
Reimbursements and other personnel costs	7,953	7,520
Total	**114,763**	**96,318**

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

(In units)	Average number of employees for the year ended April 30		Number of employees at 30 April	
	2020	2019	2020	2019
Executives	21	19	22	20
Middle Management	189	146	208	170
Office Staff	2,014	1,606	2,317	1,710
Total	**2,224**	**1,771**	**2,547**	**1,900**

12 Other Operating Costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April	
	2020	2019
Accrual to the bad debt provision (net of recoveries)	6,649	6,572
Expenses and commissions for the assignment of receivables without recourse	1,773	1,748
Duties and taxes	768	709
Capital losses on disposals	17	25
Losses on receivables	130	46
Provisions for risks and charges	738	2,302
Other operating costs	1,460	1,166
Total	**11,535**	**12,568**

13 Amortisation and Depreciation

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April	
	2020	2019
Intangible assets	6,771	4,660
Amortisation of right of use	6,791	
Property, plant and equipment	8,111	7,034
Total	**21,673**	**11,694**

14 Share of profits from companies valued at equity

A breakdown of the changes in the value of equity investments in associated companies measured using the equity method in the years ended 30 April 2020 and 30 April 2019 is provided below:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Opening balance	**10,030**	**9,179**
Acquisitions and capital increases	980	1,407
Sales and liquidations		(1,293)
Dividends received	(273)	(202)
Profit/(loss) of companies valuated at equity	1,698	823
Reclassifications	(277)	116
Closing balance	**12,158**	**10,030**

Among the acquisitions, we should highlight the purchase of a further stake in Kolme Srl (rising from 20% to 33.3%) at the cost of Euro 363 thousand and the 20% stake in zero12 Srl for Euro 200 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 2020					
ATTIVA SPA	73,929	42,583	420,228	3,586	21.0%
M.K. ITALIA S.r.l.	1,693	1,194	5,718	161	45.0%
STUDIO 81 DATA SYSTEM SRL	1,972	1,512	3,769	222	50.0%
KOLME Srl	6,127	4,249	38,197	827	33.3%
WEBGATE SRL	649	9	628	136	30.0%

15 Financial Income and Expense

The item in question is detailed as follows:

	Period ended 30 April	
(Euro thousands)	**2020**	**2019**
Interest expense on sales of receivables	1,673	1,159
Expenses and commissions for sales of receivables with recourse	121	247
Bank and loan interest expense	485	334
Other interest payable	1,155	1,444
Commissions and other financial expense	2,514	2,622
Financial expense related to severance indemnities	263	309
Total financial expense	**6,211**	**6,115**
Interest income on other short-term receivables	736	625
Other financial income.	142	362
Bank interest income	27	25
Dividends from shareholdings	272	20

Total financial income	**1,177**	**1,032**
Total financial income and charges (a)	**(5,034)**	**(5,083)**
Losses on exchanges	(3,371)	(2,425)
Gains on exchanges	3,001	2,285
Total exchange gains and losses (b)	**(370)**	**(140)**
Net financial expense (a+b)	**(5,404)**	**(5,223)**

Net financial charges present a net negative balance of Euro 5,404 thousand at 30 April 2020, an increase compared to a negative balance of Euro 5,223 thousand at 30 April 2019, mainly due to exchange gains and losses (net balance of exchange losses and gains), which goes from a negative balance of Euro 140 thousand at 30 April 2019 to a negative balance of Euro 370 thousand at 30 April 2020. Financial income and charges, which shows a net negative balance of Euro 5,034 thousand at 30 April 2020, down slightly from the balance at 30 April 2019, reflects the efficient management of the Group's financial requirements considering the 14.5% increase in annual turnover.

16 Income Taxes

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Current taxes	19,388	16,092
Deferred tax liabilities	(1,385)	(1,136)
Taxes relating to previous years		
Total	**18,003**	**14,956**

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended 30 April 2020 and 30 April 2019.

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Result before taxes	**60,191**	**48,318**
Theoretical taxes	14,446	11,596
Taxes relating to previous years	(35)	92
Subsidised taxation on dividends	158	125
Permanent differences	754	908
IRAP (regional tax on production); including other changes	2,680	2,235
Actual tax charge	**18,003**	**14,956**

17 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 as at 30 April 2019	**15,063**	**6,108**	**32,830**	**54,001**
Of which:				-
- historical cost	*21,791*	*14,602*	*36,166*	*72,559*
- accumulated amortisation	*(6,728)*	*(8,494)*	*(3,336)*	*(18,558)*
Change in the scope of consolidation	4,155	160	13,159	17,474
Investments	2,271	4,184	3,114	9,569
Disinvestments		)		
Amortisation	(2,086)	(2,204)	(2,481)	(6,771)
Balance as at 30 April 2020	**19,403**	**8,248**	**46,622**	**74,273**
Of which:				-
- historical cost	*28,217*	*18,946*	*52,439*	*99,602*
- accumulated amortisation	*(8,814)*	*(10,698)*	*(5,817)*	*(25,329)*

The balance of intangible fixed assets as at 30 April 2020 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 Gencom Srl, Kleis Srl, SSA Informatica Srl, Citiemme Srl, East Service Srl and Pico Srl.

18 Property, plant and equipment

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

(Euro thousands)	Land	Buildings	Office equipment	Leasehold Improvements	Other operty, plant d equipment	Right of use	Total
Balance as 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 as at 30 April 2019	**8,698**	**24,329**	**14,613**	**3,308**	**6,823**		**57,771**
Financial Lease IFRS 16 balance as at 01 May 2019	*7,400*	*22,107*	*211*	*-*	*382*	*30,100*	
New Application IFRS 16 balance as at 01 May 2019						*12,818*	*12,818*
Balance as at 01 May 2019	*1,298*	*2,222*	*14,402*	*3,308*	*6,441*	*42,918*	*70,589*
Of which:							
- historical cost	*1,298*	*3,029*	*32,070*	*7,383*	*13,776*	*47,297*	*47,297*
- accumulated depreciation		*(807)*	*(17,668)*	*(4,075)*	*(7,335)*	*(4,379)*	*(4,379)*
Investments	353	1,025	341	688	752	4,949	**8,108**
Disinvestments	150	1,378	8,369	597	1,316	8,541	**20,351**
Change in the scope of consolidation		(37)	(62)		(89)		**(188)**

Depreciation		(153)	(5,601)	(886)	(1,471)	(6,791)	**(14,902)**
Other changes							
Balance as at 30 April 2020	**1,801**	**4,435**	**17,449**	**3,707**	**6,949**	**49,617**	**83,958**
Of which:							-
- historical cost	*1,801*	*5,395*	*40,718*	*8,668*	*15,755*	*60,787*	*133,124*
- accumulated depreciation		*(960)*	*(23,269)*	*(4,961)*	*(8,806)*	*(11,170)*	*(49,166)*

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 Leonet4cloud Srl.

19 Investment Property

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

(Euro thousands)	**Land**	**Buildings**	**Total**
Balance as at 30 April 2018	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Depreciation			
Disinvestments			
Balance as at 30 April 2019	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Investments			
Disinvestments			
Depreciation			
Balance as at 30 April 2020	**281**	**9**	**290**

20 Deferred tax assets and liabilities

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

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Receivables for deferred tax assets within 12 months	7,984	7,235
Receivables for deferred tax assets after 12 months	1,917	599
Total receivables for deferred tax assets	**9,901**	**7,834**
Deferred tax liabilities within 12 months		
Deferred tax liabilities after 12 months	18,885	13,197
Total deferred tax liabilities	**18,885**	**13,197**

Net changes in these items are detailed as follows:

(Euro thousands)	As at 30 April 2020	2019
Opening balance	**(5,363)**	**(4,807)**
Of which:		
- receivables for deferred tax assets	*7,834*	*6,532*
- deferred tax liabilities	13,197	11,339
Change in the scope of consolidation	(5,311)	(2,077)
Impact on income statement	1,384	1,136
Impact on statement of comprehensive income	306	385
Closing balance	**(8,984)**	**(5,363)**
Of which:		
- receivables for deferred tax assets	*9,901*	*7,834*
- deferred tax liabilities	*18,885*	*13,197*

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

Receivables for deferred tax assets (Euro thousands)	**Differences in value of property, plant and equipment and intangible assets**	**Provisions for risks and charges and other provisions**	**Employee benefits**	**Other entries**	**Total**
Balance as at 30 April 2018	**2,281**	**3,693**	**198**	**360**	**6,532**
Change in the scope of consolidation	290	149			**439**
Impact on income statement	85	869		(91)	**863**
Impact on statement of comprehensive income					
Balance as at 30 April 2019	**2,656**	**4,711**	**198**	**269**	**7,834**
Change in the scope of consolidation	1,107				**1,107**
Impact on income statement	102	858		0	**960**
Impact on statement of comprehensive income					
Balance as at 30 April 2020	**3,865**	**5,569**	**198**	**269**	**9,901**

Changes in deferred tax liabilities can be broken down as follows:

Deferred tax liabilities (Euro thousands)	**Differences in value of property, plant and equipment and intangible assets**	**Employee benefits**	**Other entries**	**Total**
Balance as 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 as at 30 April 2019	**12,651**	**(583)**	**1,129**	**13,197**
Change in the scope of consolidation	5,947		471	**6,418**
Impact on income statement	(492)	68		**(424)**
Impact on statement of comprehensive income		(306)		**(306)**
Balance as at 30 April 2020	**18,106**	**(811)**	**1,600**	**18,885**

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.
Deferred tax liabilities relate mainly to property, plant and equipment and intangible assets (client lists and technological know-how) for which the value deductible for tax purposes is lower than the book value.

21 Other current and non-current receivables

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Non-current receivables from others	4,179	4,487
Non-current equity investments in other companies	10,985	14,115
Non-current securities		16
Other non-current tax receivables	310	612
Non-current receivables from associated companies	50	
Total other non-current receivables and assets	**15,524**	**19,230**
Current receivables from others	15,731	15,695
Other current tax receivables	6,707	7,400
Accrued income and prepaid expenses	20,901	16,969
Derivative assets		
Other current securities	478	688
Current receivables from non-consolidated group companies		
Total other current receivables and assets	**43,817**	**40,752**

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, the fair value of which cannot be measured reliably; therefore, these equity investments are evaluated at cost, net of any impairments. These include the investments in DV Holding SpA and Cabel Holding SpA.

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

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Opening balance	**14,115**	**5,759**
Acquisitions and revaluations	1,833	5,268
Sales, write-downs and impairment	(4,597)	(542)
Reclassifications	(367)	3,630
Closing balance	**10,984**	**14,115**

The increase in Non-current equity investments during the year includes the acquisition of 51% of Endurance Srl (Euro 445 thousand), 100% of Var Engage Srl (Euro 381 thousand) and 19% of Emme & Emme Informatica Srl (Euro 205 thousand). The reduction in this item is due mainly to the sale of the investment in ITF Srl by Computer Gross SpA.

22 Inventory

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Finished products and goods for resale	88,604	81,174
Work in progress and semi-finished products	2,523	870
Total	**91,127**	**82,044**

Finished products and goods for resale 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 for resale**
Balance as at 30 April 2019	**1,731**
Net change	22
Balance as at 30 April 2020	**1,753**

23 Current Trade Receivables

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Trade receivables	412,335	377,757
Provision for bad debts	(20,387)	(15,353)
Trade receivables net of the provision for bad debts	**391,948**	**362,404**
Receivable from associates	1,697	1,910
Total current trade receivables	**393,645**	**364,314**

(*) To provide a better representation, trade receivables are shown net of the balance relating to customers subject to proceedings for bankruptcy and composition with creditors equating to Euro 29,248 thousand at 30 April 2020, compared to Euro 29,115 thousand at 30 April 2019. These positions have been fully written down with the recording of a specific provision.

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

(Euro thousands)	**Provision for bad debts**
Balance as 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 as at 30 April 2019	**15,353**

Accrual to provision	7,483
Use and other changes	(2,623)
Change in the scope of consolidation	174
Balance as at 30 April 2020	**20,387**

24 Cash and Cash Equivalents

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Bank and post office deposits	368,106	248,606
Cheques	316	425
Cash	44	43
Total cash and cash equivalents	**368,466**	**249,074**

The following table shows the Group's cash and cash equivalents by currency at 30 April 2020 and 30 April 2019:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Cash and cash equivalents in euro	364,824	246,330
Cash and cash equivalents in foreign currency	3,642	2,744
Total cash and cash equivalents	**368,466**	**249,074**

25 Shareholders' Equity

Share capital

At 30 April 2020, 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.

As at 30 April 2020, the parent company Sesa SpA held 87,961 shares, equating to 0.568% of the share capital, purchased at an average price of 37.5 euro under the treasury share purchase plan approved by the shareholders' meeting of 27 August 2019. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

At 30 April 2020, 87,961 treasury shares were held, for a total value of Euro 3,300 thousand.

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

	Number of shares
Situation as at 30 April 2019	
Shares issued	15,494,590
Treasury shares in portfolio	65,742
Shares in circulation	15,428,848
Changes during the year	

Assignment of shares in execution of the Stock Grant Plan	42,000
Purchase of treasury shares	64,219
Situation as at 30 April 2020	
Shares issued	15,494,590
Treasury shares in portfolio	87,961
Shares in circulation	15,406,629

The shareholders who, as at 30 April 2020, 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%

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 gain (loss) reserve	Miscellaneous reserves	Total Other reserves	Minority actuarial gain (loss) reserve
As at 30 April 2018	**1,879**	**(959)**	**(1,397)**	**2,200**	**1,723**	**(391)**
Actuarial gain(loss) for employee benefits - gross			(951)		(951)	(655)
Actuarial gain(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)	
As at 30 April 2019	**2,340**	**(1,639)**	**(2,120)**	**(4,220)**	**(5,639)**	**(889)**
Actuarial gain(loss) for employee benefits - gross			(1,117)		(1,117)	(160)
Actuarial gain(loss) for employee benefits - tax effect			268		268	38
Purchase of treasury shares		(2,765)			(2,765)	
Sale of treasury shares						
Distribution of dividends						
Assignment of Stock Grants		1,104		(1,104)		
Vesting of Stock Grant plans				1,533	1,533	
Allocation of profit for the year	520			136	656	
Change in the scope of consolidation and other changes				(10,699)	(10,699)	

As at 30 April 2020	**2,860**	**(3,300)**	**(2,969)**	**(14,354)**	**(17,763)**	**(1,011)**

Dividends

On 25 September 2019, a dividend of Euro 0.63 per share was distributed, approved by the Shareholders' Meeting on 27 August 2019. The profit distributed by the Parent Company Sesa SpA totalled Euro 9.76 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.

	Period ended 30 April	
(in Euro, unless otherwise specified)	**2020**	**2019**
Profit for the year - Group share in Euro thousands	**37,914**	**29,284**
Average number of ordinary shares (*)	15,432,951	15,447,125
Earnings per share - basic	**2.46**	**1.90**
Average number of ordinary shares and warrants (*)	15,494,590	15,494,590
Earnings per share - diluted	**2.45**	**1.89**

(*) 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**	**Equity attributable to non-controlling interest**	**Total other Comprehensive Income Components**
As at 30 April 2020				
Items that cannot be reclassified to the income statement				
Actuarial gains / (losses) for employee benefits	(849)	(849)	(122)	(971)
Total	(849)	(849)	(122)	(971)
Items that can be reclassified to the income statement				
Total	-	-	-	-
Other Comprehensive Income Components	(849)	(849)	(122)	(971)

26 Current and Non-current Loans

The table below provides a breakdown of this item at 30 April 2020 and 30 April 2019:

As at 30 April 2020 *(Euro thousands)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term loans	67,783	156,551		224,334
Short-term loans	50,460			50,460

Advances received from factoring companies	849			849
Financial liabilities for right of use	8114	17,702	12,785	38,601
Total	**127,206**	**174,253**	**12,785**	**314,244**

As 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**

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

(Euro thousands)						**As at 30 April**					
Funding entity	**Original amount**	**Company**	**New loan**	**Expiry**	**Rate applied**	**2020**	*of which current*	**2019**	*of which current*	**2018**	*of which current*
BNL BNP Paribas S.p.A.	25,000	Var Group S.p.A.	Feb-20	Feb-25	APR 0.58%	25,000	2,500				
Ubi - B.P.Comm.e Ind.	25,000	Var Group S.p.A.	Feb-20	Feb-23	APR 0.58%	25,000	8,333				
BNL BNP Paribas S.p.A.	25,000	Computer Gross S.p.A	Jul-19	Jul-24	APR 0.80%	22,500	3,750				
Banca Intesa S.p.A.	20,000	Var Group S.p.A.	Mar-20	Mar-25	APR 0.87%	20,000	4,000				
Ubi - B.P.Comm.e Ind.	20,000	Computer Gross S.p.A	Jun-18	Jun-21	APR 0.64%	8,375	6,695	15,032	6,657		
Ubi - B.P.Comm.e Ind.	15,000	Computer Gross S.p.A	Jun-19	Jun-22	APR 0.94%	11,285	4,990				
Banca MPS S.p.A.	10,000	Computer Gross S.p.A	Feb-20	Jun-25	APR 0.69%	10,000	1,000				
Banca Popolare Emilia Romagna S.p.A.	10,000	Computer Gross S.p.A	Sep-19	Sep-23	APR 0.70%	8,764	2,484				
Unicredit S.p.A.	10,000	Computer Gross S.p.A	May-19	May-22	APR 0.84%	7,500	3,333				
Banca BPM S.p.A.	10,000	Computer Gross S.p.A	May-18	Jun-23	APR 0.56%	6,527	1,998	8,516	1,987		
Banca BPM S.p.A.	10,000	Var Group S.p.A.	Mar-18	Mar-23	APR 0.49%	6,524	2,499	8,017	1,991	10,000	1,983
Unicredit S.p.A.	10,000	Var Group S.p.A.	Jul-18	Jul-23	APR 0.98%	6,500	2,000	8,500	2,000		
Unicredit S.p.A.	10,000	Var Group S.p.A.	Dec-17	Dec-22	APR 0.82%	5,549	2,004	7,537	1,988	9,509	1,972

It should be noted that the loans in progress 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 2.2 million) subscribed by Var Group SpA with Banca CR Firenze in May 2017 (maturity 2022);
- Euro 10.0 million (residual value Euro 6.5 million) subscribed by Var Group SpA with Banco BPM SpA in March 2018 (maturity 2023);
- Euro 25.0 million subscribed by Var Group SpA with UbiBanca in February 2020 (maturity 2023);
- Euro 25.0 million subscribed by Var Group SpA with BNL BNP Paribas S.p.A. in February 2020 (maturity 2025);
- Euro 20.0 million subscribed by Var Group SpA with Banca Intesa S.p.A. in March 2020 (maturity 2025).

These loans require compliance with certain ratios of net financial position/shareholders' equity and/or net financial position/Ebitda of the SSI Sector. In the financial year ended 30 April 2020, the above parameters were complied with.

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

(Euro thousands)			As at 30 April					
Funding entity	**New loan**	**Expiry**	**2020**	*of which current*	**2019**	*of which current*	**2018**	*of which current*
Leasint SpA	May-18	May-30	3,998	*324*	4,318	*320*		
Leasint SpA	Jan-17	May-30	7,043	*414*	7,446	*403*	7,880	*689*
Leasint SpA	Sep-13	May-30	496	*24*	518	*22*	541	*40*
Leasint SpA	Oct-10	May-30	5,931	*292*	6,218	*287*	6,516	*484*
Leasint SpA	Dec-08	Sep-25	321	*82*	399	*78*	472	*74*
Dell Bank International Limited	May-15	Jun-18					11	*11*
Total			**17,789**	**1,136**	**18,899**	**1,110**	**15,420**	**1,298**

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

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Minimum payments due		
Within 12 months	1,524	1,524
Between 1 and 5 years	8,394	6,060
Over 5 years	10,583	14,442
	20,502	**22,026**
Future financial expenses	(2,712)	(3,127)
Current value of financial lease liabilities	**17,789**	**18,899**

As at 30 April 2020 and 30 April 2019, the Group's financial debt was represented by borrowings denominated in Euro.

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

		As at 30 April	
	(Euro thousands)	**2020**	**2019**
A.	Cash	44	42
B.	Cheques and bank and post office deposits	368,422	249,032
C.	Securities held for trading		
D.	**Liquidity (A) + (B) + (C)**	**368,466**	**249,074**
E.	**Current financial receivables**	**478**	**1,352**
F.	Current bank payables	51,309	25,427
G.	Current part of non-current debt	67,783	59,095
H.	Other current financial payables	8,114	1,110
I.	**Current financial debt (F) + (G) + (H)**	**127,206**	**85,632**
J.	**Net current financial debt (I) + (E) + (D)**	**(241,738)**	**(164,794)**
K.	Non-current bank payables	156,551	105,251
L.	Bonds issued		
M.	Other non-current payables	30,487	17,789
N.	**Non-current financial debt (K) + (L) + (M)**	**187,038**	**123,040**
O.	**Net financial debt (J) + (N)**	**(54,700)**	**(41,754)**

27 Employee Benefits

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

Changes in this item are detailed as follows:

(Euro thousands)	Year ended 30 April 2020	2019
Opening balance	**24,332**	**20,495**
Service cost	2,229	1,741
Bond interest	263	309
Uses and advances	(582)	(698)
Actuarial loss/(gain)	1,277	1,606
Change in the scope of consolidation and purchase of business branches	3,503	879
Closing balance	**31,022**	**24,332**

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

(Euro thousands)	As at 30 April 2020	2019
Economic assumptions		
Rate of inflation	1.00%	1.50%
Discount rate	0.88%	1.06%
TFR increase rate	2.25%	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, i.e. the average annual discount rate, the average annual inflation rate and the turn-over rate, respectively, by half, a quarter and two percentage points.

(Euro thousands)	Scenarios	Past service liability
Annual discounting rate	0.50%	29,242
	-0.50%	31,820
Average annual rate of inflation	0.50%	31,054
	-0.50%	29,934
Turnover rate	0.50%	30,321
	-0.50%	30,652

28 Provisions for Risks and Charges

Changes in these items are detailed as follows:

(Euro thousands)	Provision for agents' pension plans	Other risk provisions	Total
As at 30 April 2019	**555**	**4,040**	**4,595**
Change in the scope of consolidation	36	116	152

Accruals to provisions	390	447	837
Uses	(3)	(3,801)	(3,804)
Discharges			
As at 30 April 2020	**978**	**802**	**1,780**

Changes in Other Provisions for Risks during the year particularly reflect:
- provisions for sundry charges of Euro 447 thousand attributable to certain contractual obligations of Var Group SpA and Computer Gross SpA, which are expected to be settled in the coming financial year;
- uses amounting to Euro 3.8 million mainly following the cost incurred in May 2019 (Euro 3.5 million) for the subsidised settlement, pursuant to article 6 of Decree Law 119/2008 (converted with amendments by Law 136/2018), of the VAT disputes of Computer Gross SpA relating to the sale of non-taxable goods pursuant to article 8, paragraph 2, of Presidential Decree 633/72, for tax periods 2010, 2011 and 2012.

At the date of preparation of this annual report, there were no further significant tax claims.

29 Other Current Liabilities

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Accrued liabilities and deferred income	51,836	41,357
Tax payables	10,032	6,990
Payable to personnel	17,924	14,453
Other payables	5,713	5,131
Payable to social security institutions	4,056	3,329
Advances from customers	4,204	4636
Derivative liabilities	33	1
Total other current liabilities	**93,798**	**75,897**

30 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

As at 30 April 2020, the Group had not undertaken any commitments not reflected in the financial statements.

Directors’ and Statutory 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 2020**
Payments to directors	817
Payments to statutory auditors	105

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 2020, the shares relating to the annual target of 42,000 shares and the three-year target of 63,000 have matured. As already illustrated in the "Results of the Corporate Sector" section and in the "Highlights of the income statement of Sesa SpA", the beneficiaries of the stock grant plan waived the annual assignment of 42,000 shares in consideration of the extensive effort made by all Group resources during the lockdown and with the aim of making the Group even stronger for future challenges, thereby contributing to the Group's results.

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 2020 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 2020 (Euro thousands)
Independent audit	PwC	Parent Company Sesa SpA	99
Independent audit	PwC	Subsidiary Companies	173
Other assurance services	PwC	Parent Company Sesa SpA	11
Other assurance services	PwC	Subsidiary Companies	9
Other services	PwC	Parent Company Sesa SpA	35

Remuneration includes, in addition to fees, out-of-pocket expenses and the supervisory contribution. As at 30 April 2020, assurance services were provided by the independent auditor, mainly relating to the limited examination of the non-financial statement of Sesa SpA.

7. 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 2020 and 30 April 2019:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Current trade receivables						
As at 30 April 2020	1,668	4	2		1,674	0,43%
As at 30 April 2019	2,070		2	25	2,097	0.58%
Other current receivables and assets						
As at 30 April 2020	69				69	0.16%
As at 30 April 2019	69				69	0.17%
Employee benefits						
As at 30 April 2020			125		125	0.40%
As at 30 April 2019			134		134	0.55%
Trade payables						
As at 30 April 2020	2,722			12	2,734	0.72%
As at 30 April 2019	2,039			66	2,105	0.65%
Other current liabilities						
As at 30 April 2020			160		160	0.17%
As at 30 April 2019			212		212	0.28%

The following table details the P&L effects of transactions with related parties in the years ended 30 April 2020 and 30 April 2019:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Revenues						
As at 30 April 2020	4,215	69	5	6	4,295	**0.24%**
As at 30 April 2019	5,832	66	4	35	5,937	**0.39%**
Other income						
As at 30 April 2020	87	1	16		104	**0.78%**
As at 30 April 2019	35	1	19	4	59	**0.55%**
Consumables and goods for resale						
As at 30 April 2020	2,376				2,376	**0.17%**
As at 30 April 2019	1,339				1,339	**0.11%**
Costs for services and rent, leasing, and similar costs						
As at 30 April 2020	8,120		2,688	92	10,900	**8.08%**
As at 30 April 2019	5,947		2,547	365	8,859	**7.49%**
Personnel costs						
As at 30 April 2020			1,033		1,033	**0.90%**
As at 30 April 2019			871		871	**0.90%**
Other operating costs						
As at 30 April 2020						**0.00%**
As at 30 April 2019						**0.00%**
Financial income						
As at 30 April 2020						**0.00%**
As at 30 April 2019						**0.00%**
Financial expenses						

As at 30 April 2020	1	1	**0.01%**
As at 30 April 2019	2	2	**0.02%**

Associated companies

Relations with associated companies refer mainly to the purchase and sale of technological solutions 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.

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, personnel costs include the remuneration of directors and executives with strategic responsibilities for employment, while costs for services and rent, leasing, and similar costs include remuneration for directors, also including the stock grant cost for the year.

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.

8. Events Occurring After the End of the Year

Regarding the events occurred after the end of the year, reference is made to the Report on Operations specifically to paragraphs “Significant events occurring after the end of the year” and “Outlook”.

9. Authorisation for publication

The publication of the consolidated financial statements of the Sesa Group for the year ended 30 April 2020 was authorised by a resolution of the Board of Directors on 14 July 2020.

Certification of the Consolidated Financial Statements pursuant to article 154-bis 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 2020.

2. The application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2020 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) provide 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 Operations 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, 14 July 2020

Paolo Castellacci	Alessandro Fabbroni
Chairman of the Board of Directors	In his capacity as Executive Responsible for the preparation of the corporate accounting documents

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 the Sesa Group (the Group), which comprise the consolidated statement of financial position as of 30 April 2020, 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 2020, 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.

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 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 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

www.pwc.com/it

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *"Note 7 to the consolidated financial statements. Revenues"* In the consolidated financial statements as of 30 April 2020 revenues were recognised for an amount equal to € 1,763 million. 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 the audit 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 we carried out, for the revenue streams identified in accordance with the 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 23 to the consolidated financial statements. Current trade receivables"* In the consolidated financial statements as of 30 April 2020, trade receivables were recognised for an amount equal to € 392 million, net of the related provision for bad debts, which represent 35.7% of the Group's total 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. In the preparation of the consolidated financial statements as of 30 April 2020 the directors have also evaluated any potential effect on the receivable recoverability related to the curret health emergency context due to Covid-19.	As part of our audit 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 2020 and verified the accuracy and completeness of the AR ticklers generated by the IT systems used by management to support their analyses on the recoverability of trade receivables. We held interviews with the credit managers of the single Group companies, we analysed the information received from the external lawyers and evaluated any other element gathered after the reporting date.

The evaluation of receivables represented a key audit matter given the significance of the item in the financial statemens, the numerous customers and the high professional judgment needed to estimate the recoverability of the values accounted for in the financial statements.	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 recognized also in light of the current health emergency context due to Covid-19.

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 2020, 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 2020 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 2020 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, 27 July 2020

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

Subsidiaries

Held by	Company	Registered office	Share Capital in Euro	Percentage held at 30/04/2020	Percentage held at 30/04/2019
ADIACENT SRL	47DECK SRL	Reggio Emilia (RE)	20,000	100.0%	n.a.
BASE DIGITALE SRL	ABS TECHNOLOGY SPA	Florence (FI)	2,300,000	100.0%	n.a.
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ALISEI SRL	Empoli (FI)	10,000	60.4%	n.a.
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	75.0%	75.0%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	n.a.
SESA SPA	BASE DIGITALE SRL	Florence (FI)	100,000	50.0%	n.a.
BASE DIGITALE SRL	B.SERVICES SRL	Florence (FI)	500,000	100.0%	n.a.
VAR GROUP SPA	CITIEMME INFORMATICA SRL	Bergamo (BG)	135,000	37.4%	n.a.
VAR ONE SRL				26.7%	n.a.
COMPUTER GROSS Spa	CHANNEL COACH SRL	Empoli (FI)	50,000	90.0%	n.a.
SESA SPA	CHANNEL COACH SRL	Empoli (FI)	50,000	n.a.	100.0%
VAR GROUP SPA	VAR BMS SPA	Milan (MI)	1,562,500	84.3%	84.3%
TECH VALUE SRL	CCSTEAM SRL	Roncade (TV)	50,000	Merger into Tech Value srl	100.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
LEONET4CLOUD SRL	CLOUD FORCE SRL	Empoli (FI)	10,000	75.0%	n.a.
VAR GROUP SPA	CLOUD FORCE SRL	Empoli (FI)	10,000	n.a.	80.0%
COMPUTER GROSS SPA	COMPUTER GROSS ACCADIS SRL	Rome (RM)	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS SPA	Empoli (FI)	40,000,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS NESSOS SRL	Empoli (FI)	52,000	60.0%	60.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa (GE)	10,000	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%
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	18.0%	n.a.
VAR SYSTEM SRL				82.0%	n.a.
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	n.a.
YARIX SRL	GENCOM SRL	Forlì (FO)	82,000	60.0%	n.a.
BASE DIGITALE SRL	GLOBO INFORMATICA SRL	Druento (TO)	10,200	100.0%	n.a.
VAR GROUP SPA	GLOBO INFORMATICA SRL	Druento (TO)	10,200	n.a.	57.5%
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	500,000	81.0%	51.0%
COMPUTER GROSS 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%
VAR GROUP SPA	KLEIS SRL	TORINO (TO)	10,400	51.0%	n.a.
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	57.4%	57.4%
M.F. SERVICES SRL				2.8%	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
COMPUTER GROSS SPA	ITF SRL	Empoli (FI)	100,000	n.a.	100.0%
VAR GROUP SPA	LEONET4CLOUD 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)	300,000	80.4%	80.4%
VAR GROUP SPA				9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbgH	Aichach	26100	60.0%	60.0%
COMPUTER GROSS SPA	PICO SRL	Reggio Emilia (RE)	50,000	100.0%	n.a.
YARIX SRL	PRIVATAMENTE SRL	Empoli (FI)	12,500	51.0%	51.0%
VAR GROUP SPA				9.0%	9.0%
M.F. SERVICES SRL	QUASAR SERVICES SRL	San Donà di Piave (VE)	50,000	Merger into M.F. Services Srl	100.0%
LEONET4CLOUD SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	n.a.
ADIACENT SRL				31.8%	n.a.
VAR INDUSTRIES SRL				31.8%	n.a.
VAR GROUP SPA	VAR EVOLUTION SRL	Empoli (FI)	10,000	n.a.	70.0%
SESA SPA	ADIACENT SRL	Empoli (FI)	19,600	33.1%	n.a.
VAR GROUP SPA				53.1%	n.a.
BASE DIGITALE SRL				2.5%	n.a.
APRA SPA				7.4%	n.a.
VAR GROUP SPA	ADIACENT SRL	Empoli (FI)	12,640	n.a.	82.3%
APRA SPA				n.a.	11.5%
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	75.0%	75.0%
VAR ONE SRL	SSA INFORMATICA SRL	Pordenone (PN)	30,000	100.0%	n.a.
VAR ONE SRL	SYNERGY SRL	Carpi (MO)	10,400	merger into Var One Srl	85.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan (MI)	1,020,000	51.0%	51.0%
VAR SERVICE SRL	SIRIO NORD SRL	Rome (RM)	10,400	51.1%	n.a.
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	Milan (MI)	308,504	51.0%	51.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milan (MI)	50,000	100.0%	100.0%
GENCOM SPA	VAR COM SRL	Empoli (FI)	27,094	merger into Gencom Srl	56.5%
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	97.5%
LEONET4CLOUD SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	0.3%	n.a.
VAR GROUP SRL				59.4%	n.a.
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	55.4%	55.4%
VAR PRIME SRL	VAR ENGAGE SRL	Empoli (FI)	20,000	100.0%	n.a.
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	93.1%	93.1%

VAR GROUP SRL	VAR GROUP CENTRO SRL	Empoli (FI)	40,000	97.5%	n.a.
AFB NET SRL	VAR GROUP CENTRO SRL	Rome (RM)	40,000	n.a.	27.5%
VAR GROUP SRL				n.a.	70.0%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
LEONET4CLOUD SRL	VAR ITT SRL	Empoli (FI)	392,272	merger into Gencom Srl	50.0%
VAR GROUP SPA					15.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	251,464	64.9%	65.7%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	51.8%
AFB NET SRL	VAR INDUSTRIES SRL	Milan (MI)	214,286	5.0%	n.a.
APRA SPA				2.5%	n.a.
SAILING SRL				2.5%	n.a.
SIRIO INFORMATICA E SISTEMI SPA				45.0%	n.a.
VAR ENGINEERING SRL				10.0%	n.a.
VAR GROUP SPA				21.0%	n.a.
SIRIO INFORMATICA E SISTEMI SPA	VAR INDUSTRIES SRL	Milan (MI)	165,000	n.a.	54.6%
LEONET4CLOUD SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	50.0%	n.a.
VAR GROUP NORD OVEST SRL				50.0%	n.a.
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	100.0%	51.0%

Associated Companies

Held by	Company	Registered office	Share capital	Percentage held at	
				30/04/2020	30/04/2019
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR BMS SPA	B.I.T. SRL	Milan (MI)	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan (MI)	100,000	47.5%	47.5%
VAR GROUP SPA	NEBULA SRL	Empoli (FI)	22,000	n.a.	50.0%
LEONET4CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	50.0%	n.a.
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
GENCOM SRL	GENDATA SRL	Forlì	50,000	20.0%	n.a.
ADIACENT SRL	G.G. SERVICES SRL	Pontedera (PI)	10,200	33.3%	33.3%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (MI)	150,000	30.0%	30.0%
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	28.6%	n.a.
VAR BMS SPA	INNORG SRL	TURIN (TO)	12,000	50.0%	50.0%
VAR BMS SPA	ISO SISTEMI SRL	Genoa (GE)	63,000	25.0%	n.a.
VAR PRIME SRL	J.D.I. SRL	Udine (UD)	10,000	20.0%	n.a.
VAR GROUP SPA	KLEIS SRL	TURIN (TO)	10,400	n.a.	40.0%
COMPUTER GROSS SPA	KOLME SRL	Milan (MI)	150,000	33.3%	20.0%
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%	20.0%
LEONET4CLOUD SRL	S.A. CONSULTING SRL	Milan (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI	10,400	25.0%	25.0%
VAR SERVICE SRL	SIRIO NORD SRL	Rome (RM)	10,400	n.a.	37.4%
PANTHERA SRL	SOFTHARE	Tunisi	250000 TND	49.0%	49.0%
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome (RM)	18,504	50.0%	50.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	50.0%	50.0%
VAR GROUP SPA	ZERO12 SRL	Cittadella (PD)	10,000	20.0%	n.a.

Other Companies

Held by	Company	Registered office	Share capital	Percentage held at 30 April	
				2020	2019
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	10.0%	n.a.
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%	15.0%
YARIX SRL	ATHESYS SRL	Padua (PD)	30,000	10%	n.a.
VAR GROUP SPA	AXED SPA	Latina (LT)	2,000,000	0.1%	0.1%
VAR GROUP SPA	K GROUP SRL	Empoli (FI)	25,000	n.a.	2.5%
YARIX SRL	BLOCKIT SRL	Padua (PD)	20,750	4.3%	19.0%
VAR GROUP SPA	CAP SOLUTIONS SRL	Genoa (GE)	100,000	15.0%	15.0%
ADIACENT SRL	VAR CONNECT SRL	Milan (MI)	115,000	n.a.	19.0%
SESA SPA	CABEL HOLDING SPA	Empoli (FI)	12,000,000	1.9%	1.9%
VAR GROUP SPA				1.9%	1.9%
GENCOM SRL	CAVAREI IMPRESA SOCIALE	Forlì	281,925	0.2%	n.a.
VAR GROUP SPA	CITIEMME INFORMATICA SRL	Bergamo (BG)	99,000	n.a.	10.0%
YARIX SRL	COMMERC.IO SRL	SCHIO (VI)	370,000	0.7%	0.7%
VAR GROUP SPA				0.7%	0.7%
APRA SPA	COMPUTER VAR TORINO SRL	TURIN (TO)	20,000	14.0%	14.0%
APRA SPA	CONSORZIO NIDO INDUSTRIA VALLESI	Ancona (AN)	55,555	1.8%	1.8%
LEONET4CLOUD 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%
ADIACENT SRL	DIGITAL SERVICE LEONE SRL	Florence (FI)	1,160,000	13.8 %	6.9%
VAR GROUP SPA	DITECFER SCARL	Pistoia (PT)	96,000	2.0%	2.0%
SESA SPA	DV HOLDING SRL	Rome (RM)	100,000	3.0%	3.0%
VAR GROUP SPA				3.0%	3.0%
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	n.a.	18.0%
VAR ONE SRL	ECA CONSULT SRL	Mordano (BO)	40,000	8.0%	n.a.
YARIX SRL	ELMAS SRL	SCHIO (VI)	41,600	7.5%	7.5%
VAR GROUP SPA				7.5%	7.5%
COLLABORATION VALUE SRL	EMM&MME INFORMATICA SRL	Lastra a Signa (FI)	94,000	19.0%	n.a.
COMPUTER GROSS SPA	EMPOLI F.B.C. SPA	Empoli (FI)	1,040,000	3.0%	3.0%
APRA SPA	G.L. ITALIA Srl	Milan (MI)	10,400	9.0%	9.0%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (AR)	65,519	10.0%	10.0%
VAR GROUP SPA	G.T.S. Srl	Reggio Emilia (RE)	10,000	n.a.	10.0%
LEONET4CLOUD SRL	INFOSVIL SRL	Florence (FI)	20,400	10.0%	n.a.
COLLABORATION VALUE SRL	ITF SRL	Empoli (FI)	100,000	10.0%	n.a.
VAR GROUP SPA	MACRO GROUP COMMERCIALE SRL	Bologna (BO)	50,000	19.0%	19.0%
COSESA SRL	NEGENTIS SRL	Florence (FI)	82,051	2.5%	2.5%
GLOBO INFORMATICA SRL	SAIL CLOUD SOLUTIONS SRL	TURIN (TO)	13,000	9.5%	9.5%
ADIACENT SRL				9.5%	9.5%
COMPUTER GROSS SPA	ABS Technology Srl	Arezzo (AR)	12,350	19.0%	n.a.
DELTA PHI SIGLA SRL	SESA CONSORZIO-CENTRO SOLUZIONE	Empoli (FI)	33,053	6.3%	6.3%
ICT LOGISTICA SRL				6.3%	6.3%
ADIACENT 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 GROUP SRL	S.I.L. COMPUTER SRL	Livorno (LI)	10,000	19.9%	19.9%
ADIACENT SRL	SKEELER SRL	Perugia (PG)	35,000	15.0%	15.0%
VAR GROUP SPA	SMARTLABS SRL	Rome (RM)	150,000	10.0%	10.0%
TECH VALUE SRL	SOLVE.IT SRL	TURIN (TO)	90,000	12.0%	12.0%
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	18.0%	18.0%
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	15.0%	n.a.
VAR GROUP SPA	SYSDAT.IT Srl	Milan (MI)	100,000	10.0%	10.0%
VAR INDUSTRIES SRL	VAR PLUS SRL	Empoli (FI)	10,000	15.0%	n.a.
VAR GROUP SRL	VAR SOLUTIONS SRL	Milan (MI)	10,000	10.0%	10.0%
VAR GROUP SPA	VTF SRL	Empoli (FI)	141,270	n.a.	18.6%

Separate Financial Statements at 30 April 2020

Separate Statement of Income

(Euro thousands)	Note	Year ended 30 April 2020	2019
Revenues	5	9,437	7,827
Other income	6	2,318	1,315
Consumable materials and goods for resale	7	(44)	(54)
Costs for services and rent, leasing, and similar costs	8	(5,066)	(3,730)
Personnel costs	9	(5,170)	(4,766)
Other operating costs	10	(135)	(95)
Amortisation and Depreciation	11	(300)	(136)
Operating result		**1,040**	**361**
Share of profits of companies valued at equity			
Financial income	12	10,562	10,371
Financial expense	12	(38)	(34)
Profit before taxes		**11,564**	**10,698**
Income taxes	13	(464)	(301)
Profit for the year		**11,100**	**10,397**

Separate Comprehensive Statement of Income

(Euro thousands)	Note	Year ended 30 April 2020	2019
Profit for the year		**11,100**	**10,397**
Actuarial gain (loss) for employee benefits - Gross effect		7	(76)
Actuarial gain (loss) for employee benefits - Tax effect		(2)	18
Comprehensive income for the year		**11,105**	**10,339**

Statement of Separate Financial and Equity Situation

(Euro thousands)	Note	As at 30 April 2020	2019
Intangible assets	14	121	105
Rights of use		294	
Property, plant and equipment	15	433	448
investment property	16	7	289
Equity investments	17	75,709	68,241
Receivables for deferred tax assets	18	384	260

Other non-current receivables and assets	19	3,017	3,064
Total non-current assets		**79,965**	**72,407**
Current trade receivables	20	1,324	840
Current tax receivables		18	18
Other current receivables and assets	19	8,757	9,949
Cash and cash equivalents		5,767	7,223
Total current assets		**15,866**	**18,030**
Total assets		**95,831**	**90,437**
Share capital	21	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves	21	2,109	2,679
Profits carried forward		11,100	10,397
Total Shareholders' equity		**83,480**	**83,347**
Non-current loans	23		
Financial liabilities for non-current rights of use		175	
Employee benefits	24	1,696	1,624
Non-current provisions	25		
Deferred tax liabilities	18	31	3
Total non-current liabilities		**1,902**	**1,627**
Current loans	23	1,063	
Financial liabilities for current rights of use		121	
Trade payables		847	804
Current tax payables		2,242	605
Other current liabilities	26	6,176	4,054
Total current liabilities		**10,449**	**5,463**
Total liabilities		**12,351**	**7,090**
Total shareholders' equity and liabilities		**95,831**	**90,437**

Separate Statement of Cash Flows

(Euro thousands)	Note	Year ended 30 April 2020	2019
Profit before taxes		**11,564**	**10,698**
Adjustments for:			
Amortisation and Depreciation	11	300	136
Accruals to provisions relating to personnel and other provisions	24	148	121
Net financial (income) expense	12	(10,538)	(10,334)
Share of profits of companies valued at equity			
Capital gains/losses from transfer and other non-monetary entries		1,160	1,059
Cash flows generated from operating activities before changes in net working capital		**2,634**	**1,680**
Change in inventory			
Change in trade receivables	20	(484)	19
Change in payables to suppliers		43	373
Change in other assets	19	1,239	(1,960)
Change in other liabilities	26	2,122	1,513
Use of provisions for risks			
Employee benefits	24	(88)	(36)
Change in deferred taxes		(98)	18
Change in receivables and payables for current taxes		1,463	898
Interest paid		(5)	(19)
Taxes paid		(290)	(385)
Net cash flow generated from operating activities		**6,536**	**2,101**
Equity investments	5	(6,642)	
Investments in property, plant and equipment	17	(124)	(204)
Investments in intangible assets	16	(56)	(74)
Disposal of tangible and intangible assets		2	
Disposal of investment property		655	
Non-current equity investments in other companies	20		(2,000)
Disposals of non-current equity investments in other companies	3.26	50	
Dividends collected		10,524	10,324
Interest collected		38	49
Net cash flow generated from/(used) in investment activities		**4,447**	**8,095**
(Reduction)/increase in short-term loans	3.26	189	
Repayment of financial liabilities for rights of use		(122)	
Treasury shares		(2,765)	(1,739)
Capital increase and/or Shareholder payment	24		
Change in shareholders' equity			
Dividends distributed		(9,741)	(9,290)
Net cash flow generated from/(used) in financing activities		**(12,439)**	**(11,029)**
Translation difference on cash and cash equivalents	23		
Availability of assets held for sale			
Change in cash and cash equivalents		**(1,456)**	**(833)**
Opening balance of cash and cash equivalents		7,223	8,056
Closing balance of cash and cash equivalents		**5,767**	**7,223**

Statement of Changes in Separate Shareholders' Equity

(Euro thousands)	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' Equity
As at 30 April 2018	**37,127**	**33,144**	**3,500**	**9,207**	**82,978**
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 of treasury shares					
Distribution of dividends			(544)	(8,746)	(9,290)
Assignment of shares in execution of Stock Grants			37		37
Stock Grant plan - shares vesting in the period			1,022		1,022
Other changes					
Allocation of profit for the year			461	(461)	
Profit for the year				10,397	10,397
As at 30 April 2019	**37,127**	**33,144**	**2,679**	**10,397**	**83,347**
Actuarial gain/(loss) for employee benefits - gross			7		7
Actuarial gain/(loss) for employee benefits - tax effect			(2)		(2)
Purchase of treasury shares			(2,765)		(2,765)
Sale of treasury shares			0		0
Distribution of dividends			0	(9,740)	(9,740)
Assignment of shares in execution of Stock Grants			0		0
Stock Grant plan - shares vesting in the period			1,533		1,533
Other changes			0		0
Allocation of profit for the year			657	(657)	0
Profit for the year				11,100	11,100
As at 30 April 2020	**37,127**	**33,144**	**2,109**	**11,100**	**83,480**

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 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 14 July 2020.

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 2020 are illustrated below.

2.1 Preparation Basis

The separate financial statements for the year ended 30 April 2020 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 2019, 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 shows the cash flows from operating activities according to 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 deinstallation 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 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 property, plant and equipment	Useful life in years
Buildings	33
Furniture and furnishings	8
Office equipment	5
Vehicles	4

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

Right of use

Contracts for the leasing of property, plant and equipment entered into as a lessee entail the recognition of an asset representing the right to use the leased asset and the financial liability for the obligation to make the payments envisaged by the contract. In particular, the lease liability is recognised initially as equal to the current value of the future payments to be made, adopting a discount rate equal to the interest rate implicit in the lease or, if this cannot be easily determined, using the lessee's incremental financing rate.
After initial recognition, the lease liability is measured at amortised cost using the effective interest rate and is restated following contractual renegotiations, changes in rates and changes in the valuation of any contractual options envisaged.
The right of use is initially recognised at cost and is subsequently adjusted to take into account amortisation and depreciation, any impairment losses and the effects of any recalculations of lease liabilities.
The Company has decided to adopt certain simplifications envisaged by the Standard, excluding contracts with a duration of less than or equal to 12 months (so-called "short-term", calculated on the residual duration at first-time adoption) and those with a value of less than Euro five thousand (so-called "low-value").

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"; they 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 2020, 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 real estate investments 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

Based on the characteristics of the instrument and the business model adopted for its management, the following three categories are distinguished in compliance with IFRS 9:
(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, recording the effects among the other comprehensive income components; (iii) financial assets measured at fair value, recording the effects in the income statement.
Financial assets are measured using the amortised cost method if both of the following conditions are met:
-the financial asset management model consists of holding the financial asset for the sole purpose of collecting the related cash flows; and
-the financial asset generates, at contractually predetermined dates, cash flows that are exclusively representative of the return on the financial asset.

Financial assets representing debt instruments with a business model that envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value, recording the effects under comprehensive income (FVTOCI).
A financial asset represented by debt securities that is not measured at amortised cost or FVTOCI is measured at fair value, recording the effects in 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 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 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 impairment/write-down model for these assets, with the aim of providing useful information to users of the financial statements on the relative expected losses.

For trade receivables, the Company adopts a simplified approach to valuation which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable.

Receivables are entirely written down 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.

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. In compliance with IFRS 9, they also include trade payables and payables of a varying nature. 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.

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 personnel 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 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 personnel 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 personnel 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

On the basis of the five-stage model introduced by IFRS 15, the Company proceeds with the recognition of revenues after identifying the contracts with its customers and the relative services to be provided (transfer of goods and/or services), determining the payment to which it believes it is entitled in exchange for the provision of each of these services, and assessing the manner in which these services are to be provided (fulfilment at a given time versus fulfilment over time.)

When the above requirements are met, the Company applies the recognition rules described below.
Revenues from the sale of products are recognised when control connected with ownership of the goods is transferred to the buyer, or when the customer acquires full capacity to decide on the use of the goods and to substantially reap all the benefits.
Revenues from services are recognised when they are rendered with reference to the state of progress.
Revenues also include lease payments recognised on a straight-line basis throughout the duration of the contract.

Revenues are recognised at the fair value of the price received for the sale of products and services in the ordinary course of the Company's business. Revenues are recognised net of value added tax, expected returns, allowances, discounts and certain marketing activities carried out with the help of customers, the value of which depends on the revenues themselves.

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 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 01 May 2019.

- On 13 January 2016, the IASB published the new IFRS 16 - Leases. This new standard replaces 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 lease contracts. This standard is applicable from 1 January 2019 and by the Company from 1 May 2019.
  The Company has carried out an in-depth analysis of all the lease and rental contracts already in force as at 30 April 2019 in the light of the new accounting rules for leases envisaged by IFRS 16. The standard mainly influences the recognition of the Company's operating leases and lease contracts.
  The main impacts on the Group's consolidated financial statements at 30 April 2020 are summarised below:
  - Company 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. At 30 April 2020, the new standard determined the recognition of amounts payable of Euro 294 thousand for financial leases and of Euro 294 thousand for intangible assets;
  - Company 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 123 thousand on an annual basis with the same scope of consolidation. At 30 April 2020, the new standard had a negative impact on the net result of Euro 1 thousand;
- 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 amendments are effective for annual periods beginning on or after 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 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 for annual periods beginning on or after 1 January 2019.

The adoption of the amendments to the aforesaid standards, with the exception of that indicated with regard to IFRS 16, have had no effect on the Company's statutory 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 applicable by the Company.

- 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 the year beginning 1 January 2020 and therefore from 1 May 2020.
- 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 the year beginning 1 January 2020 and therefore from 1 May 2020.
- In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7, providing clarification in view of the reform on the interest rates applied to transactions carried between banks. The amendments are effective from the year beginning 1 January 2020 and therefore from 1 May 2020.

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 2023.
- In May 2020, the IASB published an amendment to IFRS 16 "Leases". The amendment makes it possible to neutralise changes in the payment of fees resulting from agreements between the parties in view of the negative effects of Covid-19. The amendment is effective from 1 June 2020.
- In January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements" which provides clarification on the classification of liabilities between current and non-current. The amendment is applicable from 1 January 2022.
- In May 2020, the IASB published amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets". Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples annexed to IFRS 16 "Leases" were also published. These changes will be applicable from 1 January 2022.

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 2020, 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 would 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 customer receivables as at 30 April 2020 and 2019, grouped by due date, net of the provision for bad debts.

	Year ended 30 April	
	2020	**2019**
Yet to mature	836	806
Expired by 0-30 days	454	4
Expired by 31-90 days	14	1
Expired by 91-180 days	11	22
Expired by 180-360 days	0	7
Expired by over 360 days	9	0
Total	**1,324**	**840**

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 2020 and 30 April 2019:

As at 30 April 2020 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	1,063	1,063		
Financial liabilities for rights of use	296	121	175	
Trade payables	847	847	-	-
Other current and non-current payables	8,418	8,418	-	-

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

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 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 valuation of financial assets, it should be noted that the financial assets held by the group are valued:
-at amortised cost in the case of financial assets relating to the "hold to collect" business model;
-at fair value, recorded under other comprehensive income components 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 measured at amortised cost or FVTOCI is measured at fair value, recording the effects in 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 2020 and 30 April 2019.

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 2020 and 30 April 2019:

As at 30 April 2020 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					
Current trade receivables	1,324				1,324
Other current and non-current assets	12,176				12,176
Cash and cash equivalents	5,767				5,767

	Assets and liabilities at amortised cost	Assets at FVOCI	Assets and liabilities at FVPL	Derivative financial instruments	Total
Total assets	**19,267**				**19,267**
Liabilities					
Current and non-current loans	1,063				1,063
Financial liabilities for rights of use	296				296
Trade payables	847				847
Other current liabilities	8,418				8,418
Total liabilities	**10,624**				**10,624**

As at 30 April 2019 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and 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**

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.

Below is 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;

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 real estate investments 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 property, plant and equipment and intangible assets is depreciated/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

All Group revenues are generated in Italy. The revenues item is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Performance of services and other revenues	8,584	7,067
Other revenues	853	760
Total	**9,437**	**7,827**

Revenues refer mainly to administration, finance and auditing services, personnel management, and management of information systems supplied to Sesa Group companies.

6 Other Income

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Leases and rents	40	40
Other income	2,278	1,275
Total	**2,318**	**1,315**

The lease item refers to rents receivable for the premises located in Rome.

Other income refers mainly to the reversible remuneration of the Chairman of the Board of Directors and an Executive Deputy Chairman, the recovery of costs incurred on behalf of other Group companies and the capital gain of Euro 373 thousand relating to the sale of land.

7 Consumables and goods for resale

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Consumables and other purchases	44	54
Total	**44**	**54**

8 Costs for Services and rent, leasing, and similar costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Technical assistance for hardware and software	208	157
Consulting activities	3,246	2,637
Rentals and hires	229	319
Marketing	134	109
Insurance policies	124	77
Utilities	71	52
Support and training expenses	7	7
Maintenance	37	36
Other service expenses	1,010	336
Total	**5,066**	**3,730**

The Consulting item includes costs accrued for the stock grant plan assigned to the executive directors for a total of Euro 1,533 thousand.

9 Personnel Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Wages and salaries	3,648	3,388
Social security payments	1,045	973
Contributions to defined contribution pension funds	246	209
Reimbursements and other personnel costs	231	196
Total	5,170	4,766

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)	**2020**	**2019**	**2020**	**2019**
Executives	2	2	2	2
Middle Management	9	9	10	9
Office Staff	88	77	88	84
Total	**99**	**88**	**100**	**95**

10 Other Operating Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Provision for bad debts		3
Duties and taxes	59	48
Losses not covered by the provision for bad debts		
Capital losses on disposals		
Provisions for Risks and Charges		
Other operating costs	76	44
Total	**135**	**95**

11 Amortisation and Depreciation

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**

Intangible assets	41	28
Right of use	120	
Property, plant and equipment	139	108
Investment properties		
Total	**300**	**136**

12 Financial Income and Expense

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Commissions and other financial expense	(20)	(14)
Financial expense related to severance indemnities	(18)	(20)
Total financial expense	**(38)**	**(34)**
Other financial income.	35	45
Bank interest income	3	3
Dividends from shareholdings	10,524	10,323
Total financial income	**10,562**	**10,371**
Net financial income	**10,524**	**10,337**

13 Income Taxes

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Current taxes	507	294
Differed taxes and previous years' taxes	(43)	7
Total	**464**	**301**

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 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 SpA and Var Group SpA.

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended 30 April 2020 and 30 April 2019.

(Euro thousands)	Year ended 30 April 2020		2019	
Result before taxes	**11,564**		**10,698**	
Theoretical taxes	2,775	24.0%	2,568	24.0%
Taxes relating to previous years				
Subsidised taxation on dividends	(2,399)		(2,354)	
Taxes on accrued costs deducted from shareholders' equity at FTA				
Other differences	(16)		(15)	
IRAP, including changes in deferred tax assets and liabilities	104		102	
Actual tax charge	**464**		**301**	

14 Intangible Assets

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

(Euro thousands)	Client list	Software and other intangible assets	Trademarks and patents	Total
Balance as 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 as at 30 April 2019	**5**	**100**		**105**
Of which:				
- historical cost	*25*	*199*	*9*	***233***
- accumulated amortisation	*(20)*	*(99)*	*(9)*	***(128)***
Investments		57		***57***
Disinvestments				
Amortisation	(3)	(38)		***(41)***
Balance as at 30 April 2019	**2**	**119**		**121**
Of which:				
- historical cost	*25*	*256*	*9*	***290***
- accumulated amortisation	*(23)*	*(137)*	*(9)*	***(169)***

The balance of intangible assets at 30 April 2020 consists mainly of software and software licenses in use at the Company.

15 Property, plant and equipment and Rights of use

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

(Euro thousands)	Office equipment	Other property, plant and equipment	Right of use	Total

Balance as 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 in historical cost				
Other changes in the accumulated depreciation				
Balance as at 30 April 2019	**447**	**1**		**448**
Of which:				
- historical cost	*775*	*135*		***910***
- accumulated depreciation	*(328)*	*(134)*		***(462)***
Financial Lease IFRS 16 balance at 01 May 2019			*249*	***249***
Investments	126		141	***267***
Disinvestments	(2)			***(2)***
Depreciation	(138)	(1)	(120)	***(259)***
Other changes in historical cost				
Other changes in the accumulated depreciation			24	***24***
Balance as at 30 April 2020	**433**		**294**	**727**
Of which:				
- historical cost	*899*	*135*	*390*	***1,424***
- accumulated depreciation	*(466)*	*(135)*	*(96)*	***(697)***

Investments in the year ended 30 April 2019 included the acquisition of office equipment (servers and storage) for the corporate services activity carried out by the Company for the Group companies, while the Right of use item included the subscription of car rentals for the Company's employees and directors.

16 Investment Property

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

(Euro thousands)	**Land**	**Buildings**	**Total**
Balance as at 30 April 2018	**281**	**8**	**289**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	-	*(2)*	***(2)***
Depreciation			
Balance as at 30 April 2019	**281**	**8**	**289**
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	-	*(2)*	***(2)***
Depreciation		(1)	**(1)**
Disposals	(281)		**(281)**
Balance as at 30 April 2020		**7**	**7**

Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	*(281)*	*(3)*	***(284)***

During the year ended 30 April 2020, the land located in Villanova – Empoli (Florence) was sold to Computer Gross SpA.

17 Equity Investments

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

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Computer Gross S.p.A.	53,163	53,163
Var Group S.p.A.	13,999	13,999
Base Digitale S.r.l.	4,959	
Adiacent S.r.l.	2,559	
C.G.N. S.r.l.	994	994
Arcipelago Cloud S.r.l.		50
Idea Point S.r.l.	35	35
Total	**75,709**	**68,241**

The changes in the Equity Investments item are shown below.

(Euro thousands)	**Investments**
Balance as at 30 April 2018	**68,241**
Changes:	
- Purchases or subscriptions	-
- Sales	-
Balance as at 30 April 2019	**68,241**
Changes:	
- Purchases or subscriptions	*7,518*
- Sales	*(50)*
Balance as at 30 April 2020	**75,709**

18 Deferred Tax Assets and Liabilities

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

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Receivables for deferred tax assets	384	260

Deferred tax liabilities	31	3

Net changes in these items are detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Opening balance	**260**	**259**
Increase following merger		
Impact on income statement	93	1
Impact on statement of comprehensive income		
Reclassification		
Closing balance	**353**	**260**
Of which:		
- receivables for deferred tax assets	*384*	*263*
- deferred tax liabilities	*31*	*3*

Changes in 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 (stock grant)**	**Employee benefits**	**Other entries**	**Total**
Balance as at 30 April 2018	**269**		**(10)**		**259**
Impact on income statement	1				**1**
Impact on statement of comprehensive income					
Other changes					
Balance as at 30 April 2019	**270**		**(10)**		**260**
Impact on income statement	1	123			**124**
Impact on statement of comprehensive income					
Other changes					
Balance as at 30 April 2020	**271**	**123**	**(10)**		**384**

Changes in deferred taxes can be broken down as follows:

Deferred tax liabilities *(Euro thousands)*	**Differences in value of property, plant and equipment and intangible assets**	**Employee benefits**	**Other entries**	**Total**
Balance as at 30 April 2018	**1**			**1**
Reclassification				
Impact on income statement	2			**2**
Impact on statement of comprehensive income				
Balance as at 30 April 2019	**3**			**3**
Reclassification				
Impact on income statement			28	**29**

Impact on statement of comprehensive income				
Balance as at 30 April 2020	**3**		**28**	**31**

19 Other receivables and current and non-current assets

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Non-current receivables from others	10	56
Non-current equity investments in other companies	78,716	71,249
Non-current securities		
Total other non-current receivables and assets	**78,726**	**71,305**
Current receivables from subsidiaries	8,271	9,733
Current receivables from others	30	10
Other current tax receivables		
Accrued income and prepaid expenses	456	206
Derivative assets	-	-
Total other current receivables and assets	**8,757**	**9,949**

Non-current equity investments in other companies refer to companies that are not listed on an active market, the fair value of which cannot be measured reliably; therefore, these equity investments are measured at cost, net of any permanent impairments.
The increase of Euro 7.5 million in Equity Investments refers to Euro 4,959 thousand for the contribution of investment assets for the subscription of a 50% capital increase in Base Digitale SpA and Euro 2,559 thousand for the purchase of 33% of Adiacent Srl.

Receivables from subsidiaries include receivables from Computer Gross SpA and Var Group SpA for tax consolidation of Euro 6,688 thousand and a residual loan of Euro 1.5 million from Var Group SpA.

20 Current Trade Receivables

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Trade receivables	1,242	774
Provision for bade debts	(62)	(84)
Trade receivables net of the provision for bad debts	**1,180**	**690**
Receivables from subsidiaries	140	150
Receivables from associates		
Receivables from parent companies	4	
Total current trade receivables	**1,324**	**840**

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

	Provision for bad debts

(Euro thousands)	
Balance as at 30 April 2018	**85**
Accrual to provisions	
Use	1
Balance as at 30 April 2019	**84**
Accrual to provisions	
Use	22
Balance as at 30 April 2020	**62**

21 Shareholders' Equity

Share capital

At 30 April 2020, 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.

As at 30 April 2020, Sesa SpA held 87,961 shares, equating to 0.568% of the share capital, purchased at an average price of 37.5 euros under the treasury share purchase plan approved by the shareholders' meeting of 27 August 2019. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

At 30 April 2020, 87,961 treasury shares were held, for a total value of Euro 3,300 thousand.

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

	Number of shares
Situation as at 30 April 2019	
Shares issued	15,494,590
Treasury shares in portfolio	65,742
Shares in circulation	15,428,848
Changes during the year	
Assignment of shares in execution of the Stock Grant Plan	42,000
Purchase of treasury shares	64,219
Situation as at 30 April 2020	
Shares issued	15,494,590
Treasury shares in portfolio	87,961
Shares in circulation	15,408,629

Other reserves

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

(Euro thousands)	Legal reserve	Treasury Shares	Actuarial gain (loss) reserve	Miscellaneous reserves	Total Other reserves
As 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
Distribution of dividends				(544)	(544)
Assignment of Stock Grant plan		1,059		(1,022)	37
Vesting of Stock Grant plan				1,022	1,022
Other changes					
Allocation of profit for the year	461				461
As at 30 April 2019	**2,340**	**(1,639)**	**(227)**	**2,205**	**2,679**
Actuarial profit(loss) for employee benefits - gross			7		7
Actuarial gain(loss) for employee benefits - tax effect			(2)		(2)
Purchase of treasury shares		(2,765)			(2,765)
Sale/cancellation of treasury shares					0
Distribution of dividends					0
Assignment of Stock Grant plan		1,104		(1,104)	0
Vesting of Stock Grant plan				1,533	1,533
Other changes					
Allocation of profit for the year	520			136	656
As at 30 April 2020	**2,860**	**(3,300)**	**(222)**	**2,770**	**2,108**

22 Earnings per Share

For the calculation of earnings per share and diluted earnings per share, see the notes to the Group's consolidated financial statements.

23 Current and Non-current Loans

The table below provides a breakdown of this item at 30 April 2020. As at 30 April 2019, this item had a value of zero.

As at 30 April 2020 *(Euro thousands)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term loans				
Short-term loans	1,063			1,063
Financial liabilities for right of use	121	175		296

Total	**1,184**	**175**	**1,359**

A summary of the net financial position is provided below:

		As at 30 April	
	(Euro thousands)	**2020**	**2019**
A.	Cash		
B.	Cheques and bank and post office deposits	5,767	7,223
C.	Securities held for trading	-	-
D.	**Liquidity (A) + (B) + (C)**	**5,767**	**7,223**
E.	**Current financial receivables**	**1,500**	**6,500**
F.	Current bank payables	-	-
G.	Current part of non-current debt	-	-
H.	Other current financial payables	1,183	-
I.	**Current financial debt (F) + (G) + (H)**	**1,183**	**-**
J.	**Net current financial debt (I) + (E) + (D)**	**(6,084)**	**(13,723)**
K.	Non-current bank payables	-	-
L.	Bonds issued	-	-
M.	Other non-current payables	**175**	-
N.	**Non-current financial debt (K) + (L) + (M)**	**-**	**-**
O.	**Net financial debt (J) + (N)**	**(5,909)**	**(13,723)**

Current financial receivables include the interest-bearing loan of Euro 1.5 million to Var Group SpA. The Net Financial Position also includes financial payables recorded following the first application of IFRS 16, totalling Euro 296 thousand, payables for the purchase of deferred instalments amounting to Euro 876 thousand and other loans for Euro 187 thousand.

24 Employee Benefits

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

Changes in this item are detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2020**	**2019**
Opening balance	**1,624**	**1,268**
Service cost	148	121
Bond interest	19	20
Uses and advances	(88)	(36)
Actuarial loss/(gain)	(7)	76
Change in workforce due to transferral of resources		175
Closing balance	**1,696**	**1,624**

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

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Economic assumptions		
Rate of inflation	1.00%	1.50%

Discount rate	0.88%	1.06%
TFR increase rate	2.25%	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, i.e. the average annual discount rate, the average annual inflation rate and the turn-over rate, respectively, by half, one quarter and two percentage points.

(Euro thousands)	**Scenarios**	**Past service liability**
Annual discounting rate	0.50%	1,700
	-0.50%	1,855
Annual rate of inflation	0.50%	1,808
	-0.50%	1,742
Turnover rate	0.50%	1,771
	-0.50%	1,786

25 Provisions for Risks and Charges

The value of this item was zero at 30 April 2020.

26 Other Current Liabilities

The item in question is detailed as follows:

	As at 30 April	
(Euro thousands)	**2020**	**2019**
Accrued liabilities and deferred income	7	14
Tax payables	3,892	1,693
Payables to personnel	957	953
Other payables	1,162	1,249
Payables to social security institutions	158	145
Advances from customers		
Derivative liabilities		
Total other current liabilities	**6,176**	**4,054**

27 Further information

Potential Liabilities

There are no disputes in progress.

Commitments

It should be noted that the Company has issued sureties in favour of a major supplier of the Group in the interest of certain Group companies. The amount of the guarantees, net of the amount already paid, was Euro 400 thousand at 30 April 2020.

Directors' and Statutory Auditors' Fees

The following is a breakdown of the remuneration of the directors and statutory auditors of Sesa SpA, gross of social security and tax contributions for the year. 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 2020**
Payments to directors	643
Payments to statutory auditors	73

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 this last point, it should be noted that, with reference to the financial statements as at 30 April 2020, the portion of the three-year plan that has matured (63,000 Sesa SpA shares) will be assigned, as the directors waived their share of the annual plan (42,000 Sesa SpA shares), despite having met the underlying targets during the period. This choice takes into account the efforts made by all Group resources during lockdown and the Sesa Group's growing role of social responsibility.

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 2020 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 2020 (Euro thousands)
Independent audit	PwC	Sesa SpA	99
Other assurance services	PwC	Sesa SpA	11
Other services	PwC	Sesa SpA	35

Payments include, in addition to fees, out-of-pocket expenses and the supervisory contribution. As at 30 April 2020, assurance services were provided by the independent auditor, relating to the limited examination of the non-financial statement.

28 Transactions with Related Parties

Relations between the Company and its associated and controlling companies are commercial and financial in nature.

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 2020 and 30 April 2019.

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the FS item
Current trade receivables							
As at 30 April 2020	777	29	4			810	**61.2%**
As at 30 April 2019	488	11	-			499	**59.4%**
Other current receivables and assets							
As at 30 April 2020	8,271					8,271	**94.5%**
As at 30 April 2019	9,732					9,732	**97.8%**
Employee benefits							
As at 30 April 2020				1		1	**0.1%**
As at 30 April 2019				1		1	**0.1%**
Trade payables							
As at 30 April 2020	149	-			12	161	**19.0%**
As at 30 April 2019	63	30				93	**11.6%**
Other current liabilities							
As at 30 April 2020	1,161			65		1,226	**19.9%**
As at 30 April 2019	1,241			103		1,344	**33.1%**

The following table details the P&L effects of transactions with related parties in the years ended 30 April 2020 and 30 April 2019.

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the FS item
Revenues							
as at 30 April 2020	8,961	98	69			9,128	96.73%
as at 30 April 2019	7,461	80	65			7,606	97.18%
Other income							
as at 30 April 2020	1,825	45	1	6		1,877	80.97%
as at 30 April 2019	1,226	10	1	7		1,244	94.60%
Consumables materials and goods for resale							
as at 30 April 2020	11					11	25.00%
as at 30 April 2019	14					14	25.93%
Costs for services and rent, leasing, and similar costs							
As at 30 April 2020	611	4		2,252	49	2,916	57.56%
as at 30 April 2019	531	3		1,655	-	2,189	58.69%
Personnel costs							
as at 30 April 2020				458		458	8.86%
as at 30 April 2019				352		352	7.39%
Other operating costs							
as at 30 April 2020						-	0.00%
as at 30 April 2019						-	0.00%
Financial income							
as at 30 April 2020	35					35	0.33%
as at 30 April 2019	45					45	0.43%
Financial expenses							
as at 30 April 2020	-					-	0.00%
as at 30 April 2019	-					-	0.00%

The information shown in the table does not include dividends received from subsidiaries and investee companies.

Subsidiaries, Associates and Parent Companies

Relations with subsidiaries, associates and parent companies refer mainly to the provision of administration, financial and auditing services, organisation, personnel management and information systems in favour of Group companies. At

30 April 2020 there were interest bearing loans to subsidiaries (Var Group SpA) totalling Euro 1.5 million. Other receivables from and payables to subsidiaries include receivables and payables relating to the Group's tax consolidation and VAT regime.

Top Management

Relations with top management refer mainly to the remuneration of directors and executives with strategic responsibilities, including the notional cost for the annual stock grant plan. Specifically, payroll costs include remuneration for members of the Board of Directors of companies not included in service costs.

29 Events Occurring After the End of the Year

No significant events occurred after the end of the year.

30 Authorisation for publication

The publication of the financial statements of Sesa SpA for the year ended 30 April 2020 was authorised by a resolution of the Board of Directors on 14 July 2020.

Certification of the Separate Financial Statements pursuant to article 154-bis 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 financial statements as at 30 April 2020.

2. The application of the administrative and accounting procedures for the preparation of the financial statements as at 30 April 2020 did not reveal any significant aspects.

3. It is also certified that:

   3.1 The financial statements:

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

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

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

   3.2 the Report on Operations 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, 14 July 2020

Paolo Castellacci	Alessandro Fabbroni
Chairman of the Board of Directors	In his capacity as Executive Responsible for the preparation of the corporate accounting documents

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 2020, 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 2020, 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 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 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

www.pwc.com/it

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. Equity investments" In the financial statements as of 30 April 2020 equity investments in subsidiaries and associated companies, valued at cost, were recognised for an amount equal to € 76 million representing 79% 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 2020 management, having evaluated also the current context related to the Covid -19 health emergency, did not identify any impairment indicator. The verification of the recoverability of the amount of equity investments recognized in the separate financial statements is a key audit matter, 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.	We carried out an understanding and evaluation of the procedures adopted by the management to verify the recoverability of the book values of the equity investments in subsidiaries and associated companies and the existence of impairment indicators, if any. We analysed the changes in this item during the year. Furthermore, we examined the financial statements of the single investees and the future forecasts 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 2020, 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 2020 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 2020 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, 27 July 2020

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

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

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING IN COMPLIANCE WITH ARTICLE 153 OF THE CONSOLIDATED LAW ON FINANCE AND ARTICLE 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE.

To the Shareholders' Meeting of
SESA S.P.A.
with Registered Office in Via Piovola 138 – EMPOLI

Dear Shareholders,
with this report, drawn up in compliance with article 153 of Legislative Decree no. 58/98 and article 2429 of the Italian Civil Code, the Board of Statutory Auditors of Sesa S.p.A. wishes to inform you of the oversight and auditing activities carried out, in the fulfilment of its duties, during the year ended 30 April 2020.

1. LEGAL, REGULATORY AND DEONTOLOGICAL SOURCES

During the year end 30 April 2020, 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 Bookkeeping Experts in a document dated April 2015 and updated to April 2018, 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 supplemented by Communication no. 3021582 dated 4 April 2003 and Communication no. 6031329 dated 7 April 2006) and the indications contained in the Corporate Governance Code currently in force.
The Board of Statutory Auditors, as currently formed, was appointed at the Ordinary Shareholders' Meeting held on 24 August 2018. The Shareholders' Meeting in question appointed the current Board of Statutory Auditors for the three-year period from 2018 to 2020, renewing some of its members.
At the meeting held on 24 August 2018, the Board of Directors assigned the functions of the Oversight Body to the Board of Statutory Auditors, as envisaged in article 4.1 of the General Section of "Form 231" adopted by the Company.
The Board of Statutory Auditors carried out its activities during the year in question, holding eight Board meetings, all of which were duly documented; 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 2020.
The Board of Statutory Auditors, which is also responsible for the functions of the Oversight Body, met with representatives of the Company appointed to audit the accounts at least once every six months.
The Board of Statutory Auditors attended the meetings of the Audit and Risks and Related Parties Committee and of the Remuneration Committee.
The Board of Statutory Auditors requested and obtained comparisons and periodic reports from the Board of Directors, the Independent Auditor, the Parties involved in

the Internal Audit and Risk Management System and the Head of the Internal Audit function.
The Board of Statutory Auditors also examined the company accounts and other documentation made available by those in charge of the various functions.
On the basis of the information acquired in the exercise of its oversight activities, the Board of Statutory Auditors did not find any omissions, censurable facts, irregularities or facts of such significance as to make it necessary to report them to the Supervisory Bodies or mention them in this report.
The Board of Statutory Auditors would also like to point out that no complaints have been received in compliance with article 2408 of the Italian Civil Code, nor have they been filed.
The Board of Statutory Auditors is also able to report with reference to the obligations relating to non-financial information pursuant to Legislative Decree no. 254/2016. Specifically, the regulations introduced by the aforesaid Legislative Decree require that Public Entities concerned draw up, for each financial year, a declaration aimed at guaranteeing correct reporting to the public on the company's activities, its performance, results and the impact that they generate with regard to energy, environmental, social and personnel issues, as well as respect for human rights and the fight against the perpetration and endurance of corruption. The declaration also indicates the main risks generated or suffered in relation to the aforementioned issues, as well as the business model of management and organisation of activities, the policies implemented and the actions taken by the group as a whole to manage them.
The independent auditor has verified the preparation of the non-financial statement and expressed, in a separate report dated 27 July 2020, which is distinct from that relating to the financial statements, a statement of compliance of the information supplied with the provisions of the Legislative Decree.

***

Following the pandemic, the SeSa Group promptly adopted measures to safeguard the health and safety of its employees and, in line with the provisions made on a case by case basis by the competent Authorities, guaranteed the operation of essential services. In response to the lockdown measures gradually implemented in March and April 2020, progressive mitigation actions were introduced, including changes in working methods, management and the optimisation of offices, measures to protect employee health and safety, with the formation of a task force to constantly monitor and deal with the situation as it developed.
In light of the global crisis and the commitment of the SeSa Group's human resources during the Covid-19 emergency, the new 2020/2021 welfare plan has further strengthened initiatives to benefit the quality of working life and the well-being of workers, encouraging them to return to the workplace in conditions of absolute safety and protection of health.
The Group continued to operate in all sectors (VAD, SSI, Business Services and Corporate) also during lockdown, because its activities are among those considered essential, or an integral part of the chain of essential activities, under the Prime Ministerial Decree of 22 March 2020, in support of the country's main

economic and health activities. The results for the fourth quarter of the year (February - April 2020, affected by the lockdown measures) show a favourable trend both in terms of revenues and profitability compared to the fourth quarter of the previous year.
With regard to significant events occurring after the end of the financial year, it should be noted that the Group operated in a highly complex operating environment, benefiting from the progressive recovery of the economic cycle and the significant demand for digital transformation.

2. OVERSIGHT ACTIVITIES

2.1. *Oversight of compliance with the law, the Articles of Association and the Corporate Governance Code for listed companies currently in force*

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

- the obligations concerning insider information are fulfilled in compliance with a "Procedure for the Disclosure of Insider Information to the Public" adopted by the Board of Directors at its meeting held on 25 June 2013 and updated on 11 July 2019;
- the Group Register of persons who have access to Insider Information is managed in compliance with a procedure adopted by the Board of Directors on 25 June 2013, duly amended on 30 May 2016 by the Board of Directors to bring it into line with the regulatory changes introduced by article 18 of EU Regulation no. 596/2014 prior to its entry into force on 3 July 2016, empowering the Chairman of the Board of Directors to make the necessary changes to the Procedure as a result of regulatory interventions on the Consob point. The procedure was further amended during the meeting of the Board of Directors held on 11 July 2019;
- the reporting obligations deriving from the Internal Dealing regulations are fulfilled in compliance with the Procedure resolved by the Board of Directors on 25 June 2013, 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 duties, each body of the Company (or function) has regularly complied with the reporting obligations imposed by law.
It should be noted that, on the basis of the information acquired, there is no evidence that any breaches of the law, the Articles of Association or the Corporate Governance Code have been committed by the Company or its bodies, nor have any complaints been made by shareholders.
The Board of Statutory Auditors met regularly during the year, during which it also attended all the meetings of the Board of Directors.
The Board of Statutory Auditors acknowledges that, with regard to the adaptation of the

organisation with regard to the processing of data, a specific mandate has been assigned to a Group company that already provides privacy consulting services, to carry out assessment, gap analysis and remediation activities for the Group companies. Sesa Spa has appointed a Data Protection Manager to carry out the tasks identified in article 39 of the GDPR and in the specific Data Protection Guidelines.

2.2. *Oversight activities to ensure compliance with the principles of correct administration*

On the basis of the information acquired through its oversight activities, particularly information on the activities carried out and the most significant economic, financial and equity transactions carried out by the Company or its subsidiaries, supplied by the Board of Directors on a quarterly basis, as well as information gathered from the company documentation consulted, the Board of Statutory Auditors states that it has no knowledge of:

- transactions failing to comply with the principles of correct administration;
- transactions resolved and entered into in breach of the law or the Articles of Association;
- transactions not in the Company's interest;
- transactions in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the Company's equity;
- transactions causing a potential conflict of interest.

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

The Board of Statutory Auditors oversaw the adequacy of the organisational structure by gathering information from the heads of the organisational department and by means of regular discussions with the Independent Auditors.
The Board of Statutory Auditors has no particular observations to make with regard to the Company's organisational structure, which, with regard to structure, procedures, competencies and responsibilities, currently seems adequate to the size of the Company, as well as to the nature and methods proposed for the pursuit of the business purpose.
The Board of Directors currently holding office has eight members; these include two independent directors, of whose independence has been verified by the Company in compliance with article 147-ter, par. 4, of the TUF and by art. 3 of the Corporate Governance Code, in compliance with art. 2.2.3, par. 3, letter l) of the Regulation of the Borsa and by article IA.2.10.6 of the Instructions for Regulation of the Borsa, both applicable to Issuers in possession of STAR qualification. On this point, the Board of Statutory Auditors confirms the Company's compliance with the laws and regulations and with the principles and criteria established by the Corporate Governance Code currently in force.
The Company's Board of Directors is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the power to carry out all the actions deemed appropriate for the achievement of the business purpose, excluding only those reserved, by law, to the Shareholders' Meeting; this body, pursuant to article 15 of

the Articles of Association, is also granted the power, with concurrent jurisdiction of the Extraordinary Shareholders' Meeting, to pass resolutions concerning mergers and demergers in the cases envisaged by articles 2505 and 2505-bis of the Italian Civil Code, the establishment or suppression of secondary offices, the indication of which Directors are to represent the Company, the reduction of the share capital in the event of withdrawal by a Shareholder, adaptations of the Articles of Association to regulatory provisions, and transferral of the registered office within Italy.
The Board of Directors has not set up an Executive Committee but has granted powers to its members. On this point, the Board of Statutory Auditors was able to ascertain the correspondence between the decision-making structure and the powers granted.
The Board of Statutory Auditors currently in office, made up of three standing members and two alternate members, has verified that, during the term of office (as resulting from the audit carried out on 29 June 2020), the requirements of article 2397 of the Italian Civil Code have been met, and that there are no grounds for disqualification, ineligibility or incompatibility as envisaged by articles 2382 and 2399 of the Italian Civil Code, article 148, paragraph 3 of Legislative Decree no. 58/98, and article 8 of the Corporate Governance Code. The members of the Board of Statutory Auditors complied with the limit on the number of offices held, as envisaged by article 148-bis of Legislative Decree no. 58/98 and articles 144-duodecies et seq. of the Issuers' Regulations.
Pursuant to the resolution passed on 15 July 2013, the independent auditor PricewaterhouseCoopers S.p.A. was engaged in compliance with article 2364 of the Italian Civil Code, to perform the statutory audit of the accounts and shall continue to do so until the approval of the financial statements at 30 April 2022.

2.4. Oversight of the adequacy of the internal audit 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 provided by the Audit and Risks Committee, set up within the Board of Directors; this is illustrated in the Financial Report at 30 April 2020, with respect to which the Board of Statutory Auditors has no observations or comments to make.
The role of guidance and assessment of the adequacy of the internal audit and risks management system is carried out in line with the provisions of paragraph 7.C.1. of the Corporate Governance Code by the Board of Directors, which makes use of the contribution of the Director in charge of the Internal Audit and Risks Management System and the Audit and Risks and Related Parties Committee.
The Parties and functions involved in the internal audit and risks management system are:

- the Board of Directors, assisted by the Audit and Risks and Related Parties Committee and the Internal Audit function;
- the Board of Statutory Auditors;
- the Supervisory Body;
- the Manager of the Internal Audit function;
- the Executive in charge of preparation of the corporate accounting documents.

The Board of Statutory Auditors would like to point out that, during the year of reference:

- it oversaw the activities of those responsible for the Internal Audit;
- it met regularly with those involved in the internal audit and risk management system; the Manager of the Internal Audit Function attended the meetings of the Board of Statutory Auditors;
- it attended the meetings of the Audit and Risks and Related Parties Committee and of the Remuneration Committee;
- it regularly convened meetings of the Oversight Body;
- it examined the company's documents;
- it analysed the results of the work carried out by the independent auditor;
- it presented the results of the work carried out by the Oversight Body to the appropriate authorities.

During the year, the Board of Statutory Auditors, acting in its capacity as the Oversight Body, acquired all the information deemed useful in order to verify the aspects concerning its autonomy, independence and professionalism necessary to carry out the activity assigned to it. The Board of Statutory Auditors, again in its capacity as Oversight Body, acquired information relating to the Organisational and Management Model pursuant to Legislative Decree no. 231/2001, adopted by the Company in its practical operation and implementation.

In its report dated 3 June 2020, the Oversight Body illustrated the activities carried out during the financial year ended 30 April 2020, without indicating any significant critical issues, highlighting a situation of substantial alignment with the provisions of the organisation 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, promptly adapted to regulatory developments and amendments.
On the basis of the information acquired in the exercise of oversight activities, it should be noted that the coordination between the parties involved in the internal audit and risk management system allows adequate sharing of information between the bodies that perform these functions and that there are no inadequacies in the internal audit system.
With regard to the health emergency due to the spread of the Sars-Cov-2 virus, the Oversight Body monitored the steps taken by the company to prevent and protect against contagion.

2.5. *Oversight of the adequacy of the administrative accounting system and statutory audit activity*

2.5.1. *Oversight of the administrative and accounting system*

The Board of Statutory Auditors oversaw the adequacy of the administrative and

accounting system to correctly represent operating events through direct observation, information obtained from the heads of the respective departments, 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, whose reports were made available on 7 July 2020, to verify the operational effectiveness of the internal audit system with regard to the administrative and accounting procedures of Sesa Spa and the Group for the preparation of the financial reports. The results of the tests did not reveal any shortcomings with regard to the adequacy and effective application of the procedures.

2.5.2 Oversight of the statutory audit activity

The Board of Statutory Auditors oversaw the operations of the Independent Auditor which, as mentioned above, 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 pursuit 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 in compliance with article 11 of Legislative Decree no. 39/2010 and did not highlight any facts deemed censurable or irregularities such as to require reporting pursuant to article 155 of the Consolidated Law on Finance in the consequent report pursuant to article 14, paragraph 2, of Legislative Decree no. 39/2010, issued on 27 July 2020.
It should be noted that, with reference to the services provided by PricewaterhouseCoopers S.p.A. in addition to the statutory audit, Sesa S.p.A. assigned the latter non-audit assignments for a total cost of Euro 46,000, mainly related to activities connected with the Non-Financial Statement. These fees were considered adequate to the complexity and scale of the work performed and not such as to affect the Statutory Auditor's independence.

2.6. Comments on the statutory and consolidated financial statements

The Board of Statutory Auditors examined the draft of the separate financial statements and the consolidated financial statements for the year ended 30 April 2020, which were prepared in compliance with the law.
As this Board is not responsible for the analytical control of the contents of the financial statements, the Board of Statutory Auditors oversaw compliance with the procedural rules governing the preparation and presentation of the draft of the separate financial statements and the consolidated financial statements for the year ended 30 April 2020.
Specifically with regard to the separate financial statements for the year ended 30 April 2020, the Board of Statutory Auditors verified compliance with the laws governing the preparation and presentation of the separate financial statements by way of the audits carried out and in consideration of the information supplied by the Independent Auditor, within the limits of the jurisdiction of the Board of Statutory Auditors pursuant

to article 149 of Legislative Decree no. 58/98.
The Board of Statutory Auditors also ensured that the financial statements corresponded to the facts and information of which it became aware in the pursuit 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 Operations, which was prepared in compliance with the law.

2.7. Implementation of corporate governance procedures

The Board of Statutory Auditors acknowledges that the Company has adhered to the Corporate Governance Code drawn up by the Committee for the Corporate Governance of Listed Companies and has consequently adjusted its corporate governance structure.
The Board of Statutory Auditors also notes that the Annual Report on Corporate Governance was in compliance with article 123-bis of Legislative Decree no. 58/98, in accordance with the instructions contained in the Regulations of the Organised Markets managed by Borsa Italiana S.p.A., specifying that it contains adequate disclosure to the market on the Company's compliance with the Corporate Governance Code.

2.8. Supervision of relations with subsidiaries and transactions with related parties

The Board of Statutory Auditors acknowledges that the regular Company reviews and audits did not reveal any atypical or unusual transactions with third parties, related parties or group companies, as established by the Consob Communication dated 28 July 2006.
As regards transactions between group companies, the Board of Statutory Auditors points out that, based on the information provided by the Directors, there are commercial transactions involving the purchase and sale of hardware and software and the provision of services regulated under normal market conditions and at conditions of mutual economic advantage.
The Board of Statutory Auditors reminds you 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 verified on 11 July 2019, and confirmed the body responsible for transactions with related parties as the Risk Control Committee, which took on the role of Related Parties Committee.

3. CONCLUSIONS

The Board of Statutory Auditors, also considering the results of the activity carried out by the party appointed to perform the independent audit and contained in the audit report on the separate financial statements and the consolidated financial statements, has no comments to make pursuant to article 153 of Legislative Decree No. 58/98 concerning the matters for which it is responsible with regard to the separate financial statements and the consolidated financial statements, the relative notes and the report on operations.

Empoli, 27 July 2020

THE BOARD OF STATUTORY AUDITORS

Giuseppe Cerati	-	*Chairman*
Luca Parenti	–	*Auditor*
Chiara Pieragnoli	–	*Auditor*