Annual financial report

30 April 2021

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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	Chief Executive Officer	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 Chief Executive Officer, Alessandro Fabbroni, is assigned the powers of ordinary administration relating to the Group functions of administration, finance, auditing and investor relations, legal, corporate, extraordinary finance, organisation, IT, human resources and the performance of banking operations.

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

Board of Statutory Auditors		Expiry
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2021
Andrea Mariani	Standing Auditor	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Auditor	approval of financial statements 30 April 2021
Marco Sironi	Alternate Auditor	approval of financial statements 30 April 2021
Paola Carrara	Alternate Auditor	approval of financial statements 30 April 2021

Supervisory Board in compliance with Legislative Decree 231/2011		Expiry
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2021
Chiara Pieragnoli	Standing Member	approval of financial statements 30 April 2021
Andrea Mariani	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 Finance, Planning & Control, Francesco Billi

Listing Market	
Electronic stock market (MTA), Milan	STAR segment
Share Capital (in EUR)	37126927.50
Number of ordinary shares issued	15494590
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 and Corporate Counsel Conxi Palermo

Highlights of the Group's income statement and balance sheet

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

(Euro thousands)	2021	2020	2019	2018	2017
Revenues	2,022,454	1,762,641	1,539,854	1,350,900	1,260,275
Total revenues and other income	2,037,223	1,776,025	1,550,605	1,363,035	1,271,469
EBITDA (Earnings before interest, tax, depreciation and amortisation)	126,005	94,490	74,346	63,121	57,885
EBIT (Earnings before interest and taxes)	84,002	63,897	52,718	46,290	44,786
Profit (loss) before taxes	80,826	60,191	48,318	43,031	40,337
Net profit for the year	56,786	42,188	33,362	30,183	27,098
Net profit for the year attributable to the Group	52,272	37,914	29,284	26,861	25,043
Adjusted EBIT[1]	91,821	68,465	55,697	48,728	46,343
Adjusted Earnings After Tax (EAT) for the year attributable to the Group[1]	57,838	41,166	31,404	28,596	26,097

Consolidated balance sheet figures as at 30 April of every year

(Euro thousands)	2021	2020	2019	2018	2017
Total Net Invested Capital	202,674	199,159	190,868	161,339	147,078
Total Shareholders' Equity	297355	253,859	232,622	216,001	199,028
- attributable to owners of the parent	278,593	236,392	219,285	204,955	191,285
- attributable to non-controlling interests	18,762	17,467	13,337	11,046	7,743
Net Financial Position (Net liquidity)	(94,681)	(54,700)	(41,754)	(54,662)	(51,950)
Adjusted Net Financial Position (Net liquidity)[2]	(153,486)	(71,717)	(48,373)	(61,866)	(56,949)
Total Shareholders' Equity and NFP	202,674	199,159	190,868	161,339	147,078

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

	2021	2020	2019	2018	2017
EBITDA / Total revenues and other income	6.19%	5.32%	4.79%	4.63%	4.55%
EBIT / Total revenues and other income (ROS)	4.12%	3.60%	3.40%	3.40%	3.52%
EAT attributable to the Group/ Total revenues and other income	2.57%	2.13%	1.90%	1.97%	1.97%

Personnel at Group level (*)

(Euro units or thousands)	2021	2020	2019	2018	2017
Personnel at year end	3,441	2,547	1,900	1,642	1,427
Average workforce for the year	2,994	2,224	1,771	1,535	1,321
Personnel costs	162,972	114,763	96,318	79,053	70,107
Average cost per employee	54.5	51.6	54.4	51.5	53.1
Percentage of resources on permanent contracts	99%	99%	98%	97%	97%

(*) Includes temporary staff (99% of human resources on permanent contracts) of companies included in the scope of consolidation, excluding personnel on work experience programmes

[1] Adjusted EBIT 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.
[2] Adjusted NFP, not including commitments for non-interest-bearing deferred payments for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

Main Group financial ratios

Financial ratios

Sesa Group	**2021**	**2020**	**2019**	**2018**	**2017**
(Euro)					
Trading Stock Market	MTA – Star	MTA – Star	MTA - Star	MTA - Star	MTA - Star
Stock Prices (30 April of every year)	115.4	48.55	27.75	26.30	23.60
Dividend per share (2)	0.85	(1)	0.63	0.60	0.56
Comprehensive Dividend (Euro millions) (3)	13.2	(1)	9.762	9.297	8.677
Pay Out Ratio (4)	25.2%	0.0%	33.3%	34.6%	34.6%
Shares Issued (in millions)	15.49	15.49	15.49	15.49	15.49
Stock market capitalisation (Euro millions) as at 30 April	1,788.1	752.3	430.0	407.5	365.7
Market to Book Value (5)	6.0	3.0	1.8	1.9	1.8
Dividend Yield (on prices at 30 April) (6)	0.7%	(1)	2.3%	2.3%	2.4%

Sesa	**2021**	**2020**	**2019**	**2018**	**2017**
(Euro)					
Earnings per share (base) (7)	3.39	2.46	1.90	1.74	1.62
Earnings per share (diluted) (8)	3.37	2.45	1.89	1.73	1.62

(1) For the financial year ended 30 April 2020, the Shareholders' Meeting of Sesa SpA held on 28 August 2020 resolved not to distribute dividends in view of the state of global crisis due to the pandemic emergency, investments to support the demand for digitalisation and the acceleration of the external growth path.

(2) Dividends paid in the following year against profit for the year under approval.

(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.

(5) Capitalisation on the basis of the price at 30 April of every year / Consolidated Shareholders' Equity.

(6) Dividend per share / Market value per share at April 30 of every year.

(7) Consolidated net profit before minority interests / average number of ordinary shares net of treasury shares in portfolio.

(8) 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 year ended 30 April 2021 closed with strong growth in skills and human resources, continuing the path of sustainable development in support of the digital transformation of the main Italian economic and European manufacturing districts.

At 30 April 2021, the Sesa Group had achieved significant growth in revenues (Euro 2,037.2 million +14.7% Y/Y) and consolidated profitability (Ebitda Euro 126.0 million + 33.4% Y/Y, Adjusted EAT Euro 57.8 million +40.5% Y/Y), thanks to business development in the main areas of technological and digital innovation, reaching the threshold of 3,500 employees at 30 April 2021 (+37.4% Y/Y).

The strong commitment to generating value for our stakeholders has been confirmed, with the strengthening of sustainability, social responsibility and environmental protection programmes during the year. In particular, at 30 April 2021, the Group distributed an economic value of Euro 208.0 million (+49.7% compared to 30 April 2020), intensifying initiatives on sustainability-related issues, also including “ESG” (Environmental, Social and Governance) goals.

The results of the year, together with the growth of skills, allow the Sesa Group to further consolidate its role as a reference operator in Italy in the field of technological innovation and digital transformation services for the business segment. Thanks to recent investments, the Group has also expanded its presence in Europe, in countries such as Germany, France and Spain, with a specific focus on the digitalisation of manufacturing districts, as well as in China, in support of the Italian manufacturing districts in the largest digital market in the world.

The range of technological innovation and digital services offered was developed in particular in the Cloud, Security, Data Science, Digital Engineering, Business and Vertical Application segments, with a focus on the core SME and Enterprise market.

The year that has just ended was characterised by the acceleration of the growth path along external lines, with more than 20 skill-intensive company acquisitions, bringing additional skills in strategic areas of digital evolution, contributing over Euro 60 million in incremental revenues in the year ended 30 April 2021 alone, with an Ebitda margin of about 20% and more than 600 new specialised human resources.

Thanks to hiring activities and the contribution of recent acquisitions, the Group reached the threshold of 3,500 resources (3,441 employees of the companies included in the scope of consolidation), an increase of over 37% compared to 30 April 2020.

All the human capital development programmes were strengthened during the year. In the 12 months ended 30 April 2021, hiring programmes made it possible to recruit around 400 new members of staff (200 in the previous year), most of whom were young people from specialist schools and universities. They were included in training plans to support the business sectors with the most innovative content. At 30 April 2021, despite the pandemic, over 26,000 hours of training were provided, with a focus on technological innovation and soft skills, an increase of over 30% compared to 30 April 2020. Welfare initiatives aimed at improving the quality of working life and wellbeing of Group employees were also further expanded, paying particular attention to issues such as work life balance, organisational climate and environmental sustainability.

The strong growth results at 30 April 2021 benefit from the strengthening of long-term investment programmes, which exceeded Euro 90 million (+40% compared to 30 April 2020) in the year under review alone and focused on three main areas: (i) technological infrastructures and applications to support digital transformation; (ii) development of human capital skills also through corporate acquisitions; (iii) expansion and development of the reception areas of the Group's offices in order to encourage the adoption of hybrid organisational models and the return to the performance of activities in person, also in support of collaboration.

We look, therefore, with confidence to the coming years in which we intend to strengthen our role as reference operator in the technological innovation and IT services sector, which is crucial to the sustainability of the socio-economic models of companies and organisations. Our goal is to continue the progressive growth of revenues, profitability and employment, maintaining our historical track record (CAGR revenues 2011-2021 +10.6%, CAGR Ebitda 2011-2021 +13.9%, CAGR EAT Adjusted 2011-2021 +17.5%, CAGR human resources 2021-2021 +15.5%).

The further improvement in equity and financial solidity at 30 April 2021, with a positive Net Financial Position of Euro 94.7 million (compared to Euro 54.7 million in the previous year) and a Consolidated Shareholders' Equity of Euro 297.4 million (an increase of Euro 43.5 million compared to 30 April 2020) allow us to plan future investments in the medium term, to support the demand for digital transformation, accelerating our long-term growth path.

We sincerely thank all our human resources and stakeholders for their amazing cooperation and fundamental contribution to the growth of the Sesa Group in another year of global pandemic, characterised by a significant evolution of the organisation and cooperation models.

Following the decision to suspend the distribution of dividends last year, as a result of the state of global crisis and the acceleration of the investment for growth plan, the Board of Directors has decided to propose the distribution of a dividend of 85 cents per share, a significant increase (+34.9%), compared to the last distribution in September 2019. We will continue to reinvest most of the profits generated by the Group to support sustainable development, seizing growth opportunities in the market for technological innovation and digital transformation services, generating value for all our stakeholders.

Paolo Castellacci
Chairman of the BoD

Alessandro Fabbroni
Chief Executive Officer

Company and Group offices

The Sesa Group operates throughout the whole of Italy and in some foreign 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 and training areas, 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 technology centre in Empoli was further implemented during the year in order to cope with the growth in staff and business, with the purchase of a building measuring approximately 1,000 m2, which was used as an education centre.

The Group also has a widespread presence in Milan, with over 600 employees, which has grown steadily in recent years, and offices occupying an area of over 4,000 square metres. Work also began at the Milan offices during the year to increase office space and cope with the growth in resources and the evolution of organisational models, in compliance with operational safety standards, for the benefit of the Group’s human resources.
Other offices are located throughout Italy, in Turin, Genoa, Bolzano, Trento, Brescia, Montebelluna, Padua, Treviso, Verona, Ferrara, Reggio Emilia, Forlì, Modena, Bologna, Florence, Siena, Arezzo, Perugia, Rome, Ancona, Jesi, Pescara, Naples, Bari, Palermo and Cagliari.

Recent acquisitions have increased the number of foreign offices operating in Germany (Aichach, Filderstadt, Moers, Eching, Großheirath and Giessen), France (Tremblay en France), Spain (Madrid and Barcelona), Austria (Klagenfurt), Switzerland (Camorino), Romania (Iasi) and China (Shanghai).

TECHNOLOGY CENTRE (HEADQUARTERS), EMPOLI (FI)

EXPERIENCE LAB, EMPOLI (FI)

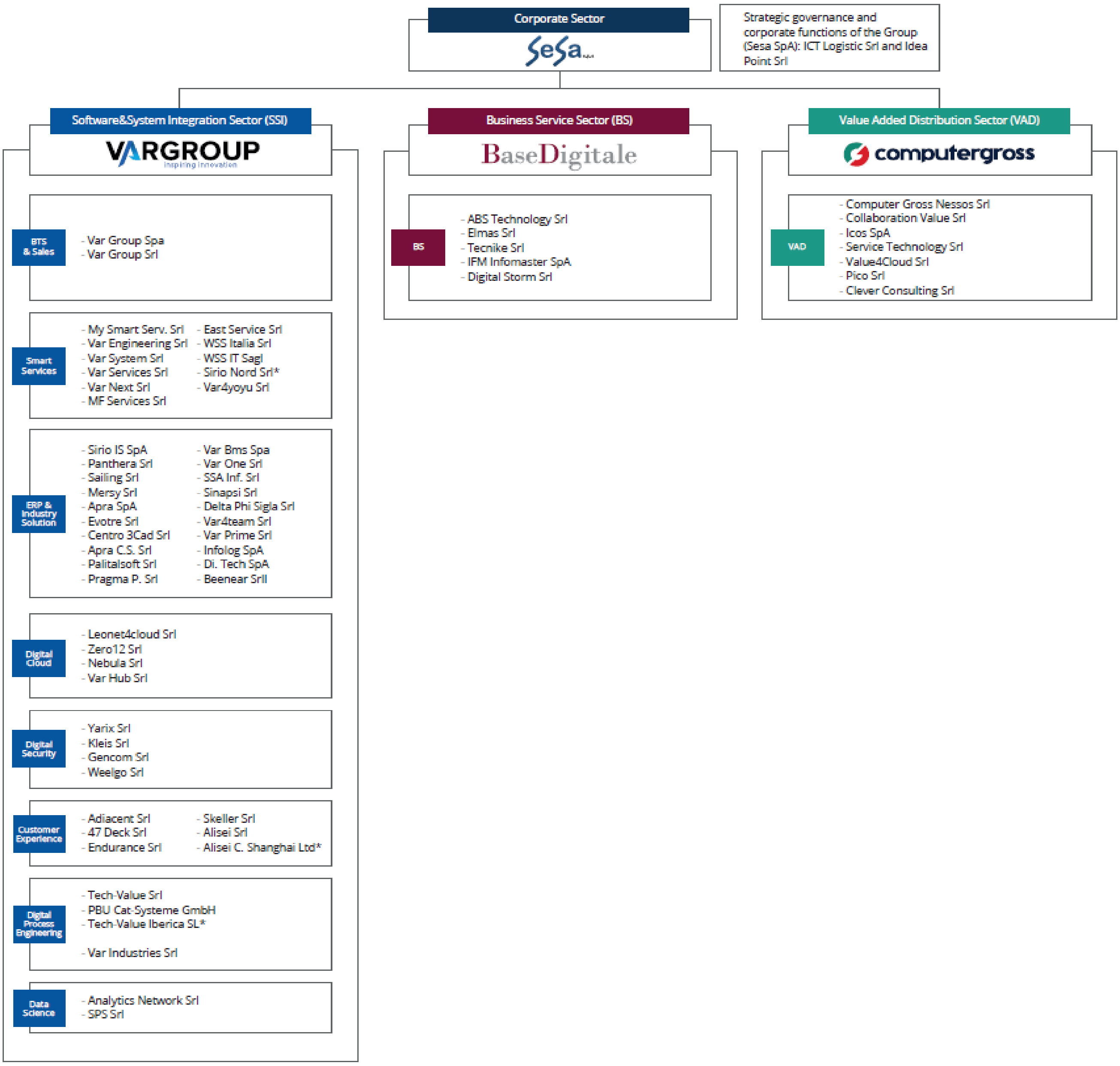
GROUP DATACENTER, EMPOLI (FI)

Corporate site

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

Group Structure as at 30 April 2021

The Sesa Group is organised into four business sectors. The VAD Sector (Value-added distribution of technological solutions), managed through the subsidiary Computer Gross SpA, the SSI Sector (Software and System Integration), which offers digital transformation and software solutions to end users belonging to the SME and Enterprise segments, managed through the subsidiary Var Group SpA, the Business Services Sector, which offers outsourcing, security and digital transformation services for the finance and large account segments, through the subsidiary Base Digitale SpA, and the Corporate Sector, through the parent company Sesa SpA, which manages the Group's corporate functions, strategic governance and the 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 during the year ended 30 April 2021 include the entry of the following companies:

- into the SSI Sector, zero12 Srl, Infolog SpA, SPS Srl, Analytics Networks, Endurance Srl, Nebula Srl, 47Deck Srl and Alisei Srl from May 2020, Di.Tech SpA and Beenear Srl from June 2020, Skeeller Srl, WSS Srl, WSS Sagl, from July 2020, Var Next Srl from August 2020, Sinapsi Srl, Pragma Progetti Srl, Pragma Solution Srl and Weelgo Srl from November 2020 and Mersy Srl and Palitalsoft Srl from January 2021.
- In the VAD sector, Clever Consulting Srl and Service Technology Srl from May 2020.
- In the Business Services sector, Elmas Srl from July 2020, Tecnikè Srl from February 2021 and IFM Infomaster SpA and Digital Storm Srl from April 2021.

For further details on the scope of consolidation and on the subsidiaries held directly and indirectly by Sesa SpA, as well as investments in associated companies, reference should be made to the annexes to the Annual Financial Report.

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

The Sesa Group is a reference operator in Italy in the offer of technological innovation and digital services, partnering the main international vendors in the sector and focused on the business segment, particularly SMEs and Enterprises. The Sesa Group offers a wide range of technological 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 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 Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl.

- The **VAD Sector** includes activities related to the Value Added Distribution (VAD) of technological innovation solutions and IT services, 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 software, technological innovation and digital transformation solutions for end user 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 business process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA.

The operating sectors are strongly focused on the market, with dedicated marketing structures organised on the basis of separate principles and the adoption of matrix organisational models. 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 organisation and management of the Group companies, dealing with administrative and financial management, organisation, planning and control, reporting systems, management of human resources, general, corporate and legal affairs, and extraordinary finance activities for the main Group companies. The shares of Sesa SpA are listed on the STAR segment of the Milan Stock Exchange. At 30 April 2021, Sesa SpA held full control of Computer Gross SpA and Var Group SpA and 71% in the capital of Base Digitale.

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 and of the Group operating companies.

Software and System Integration Sector (SSI)

BUSINESS TECHNOLOGY SOLUTIONS & SALES ("BTS & SALES") BUSINESS UNIT

Var Group SpA
The company, wholly owned by Sesa SpA, offers technological innovation and digital transformation software solutions for companies that are the end users of technology, mainly in the SME and Enterprise segments, with a turnover of approximately Euro 480 million as at 30 April 2021 (including that of the subsidiaries). Var Group SpA has developed an integrated offer of digital solutions with an organisational model, also through its subsidiaries, divided into business units: Managed Infrastructure Services, Digital Security, Digital Cloud, Digital Engineering, Customer Experience, ERP & Industry Solutions, Data Science.

Var Group Srl
The company, wholly owned by Var Group SpA, offers services for the sales of the Group's technological solutions on behalf of Var Group SpA. Following the merger by incorporation of Var Group Nord Ovest Srl, Var Aldebra Srl and Var Group Centro Srl, completed on 3 June 2021, the company will operate across the whole country.

Var Group Nord Ovest Srl
The company, wholly owned by Var Group Srl, offers digital services and solutions on behalf of Var Group SpA in Northwest Italy (through the Milan, Turin and Genoa branches). The company was merged by incorporation into Var Group Srl on 3 June 2021.

Var Aldebra Srl
The company, wholly owned by Var Group Srl, offers digital services and solutions on behalf of Var Group SpA in Northeast Italy (through the Bologna, Verona, Treviso, Trento and Bolzano branches). The company was merged by incorporation into Var Group Srl on 3 June 2021.

Var Group Centro Srl
The company, wholly owned by Var Group Srl, offers digital services and solutions on behalf of Var Group SpA in Central Italy. The company was merged by incorporation into Var Group Srl on 3 June 2021.

SMART SERVICES BUSINESS UNIT

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

VSH Srl
The company, wholly owned by My Smart Srl, acts as an operational holding company and organises and manages the companies belonging to the Smart Services Business Unit.

Var Service Srl
The company, 64% owned by VSH Srl, is active in the supply of maintenance and technical assistance services on the domestic market.

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

Cosesa Srl
The company, wholly owned by Var Group SpA and operating in the IT services sector, was put into liquidation after 30 April 2021.

Var System Srl
The company, jointly controlled by Var Group Srl and Leonet4Cloud Srl, offers system services in support of company infrastructure and for SME & Enterprise customers.

East Services Srl
The company, a wholly-owned subsidiary of Var System Srl (82%) and Var Group SpA (18%), is based in Bolzano and offers system services in support of company infrastructures in North Eastern Italy (Trentino Alto Adige, Veneto and Lombardy).

Var Engineering Srl
The company, 96% owned by Tech-Value Srl, offers digital services and solutions for intensive engineering manufacturing companies in Central and Northern Italy.

WSS Italia Srl and WSS Sagl
WSS Italia Srl, 55% owned by Var Group SpA, offers system management software solutions and remote and application management services on both the Italian and Swiss markets through its wholly-owned subsidiary WSS IT Sagl. The company entered the scope of consolidation in August 2020.

Var Next Srl
The company, 85% owned by VSH Service Srl, offers IT technical support and managed services in the North East of Italy.

DIGITAL CLOUD BUSINESS UNIT

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.

Var Hub Srl
The company, wholly-owned by Var Group SpA, offers electronic invoicing and digital storage services. The company entered the scope of consolidation via the formation of the platform by Var Group SpA from December 2020.

Zero12 Srl
The company, 55% owned by Var Group SpA, is 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, Business Data Recommendation, Instant Marketing and about 50 customers operating in the main web market places. Zero12 has a consolidated partnership with Amazon Web Services (AWS) and MongoDB, reference operators in the Cloud, Big Data and Analytics sectors. The company entered the scope of consolidation in May 2020.

Nebula Srl
The company, 51% owned by Leonet Srl, works in the management of Cloud environments and platforms, particularly on Microsoft's public cloud, using Microsoft Azure technologies. The company entered the scope of consolidation in May 2020.

Var4you Srl
The company, 70% owned by Leonet4cloud Srl and 30% by Var Service Srl, offers remote management services for workstations, on premise infrastructures, networking, connectivity and cloud solutions, both proprietary (Leonet Data Center) and public (Amazon Web Services, IBM, Azure and Oracle), as well as hybrid cloud projects.

DIGITAL SECURITY BUSINESS UNIT

Yarix Srl
The company, wholly 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.

Weelgo Srl
The company, 51% owned by Gencom Srl, is specialised in Enterprise Networking and Edge Network Security services, incorporating the expertise of the Digital Security Business Unit in the field of Cybersecurity and Collaboration. Weelgo entered the consolidation scope in November 2020.

Kleis Srl
The company, 51% owned by Var Group SpA, is based in Turin and specialised in the development of Artificial Intelligence and software solutions in the anti-fraud sector for customers operating in finance.

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 software ("Panthera") and proprietary applications for the SME and Enterprise market with customers operating in some of the main Italian production districts. The merger by incorporation of the subsidiary Pragma Solution Srl, which provides consulting, start-up and training services for the solution offered by Panthera ERP (which became part of the group in November 2020) was completed during the year.

Pragma Progetti Srl
The company, controlled by Var Group SpA, operates in the IT consulting services sector, offering ERP management and technological solutions and digital services to the SME and Enterprise segments. The company was brought within the scope of consolidation in November 2020.

Var BMS SpA
The company, 90% 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, 78% 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.

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 and Enterprise customers. SSA Informatica offers consulting, business solutions and services in North-Eastern Italy.

Sinapsi Srl
The company, 67% owned by Var One Srl, operates in the supply of integrated solutions and services on the SAP Business One platform for SME and Enterprise customers. Sinapsi offers consulting services and business solutions and services in North Eastern Italy and was included within the scope of consolidation from November 2020.

Var4team Srl
The Bergamo-based company, owned by Var Group SpA and Var One Srl, holders of 61% and 14% of the capital respectively, operates in the supply of integrated solutions and services on the TeamSystem platforms (TeamSystem Enterprise e TeamSystem Enterprise Power-I) for SME customers. Var4team Srl offers consulting, business solutions and digital services in Central and Northern Italy.

Apra SpA
The company, 75% owned by Var Group SpA, offers digital services, software solutions and business applications ("I-Wine" and "I-Furniture") and SME solutions to SME and Enterprise customers in Central Northern Italy, focusing on major Made in Italy districts (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.

Evotre Srl
The company, 56% owned by Apra SpA, offers Zucchetti HR management solutions to support SME and Enterprise customers in Central Northern Italy.

Palitalsoft Srl
The company, 55% owned by Apra SpA, offers software and digital transformation solutions to local public companies, in support of the digitisation of public services, with a customer set of around 700 clients, including Municipal, Provincial, Regional and local authorities and multi-utilities; Palitalsoft entered the Group scope of consolidation in June 2021.

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.

Mersy Srl
The company, wholly owned by Sailing Srl, operates in the field of ERP solutions and digital services for Retail and Large-scale Organised Distribution markets, particularly for the Food Retail segment. The company entered the consolidation area in January 2021, following the completion of the purchase of the ERP Me.R.Sy (Merchandise Retail System) software business unit from Diebold Nixdorf Italia.

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

Delta Phi Sigla Srl
The company, wholly 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.

Infolog SpA
The company, 51% owned by Var Group SpA, has over 40 resources specialised in the design and development of software solutions for the computerised management of warehouse logistics (WMS), with over 200 customers operating in some of the main Made in Italy sectors, such as textiles, fashion, manufacturing and healthcare. The company entered the consolidation area in May 2020.

Di.Tech SpA
The company, wholly-owned by Var Group SpA, with over 250 specialised human resources, about 140 of whom employed by the subsidiary Beenear, in Romania, operates in the development of software and digital transformation services for logistics and management of the organised food distribution sector. One of its most important customers is the Conad Group. The company entered the consolidation area in June 2020.

Beenear Srl
The company, based in Iasi in Romania and wholly owned by Var Group SpA through Di.Tech Srl, operates in the design and development of software applications. With a human capital of about 140 resources, it offers services to some of the main Italian and international players in IT consulting for the Retail sector, including Xtel, Di.Tech, Dgroove and Prometeia. The company entered the consolidation area in June 2020.

DIGITAL ENGINEERING BUSINESS UNIT

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

Tech-Value Srl
The company, 61% owned by Var Group SpA, is specialised in the supply of IT services and Product Lifecycle Management (PLM) solutions for engineering intensive companies in the manufacturing sector, with about 1,000 customers and resources distributed in its offices in Milan, Turin, Genoa, Bologna, Roncade (TV), Fara Vicentina (Vi) and Viareggio (Lu).

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 engineering intensive manufacturing companies. The company with headquarters in Aichach (Bavaria) and branches 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% owned 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.

Endurance Srl
The company, 51% owned by Adiacent Srl, is a web agency specialised in the creation of digital solutions, system integration and digital marketing technology with a particular focus on e-commerce and user experience. The company entered the consolidation area in May 2020.

47Deck Srl
The company, wholly owned by Adiacent Srl, is specialised in the development and implementation of e-commerce and digital transformation projects through the Adobe Marketing Cloud platform. The company entered the consolidation area in May 2020.

Skeeller Srl
The company, 51% owned by Adiacent Srl, operates in the customer experience and digital marketing sector. As the reference partner for the Magento e-commerce platform in Italy, It has been included in the consolidation area since July 2020.

Alisei Srl
The company, 61% controlled by Adiacent Srl, operates in the B2C e-commerce sector with China, also through its subsidiary Alisei Consulting (Shanghai) Co. Ltd., based in Shanghai. The company supports Italian and international brands in their distribution and promotional activities in China. Thanks to the partnership with Alibaba.com, the company offers strategic consulting services for the Chinese market, from e-commerce and marketplace to communication on Chinese social networks. The company entered the consolidation area in May 2020.

DATA SCIENCE BUSINESS UNIT

SPS Srl
The company, controlled by Var Group SpA, is specialised in offering IBM SPSS (advanced analytics) software solutions. The company entered the consolidation area in May 2020.

Analytics Network Srl
The company, 51% owned by Var Group SpA, is specialised in offering cognitive analytics solutions and services for the enterprise segment. The company entered the consolidation area in May 2020.

Business Services Sector (BS)

Base Digitale SpA
The company, 71% owned by Sesa SpA, manages the Business Services Sector supplying business process outsourcing, digital transformation, security for large account and finance customers. Base Digitale has staff of over 250 employees working at the offices in Florence, Turin, Milan and Siena.

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

Elmas Srl
The company, 75% owned by the Sesa Group through ABS Technology SpA, has been active in physical security, video surveillance and home automation services for over 40 years. With about 25 specialised resources, it offers tailor-made design and development services for physical and perimeter security, video surveillance and home automation for companies throughout Italy. The company entered the consolidation area in July 2020.

Tecnikè Srl
The company, 51% owned by Base Digitale SpA, is active in the development of digital Cloud platforms for the fintech and insurtech sector. The company entered the consolidation area in February 2021.

IFM Infomaster SpA
The company, 60% owned by Base Digitale SpA, is a reference operator in the field of digital technologies, with a proprietary platform of Contact Management, offered to customers in cloud and pay-per-use modes and supplemented by artificial intelligence solutions. The company specialises strongly in the telecommunications, finance and outsourcing segments. The company entered the consolidation area in April 2021.

Digital Storm Srl
The company, 60% owned by Base Digitale SpA, specialises in digitisation solutions for document management, corporate information and electronic invoicing, including Document Process Management and Enterprise Information Management, incorporating Abbyy OCR and OpenText CCM (Estream/StreamServe) technologies. The company is specialised in the finance and utilities segments. The company entered the consolidation area in April 2021.

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 15,000 customers active throughout the country, who, in turn, cover both the SME, 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 and VMware. Computer Gross SpA has about 400 employees and is organised into Business Units with technical and commercial personnel dedicated to market segments (enterprise software, data center, security, networking and value solutions) and/or to strategic brands distributed. The company, with turnover of Euro 1,600 million achieved in the year ended 30 April 2021, is the main subsidiary, in terms of revenue, of the Sesa Group.

Icos SpA
Icos SpA, 79% 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 Vendors Oracle, NetApp, CommVault and other Vendor security software.

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 its range. 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.

Clever Consulting Srl
Clever Consulting Srl, 55% owned by Computer Gross SpA, provides End Point Security and Mobility solutions and services, with a vendor portfolio that includes Blackberry, Accellion, Wandera, TITUS and Globalscape. The Milan-based company entered the consolidation area in May 2020.

Service Technology Srl
Service Technology Srl, 55% owned by Computer Gross SpA, operates in the Green IT sector and offers reverse logistics services, management and reconditioning of IT products, carrying out regeneration and refurbishment activities for technology parks that have reached the end of their first life cycle, thereby pursuing the sustainability of the IT infrastructure supply chain. The Arezzo-based company entered the consolidation area in May 2020.

Pico Srl
A wholly-owned subsidiary of Computer Gross SpA, the company specialises in offering Adobe digital media solutions.

Performance of operations

General economic trend

Thanks to the gradual easing of the health crisis, the international economy is going through a recovery phase, with expectations of significant growth in the next two years, supported by the progressive orientation of the most developed economies towards digitalisation and environmental sustainability and the economic and monetary stimulus actions of governments and central banks.
In particular, after a 3.3% decline at global level in 2020, GDP is expected to recover by 6.0% in 2021 and by 4.4% in 2022. (source IMF - WEO, April 2021).

In all advanced, emerging and developing economies, GDP recorded negative growth rates in 2020, with the exception of China (+2.3%). The contraction in GDP in the US in 2020 was 3.5%, with recovery expected to reach 6.4% in 2021, supported by the Biden administration's economic plan (source IMF - WEO, April 2021). In the Eurozone, GDP fell by 6.6% in 2020, with a recovery of 4.4% in 2021 thanks to government support policies and the ECB's incentive measures.
In 2020, the Italian economy recorded a drop in GDP of approximately 8.9%, with recovery in 2021 expected to be 4.2%, also thanks to the envisaged benefit of facilities provided at European level (the "Recovery Fund"). The main measures envisaged by the Recovery Plan are aimed at encouraging innovation, competition, digitisation 4.0 and environmental sustainability, with expectations of triggering a greater recovery of the domestic economy than initially expected.

The following table shows the final results for 2017-2020 and forecast GDP trend for 2021 and 2022 (source: IMF - WEO, April 2021).

Percentage Values	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020	Change in GDP 2021 (E)	Change in GDP 2022 (E)
World	+3.8%	+3.6%	+2.8%	-3.3%	+6.0%	+4.4%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.7%	+5.1%	+3.6%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.2%	+6.7%	+5.0%
USA	+2.3%	+2.9%	+2.2%	-3.5%	+6.4%	+3.5%
Japan	+1.7%	+0.3%	+0.7%	-4.8%	+3.3%	+2.5%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.4%	+5.6%
Great Britain	+1.8%	+1.3%	+1.4%	-9.9%	+5.3%	+5.1%
Euro Zone	+2.3%	+1.9%	+1.3%	-6.6%	+4.4%	+3.8%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+4.2%	+3.6%

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

The IT market in Italy is historically characterised by growing development rates, higher than its Gross Domestic Product “GDP”. In 2020, the Italian digital market recorded a decline in growth (+2.6% Y/Y), mitigating the crisis triggered by the health emergency and significantly outperforming the negative evolution of the Italian GDP.
The demand for IT suffered no significant contraction in 2020 due to the pandemic, thanks to the acceleration of investments in digital transformation necessary both to ensure business continuity and to adopt technological innovation in strategic segments such as cloud, security, analytics, cognitive-A.I., and blockchain (so-called Digital Enablers).

Thanks to the acceleration of the demand for digitisation by businesses and organisations for 2021-2023, the Italian IT market is expected to grow by an annual average of over 6%, compared to an average growth rate for 2017-2020 of about 2%. The growth in demand will be sustained by the Management Services segment (with increases of over 10%), which includes digital transformation services and solutions and reflects the evolution of the ways in which technology is used as well as the progressive penetration of Cloud Computing solutions (Source: Sirmi, May 2021).

In addition to the growth expectations for the next three years, there will be a further contribution from digital investments financed by the National Recovery and Resilience Plan ("PNRR"), which aims to increase the productivity and competitiveness of Italian companies by allocating up to Euro 50 billion (about 21% of the total funds) over the next four years, in support of investments in digitisation and transition 4.0.

The following table represents the Italian IT market trend in 2017-2020 and the forecasts for 2021, 2022 and 2023 (Source: Sirmi, May 2021).

Italian IT market *(Euro millions)*	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**Change 17/16**	**Change 18/17**	**Change 19/18**	**hange 20/19**	**Change 21/20**	**Change 22/21**	**Change 23/22**
Hardware	6,044	6,025	6,172	6,266	6,582	6,924	7,258	0.6%	-0.3%	2.4%	1.5%	5.1%	5.2%	4.8%
Software	3,833	3,845	3,861	3,792	3,864	3,900	3,935	-0.4%	0.3%	0.4%	-1.8%	1.9%	0.9%	0.9%
Project Services	3,436	3,500	3,588	3,640	3,808	4,025	4,258	0.4%	1.9%	2.5%	1.5%	4.6%	5.7%	5.8%
Management Services	5,504	5,900	6,350	6,797	7,535	8,338	9,195	6.0%	7.2%	7.6%	7.0%	10.9%	10.6%	10.3%
Total IT Market	**18,817**	**19,270**	**19,971**	**20,496**	**21,789**	**23,186**	**24,645**	**1.9%**	**2.4%**	**3.6%**	**2.6%**	**6.3%**	**6.4%**	**6.3%**
Cloud Computing	1,862	2,296	2,830	3,409	4,170	5,033	5,957	23.3%	23.6%	23.0%	20.4%	22.3%	20.7%	18.4%
Cloud (SaaS, PaaS, IaaS) Adoption %	18.8%	23.3%	28.2%	33.9%	39.9%	46.5%	53.2%							

Within the IT market, the distribution segment, where the Group operates through the VAD Sector, recorded average growth of 5% in the three-year period 2017-2019, with market growth of 9% in 2020, supported, among other things, by the acceleration of the demand required to meet the changing needs of work organisation, security in data collection and management and the processes of evolution of IT infrastructures. Market growth in 2021 is also expected to be higher than the historical average (Source: Sirmi, May 2021).

After an increase in demand of approximately 6% on average per year in the three-year period 2017-2019, in 2020 the System Integration segment shows a contraction in growth (+1.6%) due to the slowdown in application development and digital transformation projects resulting from the various lockdown periods. In 2021, in a new normal scenario, market growth is expected to return to pre-covid levels (around 5%), driven by areas such as cloud, artificial intelligence and digital transformation, which will be key elements for the recovery and development of the competitiveness of companies on global markets (Source: Sirmi, May 2021).

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 2021, 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 the IFRSs (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 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified income statement	30 April 2021	%	30 April 2020	%	Change 2021/20
Net revenues	2,022,454		1,762,641		14.7%
Other Income	14,769		13,384		10.3%
Total Revenues and Other Income	**2,037,223**	**100.0%**	**1,776,025**	**100.0%**	**14.7%**
Product purchase costs	1,590,272	78.1%	1,429,220	80.5%	11.3%
Costs for services and for rent, leasing, and similar costs	153,774	7.5%	133,404	7.5%	15.3%
Personnel Costs	162,972	8.0%	114,763	6.5%	42.0%
Other operating costs	4,200	0.2%	4,148	0.2%	1.3%
Total product purchase costs and Operating Costs	1,911,218	93.8%	1,681,535	94.7%	13.7%
Gross Operating Margin (Ebitda)	**126,005**	**6.19%**	**94,490**	**5.32%**	**33.4%**
Amortisation and depreciation of tangible and intangible assets	24,664		17,105		44.2%
Accruals and other non-monetary costs	9,520		8,920		6.7%
Adjusted Operating Result (Ebit)*	**91,821**	**4.51%**	**68,465**	**3.85%**	**34.1%**
Amortisation of client lists and know how (PPA)	7,819		4,568		71.2%
Operating Result (Ebit)	**84,002**	**4.12%**	**63,897**	**3.60%**	**31.5%**
Net financial income and expense	(3,176)		(3,706)		-14.3%
Result before taxes (Ebt)	**80,826**	**3.97%**	**60,191**	**3.39%**	**34.3%**
Income taxes	24040		18,003		33.5%
Net result	**56,786**	**2.79%**	**42,188**	**2.38%**	**34.6%**
Net result attributable to the owners of the parent	*52271*		*37,914*		*37.9%*
Net result attributable to non-controlling interests	*4514*		*4,274*		*5.6%*
Adjusted Result before taxes	**88,645**	**4.35%**	**64,759**	**3.65%**	**36.9%**
Adjusted Net Result*	**62,352**	**3.06%**	**45,440**	**2.56%**	**37.2%**
*Adjusted net result attributable to the owners of the parent**	*57,838*		*41,166*		*40.5%*

At 30 April 2021, the Sesa Group achieved significant growth in revenues (Euro 2,037.2 million +14.7% Y/Y) and consolidated profitability (Ebitda Euro 126.0 million +33.4% Y/Y, Adjusted net result Euro 57.8 million +40.4% Y/Y), thanks to business development in the main areas of technological and digital innovation, reaching the threshold of about 3,500 employees at 30 April 2021 (+37.4% Y/Y).

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*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.

Consolidated Revenues and Other Income at 30 April 2021 amounted to Euro 2,037.2 million (+14.7% Y/Y), thanks to the contribution of all the Group's sectors:
- the VAD Sector, with Revenues and Other Income of Euro 1,601.3 million (+10.3% Y/Y), driven by revenue growth in the Collaboration, Security, Data Management and Cloud segments;
- the SSI sector, with Revenues and Other Income of Euro 481.8 million (+21.6% Y/Y), thanks to the development of business in the fastest growing areas of digital transformation (Software and Vertical Applications, Digital Cloud, Data Science, Digital Security), supported by the acceleration of acquisitions and the expansion of the workforce to 2,413 employees at 30 April 2021 (+39.4% Y/Y), more than 200 of whom in foreign countries, including Germany, France and Spain;
- the Business Services segment, with Revenues and Other Income of Euro 47.3 million (+478.2% Y/Y), continuing to develop and expand its business in the digital platforms segment for large account and finance customers. In the comparative year ended 30 April 2020, the Sector had contributed to the Group's results for a period of just three months.

Changes in the scope of consolidation as a result of corporate acquisitions, mainly relating to the SSI Sector, contributed approximately 25% to the Group's annual growth in revenues and approximately 40% in operating profitability.
In the period under review, the consolidated Gross Margin [3] amounted to Euro 446,951 thousand (+28.9% Y/Y), against an increase in operating costs of 27.2%.

Year ended 30 April

(Euro thousands)	**2021**	**%**	**2020**	**%**	**Change**
Total Revenues and Other Income	2,037,223	100.0%	1,776,025	100.0%	14.7%
Gross Margin	446,951	21.9%	346,805	19.5%	28.9%
Costs for services and for rent, leasing, and similar costs	153,774	7.5%	133,404	7.5%	15.3%
Personnel Costs	162,972	8.0%	114,763	6.5%	42.0%
Other operating costs	4,200	0.2%	4,148	0.2%	1.3%
Total operating costs	320,946	15.8%	252,315	14.2%	27.2%

The consolidated Ebitda was Euro 126,005 thousand (+33.4% Y/Y), with an Ebitda margin of 6.19% of Revenues and Other Income (compared to 5.32% at 30 April 2020). All the Group's reference sectors contributed to the consolidated Ebitda result:
- the VAD Sector, recording Ebitda of Euro 64,248 thousand (+20.6% Y/Y), with an Ebitda Margin of 4.0% (compared to the previous year's 3.67%);
- the SSI Sector, recording Ebitda of Euro 55,490 thousand (+46.9% Y/Y), with an Ebitda Margin of 11.5% (compared to the previous year's 9.53%);
- the Business Services sector, recording Ebitda of Euro 2,941 thousand, with an Ebitda margin of 6.2%, in line with the consolidated average.

Personnel costs increased from Euro 114,763 thousand at 30 April 2020 to Euro 162,972 thousand at 30 April 2021 (+42.0%) due to the development of human capital, also as a result of the company acquisitions carried out during the year and the growing added value of the services offered. The total number of the Group's human resources grew from 2,547 at 30 April 2020 to 3,441 at 30 April 2021 as a result of both the entry into the consolidation area of the recently acquired companies and the inclusion via internal lines of over 400 resources thanks, among other things, to hiring and training plans for young resources.

The Adjusted Operating Result (Ebit) was Euro 91,821 thousand, up 34.1% Y/Y, before amortisation of intangible assets, client lists and know-how recorded following the PPA process for Euro 7,819 thousand (+71.2% Y/Y following the acceleration of investments in company acquisitions).
The Consolidated Operating Result (Ebit) was Euro 84,002 thousand, up 31.5%, after depreciation and amortisation totalling Euro 32,483 thousand (+49.9% Y/Y) and accruals and other non-monetary costs totalling Euro 9,520 thousand (+6.7% Y/Y).

Profit before tax was Euro 80,826 thousand at 30 April 2021, up 34.3% Y/Y, thanks partly to a reduction in net financial income and expenses of Euro 3,176 thousand at 30 April 2021 (compared to Euro 3,706 thousand at 30 April 2020). The Group's financial performance at 30 April 2021 is detailed below.

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

Year ended 30 April *(Euro thousands)*	**2021**	**2020**
Interest expense on sales of receivables	(1,639)	(1,673)
Expenses and commissions for sales of receivables with recourse	(376)	(121)
Bank and loan interest expense	(240)	(485)
Other interest payable	(2,130)	(1,155)
Commissions and other financial expense	(2,786)	(2,514)
Financial expense related to severance indemnities	(284)	(263)
Total financial expense	*(7,455)*	*(6,211)*
Interest income on other short-term receivables	523	736
Other financial income	16	142
Bank interest income	39	27
Dividends from shareholdings	402	272
Total financial income	*980*	*1,177*
Total financial items (A)	(6,475)	(5,034)
Foreign exchange items (B)	954	(370)
Share of profits of companies valued at equity (C)	2,345	1,698
Net financial income/(expense) (A+B+C)	(3,176)	(3,706)

The Adjusted Net Result (excluding client list and know-how amortisation net of the relative tax effect) increased by +37.2% Y/Y, reaching Euro 62,352 thousand at 30 April 2021.
The Consolidated Net Result at 30 April 2021 amounted to Euro 56,786 thousand (+34.6%) and reflected a substantially balanced tax rate compared to the previous year.

The Group's adjusted net profit for the period ended 30 April 2021 was Euro 57,838 thousand, up 40.5% Y/Y on the net profit of Euro 41,166 thousand for the period ended 30 April 2020.
Consolidated net profit after minority interest at 30 April 2021 was Euro 52,272 thousand, up 37.9% Y/Y.

Highlights of the Group's income statement and balance sheet

The reclassified balance sheet (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified Balance Sheet	30 April 2021	30 April 2020	Change 2021/20
Intangible assets	142,826	74,273	68,553
Tangible assets (including rights of use)	99,942	83,958	15,984
Investments carried at equity	13,850	12,158	1,692
Other non-current assets and deferred tax assets	27,921	25,715	2,206
Total non-current assets	**284,539**	**196,104**	**88,435**
Inventories	86,920	91,127	(4,207)
Trade receivables	355,781	393,645	(37,864)
Other current assets	63,395	48,646	14,749
Current assets for the year	**506,096**	**533,418**	**(27,322)**
Trade payables	366,101	379,066	(12,965)
Other current payables	142,690	99,610	43,080
Short-term liabilities for the year	**508,791**	**478,676**	**30,115**
Net working capital	**(2,695)**	**54,742**	**(57,437)**
Provisions and other non-current tax liabilities	38,273	20,665	17,608
Employee benefits	40,897	31,022	9,875
Net non-current tax liabilities	79,170	51,687	27,483
Net Invested Capital	**202,674**	**199,159**	**3,515**
Shareholders' Equity	297,355	253,859	43,496
Medium-Term Net Financial Position	210,018	187,038	22,980
Short-Term Net Financial Position	(304,699)	(241,738)	(62,961)
Tot. Net Financial Position (Net Liquidity)	(94,681)	(54,700)	(39,981)
Equity and Net Financial Position	**202,674**	**199,159**	**3,515**

The balance sheet shows an increase in net invested capital, which increased from Euro 199,159 thousand at 30 April 2020 to Euro 202,674 thousand at 30 April 2021, mainly as a result of:

- increase in non-current assets, rising from Euro 196,104 thousand at 30 April 2020 to Euro 284,539 thousand at 30 April 2021, generated mainly by investments in corporate acquisitions.
- reduction of negative net working capital by Euro 2,695 thousand at 30 April 2021, compared to a positive balance of Euro 54,742 at 30 April 2020, thanks to improved efficiency in the management of working capital generated by the evolution of the business model and the progressive adoption of as-a-service and fee-based supply models at Group level;

With regard to financing, there was:

- an improvement in the Net Financial Position, with a positive balance (net liquidity) of Euro 94,681 thousand at 30 April 2021, compared to a positive balance of Euro 54,700 thousand at 30 April 2020, thanks to the cash flow from operations (Euro 130 million in the year, net of capex and M&A investments of approximately Euro 90 million);
- an increase in consolidated Shareholders' equity, reaching a total of Euro 297,355 thousand at 30 April 2021 compared to Euro 253,859 thousand at 30 April 2020, thanks to profits generated in the period and to self-financing.

Non-current assets at 30 April 2021 amounted to Euro 284,539 thousand with an increase of Euro 88,435 thousand generated mainly by investments during the period to support growth and in particular by:

- an increase in intangible assets from Euro 74,273 thousand at 30 April 2020 to Euro 142,826 thousand at 30 April 2021, following the recognition of the intangible assets (client list and know how) resulting from the Purchase Price Allocation (PPA) process relating to the acquisitions of zero12 Srl, Infolog Srl, Di.Tech SpA, Beenear Srl, Analytics Network Srl, SPS Srl, WSS Srl, WSS Sagl, Elmas Srl, Sinapsi Srl, Pragma Progetti Srl, Pragma Solution Srl, Palitalsoft Srl, Weelgo Srl, JFM Infomaster SpA and Digital Storm Srl. 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 83,958 thousand at 30 April 2020 to Euro 99,942 thousand at 30 April 2021, following the Group's investments in technological infrastructures.

There was a further improvement in efficiency in the management of working capital: net working capital recorded a negative net balance of Euro 2,695 thousand at 30 April 2021, falling by 105% compared to 30 April 2020, and an improvement in the average annual ratio between Net Working Capital and Revenues and Other Income for the year ended 30 April 2021, down 3.4% compared to 5.9% Y/Y.

Net non-current liabilities, equal to Euro 79,170 thousand at 30 April 2021, rose by Euro 27,483 thousand compared to 30 April 2020, 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 2021 amounted to Euro 297,355 thousand, compared to Euro 253,859 thousand at 30 April 2020, mainly as a result of the profit for the year.

The Group's Net Financial Position for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Net Financial Position	**30 April 2021**	**30 April 2020**	**Change 2021/20**
Liquidity	(426,665)	(368,466)	(58,199)
Current financial receivables	(240)	(478)	238
Current financial debt	111,961	119,092	(7,131)
Financial liabilities for current rights of use	10,245	8,114	2,131
Short-term net financial position	(304,699)	(241,738)	(62,961)
Non-current financial payables	176,392	156,551	19,841
Financial liabilities for non-current rights of use	33,626	30,487	3,139
Non-current financial debt	210,018	187,038	22,980
Net Financial Position	**(94,681)**	**(54,700)**	**(39,981)**
Future commitments to purchase equity investments	*58,805*	*17,017*	*41,788*
Adjusted Net Financial Position [4]	**(153,486)**	**(71,717)**	**(81,769)**

The Group's Net Financial Position at 30 April 2021 is positive (net liquidity) by Euro 94,681 thousand, an improvement compared to a positive balance of Euro 54,700 thousand at 30 April 2020, thanks to operational cash flow of Euro 130 million after investments in corporate acquisitions and technological infrastructure totalling approximately Euro 90 million. The improvement in the financial situation was constant throughout the year, with an average annual Net Financial Position[5] of Euro 34.6 million compared to an annual average of Euro 11.6 million in the previous year.

The Adjusted Net Financial Position at 30 April 2021 is positive (net cash and cash equivalents) by Euro 153,486 thousand, a significant improvement compared to a positive balance of Euro 71,717 thousand at 30 April 2020, thanks to the cash flow generated by operational management, after investments in corporate acquisitions and technological infrastructure totalling approximately Euro 60 million (excluding commitments for non-interest-bearing deferred payments for corporate acquisitions).

[4]Adjusted NFP, not including commitments for non-interest-bearing deferred payments (amounting to Euro 58,805 thousand at 30 April 2021) for corporate acquisitions (Earn Outs, Put Options, deferred prices) subject to the achievement of long-term value generation targets.

[5] 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, which provides value added technological solutions, recorded a 10.4% increase in revenues and other income, a 20.6% increase in Ebitda (Ebitda margin 4.0% compared to the 3.7% of 2020) and a 35.9% increase in net profit after taxes. The results for the period strengthen the market share on the Italian market (47% of the total in the Storage, System, Server, Networking and Enterprise software categories, source: Sirmi, June 2021). This was thanks to the expansion of digital solutions in the areas of Collaboration, Security, Data Management, Cloud and more recently, with effects that will be tangible from the new financial year, technology for energy efficiency and sustainability of businesses and organisations.

The consolidation of **Clever Consulting Srl,** a company specialised in offering End Point Security solutions, with a portfolio of vendors that includes Blackberry, Accellion, Wandera, TITUS and Globalscape, was launched from May 2021.
In June 2020, a majority stake was acquired in **Service Technology Srl,** which operates in the refurbished sector and offers management and renovation services for technology parks in support of environmental sustainability.
The entry and subsequent acquisition of the majority of the capital of **PM Service Srl**, a company that offers technological solutions for energy efficiency and the circular economy, in May 2021, is also part of the same strategy.
In addition to corporate acquisitions during the year in question, investments were made and commercial initiatives undertaken to strengthen the market share in the enterprise software, cloud and security segments. These included the partnership with **Red Hat** (provider of hybrid cloud solutions on an open source platform), the integration of the **Adobe** vendor's digital media solutions into the Computer Gross offering, and the agreement with the international vendor **Fortinet**, a key player in the security sector.

The reclassified income statement of the VAD Sector (in Euro thousands) at 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

VAD Sector	**30 April**				
(Euro thousands)	**2021**	**%**	**2020**	**%**	**Change**
Third-party revenues	**1,507,639**		**1,367,341**		**10.3%**
Inter-sector revenues	86,104		76,845		12.0%
Total Revenues	**1,593,743**		1,444,186		**10.4%**
Other income	7,543		7,734		-2.5%
Total revenues and other income	1,601,286	100.0%	1,451,920	100.0%	10.3%
Consumable materials and goods	(1,481,941)	-92.5%	(1,348,562)	-92.9%	9.9%
Gross commercial margin	**119,345**	**7.5%**	**103,358**	**7.1%**	**15.5%**
Costs for services and rent, leasing, and similar costs	(33,689)	-2.1%	(31,111)	-2.1%	8.3%
Personnel costs	(19,376)	-1.2%	(16,400)	-1.1%	18.1%
Other operating costs	(2,032)	-0.1%	(2,593)	-0.2%	-21.6%
Ebitda	**64,248**	**4.0%**	**53,254**	**3.7%**	**20.6%**
Amortisation/depreciation, provisions and other non-monetary costs	(7,557)		(9,339)		-19.1%
Operating result (Ebit)	**56,691**	**3.5%**	**43,915**	**3.0%**	**29.1%**
Net financial income and expense	(934)		(2,217)		-57.9%
Result gross of taxes	**55,757**	**3.5%**	**41,698**	**2.9%**	**33.7%**
Income taxes	(15,504)		(12,081)		28.3%
Net result for the year	**40,253**	**2.5%**	**29,617**	**2.0%**	**35.9%**
Net result attributable to non-controlling interests	548		349		57.0%
Net result attributable to owners of the parent	**39,705**		**29,268**		**35.7%**

The VAD Sector closed the year ended 30 April 2021 with Total Revenues and Other Income of Euro 1,601.3 million, up 10.3% Y/Y, further strengthening its market share (47% of the Italian VAD market at 31 December 2020 vs. 45% in 2019), thanks to the development of revenues in the in the Collaboration, Security, Data Management and Cloud segments and, more recently, with effects that will be tangible from the new financial year, in that of technology for energy efficiency and sustainability of businesses and organisations. The companies recently included in the consolidation area (Clever Consulting Srl and Service Technology Srl) contributed about 5% to the growth in turnover and profitability in the period in question.

The Gross Margin of the VAD Sector has grown 15.5%, from Euro 103.4 million (Gross Margin of 7.1% of revenues and other income) at 30 April 2020 to Euro 119.3 million (Gross Margin of 7.5% of revenues and other income) at 30 April 2021, thanks to a more favourable sales mix resulting from, among other things, an increase in the number of customers served. The Ebitda result at 30 April 2021 was Euro 64,248 thousand (Ebitda margin 4.0% vs 3.7% at 30 April 2020), up 20.6% Y/Y, achieved thanks to the development of the Gross Margin and the stability of other operating costs during the year. Net profit after tax was Euro 40,253 thousand at 30 April 2021, up 35.9% Y/Y, thanks to the above-mentioned growth in operating profitability and the improvement in financial management, with a reduction in net financial expenses from Euro 2,217 thousand at 30 April 2020 to Euro 934 thousand at 30 April 2021.

The reclassified balance sheet of the VAD Sector (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified Balance Sheet	30 April 2021	30 April 2020	Change
Intangible assets	7,800	3,461	4,339
Tangible assets (rights of use)	43,122	42,530	592
Investments carried at equity	10,981	9,127	1,854
Other non-current receivables and assets and deferred tax assets	9,784	9,510	274
Total non-current assets	**71,687**	**64,628**	**7,059**
Inventories	69,345	75,713	(6,368)
Trade receivables	243,969	290,451	(46,482)
Other current assets	18,691	12,256	6,435
Current assets for the year	**332,005**	**378,420**	**(46,415)**
Trade payables	280,653	303,711	(23,058)
Other current payables	30,916	14,124	16,792
Short-term liabilities for the year	**311,569**	**317,835**	**(6,266)**
Net working capital	**20,436**	**60,585**	**(40,149)**
Provisions and other non-current tax liabilities	4,894	3,473	1,421
Employee benefits	2,689	2,326	363
Net non-current liabilities	7,583	5,799	1,784
Net Invested Capital	**84,540**	**119,414**	**(34,874)**
Shareholders' Equity	233,419	205,551	27,868
Medium-Term Net Financial Position	60,430	80,863	(20,433)
Short-Term Net Financial Position	(209,309)	(167,000)	(42,309)
Tot. Net Financial Position (Net Liquidity)	(148,879)	(86,137)	(62,742)
Equity and Net Financial Position	**84,540**	**119,414**	**(34,874)**
Adjusted Net Financial Position	**(151,980)**	**(86,992)**	**(64,988)**

There has been an improvement in the main balance sheet ratios. Net working capital shows a reduction from Euro 60,585 thousand at 30 April 2020 to Euro 20,436 thousand at 30 April 2021, thanks to the increasing efficiency in the management of working capital, both in relation to the trade receivables/payables component and to the inventory component.
Shareholders' equity shows an increase of Euro 27,868 thousand, reaching a total of Euro 233,419 thousand at 30 April 2021, following the profits generated during the year, net of the dividend distributed to the parent company.
Thanks to operational cash flow, the Net Financial Position reaches a positive net balance of Euro 148,879 thousand (net liquidity) at 30 April 2021, with a significant improvement, of Euro 62,742 thousand compared to the previous year.

Results of the SSI Sector

The Software and System Integration Sector (SSI), offering software, technological Innovation and digital transformation solutions for the SME and Enterprise segments, continues the development trend of the last five years, with 21.6% growth in revenues and other income, 46.9% in Ebitda (Ebitda margin 11.5% compared to 9.5% Y/Y) and 58.1% in profit after taxes.
Growth in the Sector was favoured by the business development strategy in the most innovative areas of the market (Software and Vertical Applications, Digital Cloud, Data Science, Digital Security) supported by an acceleration of acquisitions and investments and by the expansion of the workforce, which reached 2,413 employees at 30 April 2021 (+39.4% Y/Y), of which more than 200 abroad, operating in countries such as Germany, France and Spain.

The SSI Sector further accelerated its growth during the financial year, through external lines involving all the main Business Units:
- In the *Digital Cloud BU*, control of **zero12 Srl,** based in Padua and specialised in Cloud Computing and Big Data Analysis solutions, with particular reference to SaaS application development on the AWS platform, was acquired;
- In the *Smart Services BU*, control of **WSS Italia Srl**, a company based in Milan and offering system management software solutions and remote and application management services on both the Italian and Swiss markets, was acquired through the wholly-owned subsidiary WSS IT Sagl;
- In the *ERP & Industry solutions BU*, the following should be noted:
(i) the acquisition of control of **Infolog SpA**, specialised in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, “WMS”);
(ii) the purchase of 100% of the share capital of **Di.Tech SpA,** based in Bologna and with a human capital of over 250 resources specialised (including those of the Romanian subsidiary **Beenear Srl)** in the supply of software solutions and IT services for the large-scale retail trade/Retail sector, in particular in the management of logistics, supply chain and store management information systems, (iii) the acquisition of **Pragma Progetti Srl and Pragma Solution Srl** active in the supply of ERP management solutions and digital services for the SME and Enterprise segments;
(iv) the acquisition of the **ERP software business unit Me.R.Sy** (Merchandise Retail System) specialised in offering proprietary application solutions for the Large-scale retail/Retail segments;
(v) the acquisition of the majority of the capital of **Palitalsoft Srl,** a company specialised in offering software solutions and digital transformation for local public companies;
- In the *Data Science BU*, the consolidation of **Analytics Network Srl** and **SPS Srl** was begun. Both companies are specialised in the development of cognitive analytics solutions and services for the enterprise segment, with consolidated expertise in data analytics in support of business processes, Predictive Analysis, Machine Learning and Artificial Intelligence. To support the growth of the Business Unit in the next financial year, we should also mention the transaction carried out in May 2021 with the acquisition of the majority of the capital of Addfor Industriale Srl, specialised in Artificial Intelligence and Data Science solutions for industrial Made in Italy sectors;
- In the *Customer Experience BU*, the purchase of the majority shareholding in **Fen Wo Shanghai Ltd,** a Shanghai-based company offering digital and marketing solutions for Italian and international companies operating on the Chinese market. The transaction, which will be completed by June 2021, will enable the development of digital marketing and customer experience services to support Made in Italy products on the Chinese digital market.
- In the *Digital Engineering BU*, the purchase of 60% of the capital of **Cadlog Group Srl** and 100% of **Cimtec Gmbh** were completed in May 2021, expanding the company's pan-European platform of software solutions and digital engineering services.

The reclassified income statement of the SSI Sector (in Euro thousands) at 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

SSI Sector		**30 April**			
(Euro thousands)	**2021**	**%**	**2020**	**%**	**Change**
Third-party revenues	**469,171**		**385,744**		**21.6%**
Inter-sector revenues	3,771		3,093		21.9%
Total Revenues	472,942		388,837		21.6%
Other income	8,910		7,476		19.2%
Total revenues and other income	**481,852**	**100.0%**	**396,313**	**100.0%**	**21.6%**
Consumable materials and goods	(181,850)	-37.7%	(149,474)	-37.7%	21.7%
Costs for services and rent, leasing, and similar costs	(122,162)	-25.4%	(118,504)	-29.9%	3.1%
Personnel costs	(120,521)	-25.0%	(89,133)	-22.5%	35.2%
Other operating costs	(1,829)	-0.4%	(1,424)	-0.4%	28.4%
Ebitda	**55,490**	**11.5%**	**37,778**	**9.5%**	**46.9%**
Amortisation/depreciation, provisions and other non-monetary costs	(28,145)		(19,007)		48.1%
Operating result (Ebit)	**27,345**	**5.7%**	**18,771**	**4.7%**	**45.7%**
Net financial income and expense	(95)		(1,377)		-93.1%
Result gross of taxes	**27,250**	**5.7%**	**17,394**	**4.4%**	**56.7%**
Income taxes	(8,229)		(5,361)		53.5%
Net result for the year	**19,021**	**3.9%**	**12,033**	**3.0%**	**58.1%**
Net result attributable to non-controlling interests	3,890		3,829		1.6%
Net result attributable to the owners of the parent	**15,131**		**8,204**		**84.4%**

The SSI Sector further accelerates its revenue growth trend achieved in the last five years (CAGR Revenues 2015-20: +15.8%) and CAGR Ebitda 2015-20: +31.7%), with consolidated Revenue and Other Income of Euro 481.9 million (+21.6% Y/Y) and Ebitda of Euro 55.5 million (+46.9% Y/Y).
The Ebitda margin went from 9.5% at 30 April 2020 to 11.5% at 30 April 2021 (+200 bps), benefiting from growth in business areas with higher added value (Software and Vertical Applications, Digital Cloud, Data Science, Digital Security), supported by acquisitions (more than 15 during the year) and investments in human capital development, which exceeded 2,400 resources at 30 April 2021 (+39.4% compared to 2020).

The use of external leverage as part of an organic business development strategy contributed significantly to these results and accounted for around 60% of the growth in revenues and operating profitability in the year in question. Changes in the consolidation area as a result of corporate acquisitions that regarded all the main lines of service, such as zero12 Srl in the Digital Cloud segment, Weelgo Srl in the Digital Security segment, Infolog SpA, Di.Tech SpA, Pragma Progetti Srl, Pragma Solution Srl, Sinapsi Srl, Palitalsoft Srl and the Me.R.Sy business unit in the ERP & Vertical segment, Analytics Network Srl and SPS Srl in the Data Science segment, Endurance Srl and Skeeller Srl in the Customer Experience segment and WSS Srl in Smart Services.

The net profit of the Sector at 30 April 2021 was Euro 19,021 thousand, improving 58.1% compared to Euro 12,033 thousand at 30 April 2020, thanks to the positive trend in operating profitability and the improvement in the balance of net financial expenses, reduced from Euro 1,377 thousand at 30 April 2020 to Euro 95 thousand at 30 April 2021, partly due to the recognition of capital gains on the sale of the investment held in DVH Holding SpA for Euro 1.8 million.
Amortisation, depreciation, provisions and other monetary costs of Euro 28,145 thousand at 30 April 2021 increased by Euro 9,138 thousand, mainly due to the amortisation of intangible assets (client lists and technological know-how) recognised as a result of the PPA process which amounted to Euro 6.8 million at 30 April 2021, up 58.7% compared to Euro 4.3 million at 30 April 2020, following the acceleration of the acquisition transactions.

The reclassified balance sheet of the SSI Sector (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified Balance Sheet	30 April 2021	30 April 2020	Change
Intangible assets	114,329	64,607	49,722
Tangible assets (rights of use)	47,699	36,698	11,001
Investments carried at equity	3,050	3,202	(152)
Other non-current receivables and assets and deferred tax assets	10,807	11,807	(1,000)
Total non-current assets	175,885	116,314	59,571
Inventories	16,105	14,404	1,701
Trade receivables	137,081	114,296	22,785
Other current assets	42,465	33,593	8,872
Current assets for the year	195,651	162,293	33,358
Trade payables	115,920	89,356	26,564
Other current payables	97,655	72,270	25,385
Short-term liabilities for the year	213,575	161,626	51,949
Net working capital	**(17,924)**	**667**	**(18,591)**
Provisions and other non-current tax liabilities	27,994	15,312	12,682
Employee benefits	33,329	25,393	7,936
Net non-current liabilities	61,323	40,705	20,618
Net Invested Capital	**96,638**	**76,276**	**20,362**
Shareholders' Equity	36,988	30,405	6,583
Medium-Term Net Financial Position	135,967	102,552	33,415
Short-Term Net Financial Position	(76,317)	(56,681)	(19,636)
Net Financial Position (Net Liquidity)	59,650	45,871	13,779
Equity and Net Financial Position	**96,638**	**76,276**	**20,362**
Adjusted Net Financial Position	**6,690**	**30,585**	**(23,895)**

The Net Financial Position of the Sector is negative by Euro 59,650 thousand compared to Euro 45,871 thousand at 30 April 2020, and mainly reflects investments made in corporate acquisitions and technological infrastructures in the last 12 months, for more than Euro 60 million, net of a positive operating cash flow in the year of about Euro 45 million. The Adjusted Net Financial Position (calculated excluding future commitments for the purchase of equity investments amounting to Euro 52,960 thousand) al 30 April 2021 is negative by Euro 6,690 thousand, improving significantly compared to 30 April 2020, when it was negative by Euro 30,585 thousand.

Consolidated shareholders' equity in the SSI Sector at 30 April 2021 amounted to Euro 36,988 thousand, an increase compared to Euro 30,405 thousand at 20 April 2020, thanks to profits for the period, net of changes in consolidation reserves.

Results of the Business Services Sector

The Business Services Sector, which offers business process outsourcing, security and digital transformation services for the finance and large enterprise segment, contributed to the Group's results at 30 April 2021, achieving Revenues and other income of Euro 47.3 thousand and an Ebitda result of Euro 2.9 million (Ebitda margin of 6.2%, with staff of 407 resources (up 40.8% compared to 2020).

The Business Services sector also accelerated its growth by external lines in the last quarter of the year, acquiring control of three companies and strengthening its offering of digital platforms and enterprise information management solutions.

In February 2021, the acquisition of 51% of Tecnikè Srl, a company active in the development of digital Cloud platforms for the fintech and insurtech sectors, was completed.

In April 2021, the purchase of 63.1% of **IFM Infomaster SpA**, a reference operator in the field of digital technologies, with a proprietary platform of Contact Management, offered to customers in cloud and pay-per-use modes and supplemented by artificial intelligence solutions, was completed. The company specialises strongly in the telecommunications, finance and outsourcing segments.

Also in April 2021, the purchase of a 60% interest in **Digital Storm Srl**, a company specialised in digitisation solutions for document management, corporate information and electronic invoicing, including Document Process Management and Enterprise Information Management, incorporating Abbyy OCR and OpenText CCM (Estream/StreamServe) technologies, went ahead. The company is specialised in the finance and utilities segments.

The reclassified income statement of the Business Services Sector (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Business Services Sector		**30 April**			
(Euro thousands)	**2021**	**%**	**2020**	**%**	**Change**
Third-party revenues	**44,253**		**7,827**		**465.4%**
Inter-sector revenues	2,479		137		1709.5%
Total Revenues	46,732		7,964		486.8%
Other income	528		209		152.6%
Total revenues and other income	**47,260**	**100.0%**	**8,173**	**100.0%**	**478.2%**
Consumable materials and goods	(8,362)	-17.7%	(2,322)	-28.4%	260.1%
Costs for services and rent, leasing, and similar costs	(21,793)	-46.1%	(3,294)	-40.3%	561.6%
Personnel costs	(13,992)	-29.6%	(1,989)	-24.3%	603.5%
Other operating costs	(172)	-0.4%	(12)	-0.1%	1333.3%
Ebitda	**2,941**	**6.2%**	**556**	**6.8%**	**429.0%**
Amortisation/depreciation, provisions and other non-monetary costs	(2,480)		(278)		792.1%
Operating result (Ebit)	**461**	**1.0%**	**278**	**3.4%**	**65.8%**
Net financial income and expense	(340)		(87)		290.8%
Result gross of taxes	**121**	**0.3%**	191	2.3%	-36.6%
Income taxes	(96)		(24)		300.0%
Net result for the year	**25**	**0.1%**	**167**	**2.0%**	**-85.0%**
Net result attributable to non-controlling interests	72		83		-13.3%
Net result attributable to the owners of the parent	(47)		84		-156.0%

The year ended 30 April 2021 represents the first full year of operation of the Business Services Sector, which joined the Group from March 2020. Consequently, the comparative figures at 30 April 2020 reflect just two months' operations (March and April 2020).

Total revenues and other income and operating profitability are in line with expectations, recording turnover and Ebitda of Euro 47,260 thousand and Euro 2,941 thousand respectively (Ebitda Margin 6.2%).

After depreciation and amortisation of Euro 2,480 thousand, net financial expenses of Euro 340 thousand and income taxes for the period, the net result was Euro 25 thousand.

The reclassified balance sheet of the Sector (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified Balance Sheet	30 April 2021	30 April 2020	Change
Intangible assets	18,894	4,093	14,801
Tangible assets (including rights of use)	7,991	3,795	4,196
Investments carried at equity			
Other non-current receivables and assets and deferred tax assets	2,145	1,555	590
Total non-current assets	**29,030**	**9,443**	**19,587**
Inventories	1,767	1,313	454
Trade receivables	14,593	10,662	3,931
Other current assets	3,125	2,824	301
Current assets for the year	**19,485**	**14,799**	**4,686**
Trade payables	15,018	16,215	(1,197)
Other current payables	10,222	5,509	4,713
Short-term liabilities for the year	**25,240**	**21,724**	**3,516**
Net working capital	**(5,755)**	**(6,925)**	**1,170**
Provisions and other non-current tax liabilities	5,028	1,497	3,531
Employee benefits	2,623	1,264	1,359
Net non-current liabilities	7,651	2,761	4,890
Net Invested Capital	**15,624**	**(243)**	**15,867**
Shareholders' Equity	14,140	6,743	7,397
Medium-Term Net Financial Position	13,491	4,946	8,545
Short-Term Net Financial Position	(12,007)	(11,932)	(75)
Tot. Net Financial Position (Net Liquidity)	1,484	(6,986)	8,470
Equity and Net Financial Position	**15,624**	**(243)**	**15,867**
Adjusted Net Financial Position	**(999)**	**(6,986)**	**5987**

The Net Financial Position of the Sector is negative by Euro 1,484 thousand compared to a positive balance of Euro 6,986 thousand at 30 April 2020, and mainly reflects investments made in corporate acquisitions and technological infrastructures in the last 12 months, for about Euro 20 million, net of the operating cash flow generated in the year. The Adjusted Net Financial Position (calculated excluding future commitments for the purchase of equity investments amounting to Euro 2,483 thousand) at 30 April 2021 is positive by Euro 999 thousand, compared to Euro 6,986 thousand at 30 April 2020.

The shareholders' equity of the SSI Sector at 30 April 2021 amounted to Euro 14,140 thousand, increasing from Euro 6,743 thousand at 30 April 2020, mainly due to changes in the area and the capital increase of approximately Euro 6 million subscribed and paid in by the parent company Sesa S.p.A..

Results of the Corporate Sector

The Corporate Sector, operating in strategic governance and the provision of services to the Group, strengthened its offering during the year to support the increase in companies included in the scope of consolidation and the integration processes of recent corporate acquisitions.

Projects for the automation and digitisation of the Group's platforms were accelerated during the year and investments in skills and technologies to support the Group's growth were further strengthened. The activities of ICT Logistica Srl continued during the year, expanding the range of services offered to customers.

The reclassified income statement of the Corporate Sector (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Corporate Sector		**30 April**			
(Euro thousands)	**2021**	**%**	**2020**	**%**	**Change**
Third-party revenues	**1,391**		**1,729**		**-19.5%**
Inter-sector revenues	17953		15,590		15.2%
Total Revenues	**19,344**		17,319		**11.7%**
Other income	3,412		2,870		18.9%
Total revenues and other income	**22,756**	**100.0%**	**20,189**	**100.0%**	**12.7%**
Consumables and goods for resale	(233)	-1.0%	(217)	-1.1%	7.4%
Costs for services and rent, leasing, and similar costs	(9,419)	-41.4%	(9,567)	-47.4%	-1.5%
Personnel costs	(9,083)	-39.9%	(7,241)	-35.9%	25.4%
Other operating costs	(315)	-1.4%	(262)	-1.3%	20.2%
Ebitda	**3,706**	**16.3%**	**2,902**	**14.4%**	**27.7%**
Amortisation/depreciation, provisions and other non-monetary costs	(3,847)		(1,969)		95.4%
Operating result (Ebit)	**(141)**	**-0.6%**	**933**	**4.6%**	**-115.1%**
Net financial income and expense	(27)		(25)		8.0%
Result gross of taxes	**(168)**	**-0.7%**	**908**	**4.5%**	**-118.5%**
Income taxes	(211)		(537)		-60.7%
Net result for the year	**(379)**	**-1.7%**	**371**	**1.8%**	**-202.2%**
Net result attributable to non-controlling interests					
Net result attributable to the owners of the parent	**(379)**		**371**		**-202.2%**

Total revenues and other income of the Sector, equalling Euro 22,756 thousand, shows an increase compared to the previous year (+12.7% Y/Y), thanks to the development 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 a further expansion of the user companies during the year.
The Gross margin (Ebitda) increased by Euro 804 thousand (+27.7%), from Euro 2,902 thousand at 30 April 2020 to Euro 3,706 thousand at 30 April 2021, due to the increase in revenues and the lower incidence of operating costs.

Amortisation, depreciation, provisions and other non-monetary costs mainly include the notional cost of Euro 3,257 thousand related to the new 2021-2023 stock grant plan and mainly related to the executive directors of the parent company.
After financial management, equity investments and taxes, the result for the year is negative by Euro 379 thousand at 30 April 2021, compared to a positive result of Euro 371 thousand at 30 April 2020.

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 April 2021	30 April 2020	Change
Intangible assets	2,161	2,112	49
Tangible assets (including rights of use)	1,139	944	195
Investments carried at equity	768	778	(10)
Other non-current receivables and assets and deferred tax assets	88,898	76,813	12,085
Total non-current assets	**92,966**	**80,647**	**12,319**
Inventories			
Trade receivables	9,533	4,874	4,659
Other current assets	868	7,599	(6,731)
Current assets for the year	**10,401**	**12,473**	**(2,072)**
Trade payables	3,803	4,025	(222)
Other current payables	5,915	7,876	(1,961)
Short-term liabilities for the year	**9,718**	**11,901**	**(2,183)**
Net working capital	**683**	**572**	**111**
Provisions and other non-current tax liabilities	597	622	(25)
Employee benefits	2,256	2,039	217
Net non-current liabilities	2,853	2,661	192
Net Invested Capital	**90,796**	**78,558**	**12,238**
Shareholders' Equity	**97,732**	**85,989**	**11,743**
Medium-Term Net Financial Position	130	177	(47)
Short-Term Net Financial Position	(7,066)	(7,608)	542
Tot. Net Financial Position (Net Liquidity)	(6,936)	(7,431)	495
Equity and Net Financial Position	**90,796**	**78,558**	**12,238**
Adjusted Net Financial Position	**(7,197)**	**(8,307)**	**1,110**

The Corporate Sector closed the year with a balanced equity and financial structure, with shareholders' equity of Euro 97,732 thousand at 30 April 2021 and non-current assets of Euro 92,966 thousand.

In terms of financing sources, the Net Financial Position did not undergo significant changes during the year, passing from a positive balance (net liquidity) of Euro 7,431 thousand at 30 April 2020 to a positive balance (net liquidity) of Euro 6,936 thousand at 30 April 2021.

Highlights of the income statements, balance sheets and cash flow statements of the parent company Sesa SpA

The reclassified income statement (in Euro thousands) for the year ended 30 April 2021 is provided below and compared with the previous year ended 30 April 2020.

Reclassified income statement	30 April 2021	%	30 April 2020	%	Change 2021/20
Net revenues	11,242		9,437		19.1%
Other Income	2,695		2,318		16.3%
Total Revenues and Other Income	**13,937**	**100.0%**	**11,755**	**100.0%**	**18.6%**
Purchase of goods	32	0.2%	44	0.4%	-27.3%
Costs for services and rent, leasing, and similar costs	4,202	30.1%	3,533	30.1%	18.9%
Personnel costs	6,057	43.5%	5,170	44.0%	17.2%
Other operating costs	147	1.1%	135	1.1%	8.9%
Total Operating Costs	10,438	74.9%	8,882	75.6%	17.5%
Gross Operating Margin (Ebitda)	**3,499**	**25.1%**	**2,873**	**24.4%**	**21.8%**
Amortisation and Depreciation	399		300		33.0%
Provisions and other non-monetary costs	3,257		1,533		112.5%
Operating Result (Ebit)	**(157)**	**-1.1%**	**1,040**	**8.8%**	**-115.1%**
Financial income and expense	11,992		10,524		13.9%
Result before taxes (Ebt)	**11,835**	**84.9%**	**11,564**	**98.4%**	**2.3%**
Income taxes	208		464		-55.2%
Net result	**11,627**	**83.4%**	**11,100**	**94.4%**	**4.7%**

Total revenues and other income amounted to Euro 13,937 thousand at 30 April 2021, growing by Euro 2,182 thousand (+18.6%) compared to the previous year, following 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 in favour of the main Group companies.

Total operating costs at 30 April 2021 amounted to Euro 10,438 thousand, up Euro 1,556 thousand (+17.5%) compared to Euro 8,882 thousand at 30 April 2020, 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 99 resources at 30 April 2020 to 114 resources at 30 April 2021.

The lower incidence of Operating Costs contributes to the growth of the Gross Operating Margin (Ebitda), equating to Euro 3,499 thousand at 30 April 2021 (Ebitda margin 25.1%), compared to Euro 2,873 thousand (Ebitda margin 24.4%) at 30 April 2020.

Provisions and other non-monetary costs include the notional cost of Euro 3,257 thousand related to the new 2021-2023 stock grant plan approved by the Shareholders' Meeting on 28 August 2020.

Financial management and equity investments went from Euro 10,524 thousand at 30 April 2020 to Euro 11,992 thousand at 30 April 2021, thanks to the distribution of higher dividends by the subsidiaries.

The Net result after taxes is Euro 11,627 thousand at 30 April 2021, increasing by 4.7% compared to the net profit at 30 April 2020 of Euro 11,100 thousand.

The reclassified balance sheet (in Euro thousands) for the year ended 30 April 2021 is provided below, and compared with the previous year ended 30 April 2020.

Reclassified Balance Sheet	30 April 2021	30 April 2020	Change 2021/20
Intangible assets	197	121	76
Tangible assets (including rights of use)	889	727	162
Investments and Other non-current receivables	91,307	79,117	12,190
Total non-current assets	**92,393**	**79,965**	**12,428**
Inventories			
Trade receivables	1,895	1,324	571
Other current assets	4,846	7,275	(2,429)
Other current assets	**6,741**	**8,599**	**(1,858)**
Trade payables	886	847	39
Other current payables	6,180	8,418	(2,238)
Short-term liabilities for the year	**7,066**	**9,265**	**(2,199)**
Net working capital	**(325)**	**(666)**	**341**
Provisions and other non-current tax liabilities	60	31	29
Employee benefits	1,870	1,696	174
Net non-current liabilities	1,930	1,727	203
Net Invested Capital	**90,138**	**77,572**	**12,566**
Shareholders' Equity	95,208	83,480	11,728
Medium-Term Net Financial Position	71	175	(104)
Short-Term Net Financial Position	(5,141)	(6,083)	942
Tot. Net Financial Position (Net Liquidity)	(5,070)	(5,908)	838
Equity and Net Financial Position	**90,138**	**77,572**	**12,566**

The balance sheet at 30 April 2021 highlights growth in net invested capital of Euro 12,428 thousand, mainly relating to the equity investments and in particular (i) the acquisition of a further 3% interest in DVH Holding SpA and (ii) the increase in the interest in Base Digitale SpA, which rose from 50% to 71% at 30 April 2021 following the subscription and payment of a capital increase.

In terms of financial sources, the Net Financial Position was positive by Euro 5,070 thousand at 30 April 2021 compared to Euro 5,908 thousand at 30 April 2020. The financial requirements for investments in fixed assets were covered thanks to the operating cash flow generated during the financial year.

Shareholders' equity at 30 April 2021 amounted to Euro 95,208 thousand, up from Euro 83,480 thousand at 30 April 2020, mainly as a result of the profit for the year, net of the purchase of treasury shares during the year, for approximately Euro 3.1 million.

Net financial position	30 April 2021	30 April 2020	Change 21/20
Liquidity	(5,689)	(5,767)	78
Current financial receivables		(1,500)	1,500
Current financial debt	548	1,184	-636
Short-term net financial position	**(5,141)**	**(6,083)**	**942**
Non-current financial debt	71	175	-104
Non-current net financial position	**71**	**175**	**-104**
Net financial position	**(5,070)**	**(5,908)**	**838**

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. In particular, during the year the Control 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 12 July 2021, 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 27 January 2021, the Shareholders' Meeting approved the adoption of the single-tier management system and the implementation of the new legal requirements for the composition of the Board of Directors in terms of diversity and independence, with an almost unanimous percentage. On the same date, the Shareholders' Meeting unanimously (100% of the capital attending the meeting) approved the integration of Article 19 of the Articles of Association, aimed at steering the directors' commitment towards pursuing success and sustainable growth to the benefit of all Stakeholders.

On 12 July 2021, 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 12 July 2021 the Board of Directors approved the Audit Report at 30 April 2021 prepared by the Internal Audit function and previously discussed by the Control 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 Executive in charge of preparation of the corporate accounting documents, 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 2021, the parent company Sesa SpA held 61,160 treasury shares, equating to 0.395% of the share capital, purchased at an average price of Euro 66.1 under the treasury share purchase plan approved by the shareholders' meeting of 28 August 2020. 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 Control 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, according to the "GRI Standards" reporting standard and is available on the Group's website www.sesa.it.

Human Resources

Workforce

Human resources represent the main asset of the Sesa Group: the skills and specialisations of human capital are the basis of the Group's ability to offer innovative technological and digital solutions to support businesses and organisations.
The SeSa Group promotes programmes and activities to develop professionalism and diversity and improve the well-being and quality of working life of its human resources, applying distinctive values such as integrity, fairness, attention to people, inclusion and sustainability, which guide the Group's strategy in the management of human capital.

At 30 April 2021, the number of employees of the Group reached a total of 3,441 (employees of the companies included in the scope of consolidation, excluding trainees), with an increase of 894 employees (+35.7% Y/Y) compared to the previous year. This confirms the long-term growth and development trend that has characterised the Sesa Group since its establishment. If we include trainees and employees of subsidiaries recognised at cost (not consolidated on a line-by-line basis) the number of human resources at 30 April 2021 is 3,561.

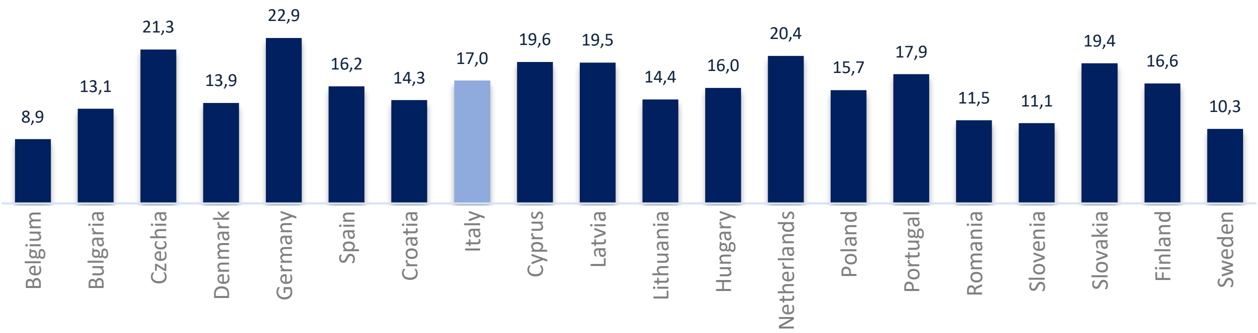
The following table shows the number of Group employees, broken down by category and gender:

	30 April 2021		30 April 2020		30 April 2019	
Total Employees	**3,441**		**2,547**		**1,900**	
Employees by professional category and gender	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Executives	32	3	20	2	19	1
Middle Management	263	68	202	50	142	26
White collars	1,986	988	1,445	764	1,081	615
Blue Collars	93	8	58	6	16	0
Total	**2,374**	**1,067**	**1,725**	**822**	**1,258**	**642**
Employees by contract and gender						
Permanent full-time contracts	2,291	844	1,664	641	1,266	468
Permanent part-time contracts	50	205	37	168	25	100
Temporary contracts	41	10	26	11	28	13
Total	**2,382**	**1,059**	**1,727**	**820**	**1,319**	**581**

The gender quota constitutes a qualified component of the business (31% at 30 April 2021), which also structurally reflects the intrinsic characteristics of the business sector in which the Group operates, strongly oriented towards hiring resources with technical and scientific skills. The Group has activated programmes aimed at strengthening gender equality, which, also in light of the progressive evolution of the training orientation of young resources, will lead to the progressive and further growth of the gender quota. It should be noted that the Group companies with the most recent date of incorporation have a gender quota of over 40% of total employees. The Group is strongly committed to balanced remuneration policies, with the aim of guaranteeing equal opportunities for men and women, and actions aimed at reducing the pay gap between men and women, generated mainly by the business segment in which the Group operates, characterised by a clear prevalence of specialised technical figures who are men. The Gender Pay Gap, i.e. the difference in pay between men and women expressed in percentage points for the same qualifications, reported at 30 April 2021 shows positive statistics for the Group in comparison with the Italian national average and that of the main European economies.

Gender Pay Gap	30 April 2021
Middle Management	12.9%
White collars	6.7%
Blue Collars	5.2%
Weighted average	**7.4%**[6]

According to ISTAT's "Structure of wages in Italy in 2018" report, the Gender Pay Gap in the Italian private sector[7] is 17.7%. At European level, the gender pay gap in the private sector varies from 8.9% in Belgium to 22.9% in Germany (source: Eurostat index, 2019). In this framework, Italy ranks eighth in the European ranking, with a rate of 17%.



Source: Eurostat (https://ec.europa.eu/eurostat/databrowser/view/earn_gr_gpgr2ct/default/table?lang=en)

The Group considers human capital to be a strategic resource, to be loyalised and developed through retention plans, long-term professional growth paths and the systematic appointment of permanent staff. At 30 April 2021, the percentage of staff employed on permanent contracts was about 99% of the Group's total resources.

Outgoing Turnover Rate	30 April 2021	30 April 2020	30 April /2019
Total terminations	**218**	**113**	**104**
Total employees	3,441	2,547	1,900
% Outgoing Turnover Rate	6.3%	4.4%	5.5%
% men	6.4%	5.3%	5.7%
% women	6.2%	2.7%	4.9%
Age Group (%)			
< 21-30 >	10.7%	10.4%	9.9%
< 31-50 <	6.6%	4.1%	5.1%
> 51	3.0%	2.3%	3.6%
Geographic Area (%)			
Northern Italy	7.0%	6.1%	6.9%
Central Italy	4.8%	3.5%	4.7%
Southern Italy	8.3%	0.0%	0.0%
Abroad	16.4%	6.1%	0.0%

[6] The figure was calculated as a weighted average based on the total number of employees by professional figure. The category of Executives is excluded from the sample as it is not representative. The index was calculated including the Italian companies belonging to the Group (the following foreign companies are excluded: Beenear Srl, ICOS Gmbh, WSS Sagl, PBU CAD-Systeme Gmbh). Coverage of the perimeter for reporting the figure is 94%.

[7] The statistical process for the private sector is based on the Annual Register on Wages, Hours and Labour Costs for Individuals and Firms (Registro annuale su retribuzioni, ore e costo del lavoro per individui e imprese (RACLI), a thematic statistical register on the labour market within the Istat Registry System.

As proof of this commitment, in the year ended 30 April 2021, an outgoing turnover rate of 6.34% was recorded, falling to 5.71% considering the Group companies in Italy, a very low percentage compared to the average for the Information Technology sector, which presents a structural lack of professionalism and a mobility of human resources higher than the national average.

The average age of the Group's resources is about 44, and personnel under the age of 50 account for 73% of the total, with a specific focus of hiring activities on personnel under the age of 30, who account for about 50% of the new hires for the year to 30 April 2021.

Hiring

During the year, investments in human resources were further strengthened, with over 400 hires, mainly of young people from specialisation schools and Italian universities (about 50% of new hires were under the age of 30), brought into the company with training plans in the areas of greatest growth and development potential (Cloud, Security, Analytics, Cognitive, Collaboration) and confirmed on a permanent basis at the end of the training period with percentages close to 100%.

Recruitment by area and age bracket	**30 April 2021**
Total new hires	402
- Men	318
- Women	84
Age Group (%)	
< 21-30 >	197
< 31-50 <	159
> 51	46
Geographic Area (%)	
Northern Italy	178
Central Italy	175
Southern Italy	6
Abroad	43

The Group's selection process aims to identify the best resources available through agreements with the main universities in Italy, organisation of highly specialised vocational training courses (ITS), 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.

The working environment, the opportunity to work on stimulating and innovative projects, in which diversity is valued and each individual is able to express his or her abilities and potential, together with the Group's great commitment to sustainable development, are key elements in the process of attracting talent, especially among the younger generations. In this sense, every year, the Group offers numerous internship opportunities, giving young people with strong potential the chance to get to know the company and take part in a training experience. At 30 April 2021, 79 internships were active, including curricular and extra-curricular internships designed to feed the interns into the company, as well as 272 professional apprenticeships.

Training and Development of resources

The Sesa Group pursues human capital retention plans through a mix of strategic governance and development tools (training, career plans, work-life balance, team building and corporate welfare initiatives) by the parent company Sesa S.p.A.

Training (number of employees trained)	30 April 2021	30 April 2020	30 April 2019
Total	**2,759**	**1,106**	**1,222**
Compulsory training	2,023	527	544
Training in basic and cross-sectoral skills	233	224	220
Technical training	503	355	458

Training (training hours)	30 April 2021	30 April 2020	30 April 2019
Total	**26,302**	**20,017**	**18,089**
Compulsory training	11,539	4,631	4,355
Training in basic and cross-sectoral skills	2,409	6,891	4,835
Technical training	12,354	8,495	8,899

	30 April 2021		30 April 2020		30 April 2019	
Training by gender	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Total	19,090	7,213	14,065	5,950	14,176	3,913
Compulsory training	8,489	3,050	2,902	1,729	2,825	1,530
Training in basic and cross-sectoral skills	1,056	1,354	5,138	1,753	3,952	883
Technical training	9,545	2,809	6,025	2,468	7,399	1,500

In this sense, training plays a key role in the process of enhancing people's value and loyalty, forming an important tool for developing and consolidating individual skills and, at the same time, for disseminating the Group's values and strategy, supporting its sustainable growth and cultural and organisational evolution.
Training activities are designed in line with the need to adapt skills to the technological evolution processes undertaken by the Group and to the need to develop personal skills in line with the new business context and new organisational models.

Despite the Covid-19 emergency period and the related forced lockdown of training activities in physical presence for most of the year, staff training activities were further intensified, with more than 26,300 hours provided (around 30% more than in the last financial year) at 30 April 2021. Starting from the beginning of the fiscal year, an intense implementation of the contents of the company's e-learning training platform (a method of providing training courses that offers the possibility to independently manage individual study times and methods) was launched, allowing a greater number of employees to be involved in training activities (over 2,700 people trained during the year). In this way, employees were able to benefit from a special focus on technical and professional skills (hard skills), key components for professional development (about 45% more hours provided compared to 30 April 2020), and on compulsory training required by law (about 150% more hours provided compared to 30 April 2020).

Health and safety

As regards employee health and safety, a team of specialised resources (Human Resources Management, Prevention and Protection Service Manager, Medical Officer, ESR) is responsible for ensuring a safe working environment and in compliance with current regulations, defining guidelines to help guarantee employee health and safety, coordinating monitoring activities and, where necessary, improving safety conditions. In this context, every employee plays a fundamental role. The dissemination of a safety culture, together with the creation of risk awareness on the part of the worker, are central factors in providing a safe working environment. The identification and assessment of the risks present in the company, which represents the pre-eminent activity of prevention action, is guaranteed by constantly monitoring company processes.

Regular analyses are carried out to detect the presence of any hazards at work and to identify and assess risks. The control measures applied to eliminate or contain risks include:
- numerous health and safety training programmes, differentiated according to the risks and professional profiles present in the company;
- personal and collective protective equipment and devices;
- any organisational provisions necessary to ensure maximum safety of employees in the workplace.

Occupational safety - accidents[8]	30 April 2021	30 April 2020	30 April 2019
Total	**8**	**4**	**5**
Men	4	2	2
Women	4	2	3
Geographic Area (%)			
Northern Italy	3	-	1
Central Italy	5	4	4
Southern Italy	-	-	-
Abroad	-	-	-
Frequency index*	**1.99**	**1.24**	**1.90**
Severity index**	**0.03**	**0.04**	**0.01**

* The **frequency index** is calculated as follows: (no. accidents/no. work hours) x 1,000,000. The number of hours worked includes only internally managed companies. Coverage of the perimeter for reporting the figure is 75.5%.
** The **severity index** is calculated as follows: (no. days lost due to accident/no. work hours) x 1,000. The total number of accidents does not include in-transit accidents. The number of days lost as a result of an accident is calculated considering the calendar days. The number of hours worked includes only companies with internally managed personnel[9].

2021 has still been significantly impacted by the pandemic. The Sesa Group promptly adopted significant 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 for its stakeholders. In response to the lockdown measures (full or partial), progressive mitigation actions were implemented, including changes in working methods, management and the optimisation of offices and procedures, measures to protect employee health and safety, with the adoption of hybrid work organisation models and the widespread use of smart working.

The Sesa Group promptly activated a flow of information to its resources, relating to operating procedures and the rules of conduct to be observed, how to access company offices and the contents and mandatory requirements of the successive Government Decrees. A Task Force was set up to provide guidance on occupational health and safety, which, with the involvement of the main departments such as the Human Resources and Legal & Compliance Departments, the Medical Officer and the heads of employee safety of the Group companies, promptly adopted Protocols for the correct prevention of contagion.

Measures revising office opening hours and restricting access to the premises have been put in place to protect Group employees. Hygiene and sanitary precautions were also strengthened at the branches and central offices; in compliance with the obligations on Covid-19 and in line with the safety measures set out in the Group's Covid-19 Protocol, all the Group's offices were equipped with appropriate safety devices, such as signs, separate entrances, personal protection equipment (including temperature scanners and thermometers), and new organisational measures were implemented to ensure the correct management of work activities.

The most significant performance ratios for measuring the effectiveness of actions taken on occupational health and safety include the results of accident analysis and monitoring. Only eight accidents were reported in 2021, all of which minor and five of which while commuting; no fatal or significant accidents were recorded at 30 April 2021, just as in previous years.

[8] In accordance with the new GRI provisions, the number of accidents reported at 30 April 2021 takes into account both accidents at work and those that occurred while commuting.
[9] Companies with external personnel management are the following: Apra S.p.A., Centro 3Cad S.r.l., Evotre S.r.l., Apra Computer System S.r.l., Palitalsoft S.r.l., PBU CAD-SYSTEME GmbH, Sinapsi S.r.l., Beenear S.r.l., Digital Storm S.r.l., Zero12 S.r.l., IFM S.r.l., Tecnikè S.r.l., Di.Tech S.r.l., Pragma Progetti S.r.l., Weelgo S.r.l., Wss S.r.l., Wss Sagl, Icos GmbH. The frequency and severity indices are overestimated, as they compare the accidents of the entire Group with the hours worked only by companies with internal personnel management.

Welfare

People are a key strategic asset to ensure development and success over time. This is why the Group is increasingly committed to identifying tangible initiatives aimed at promoting and increasing the individual and family wellbeing of workers through an articulated Welfare Plan that has been active for about 10 years.

With this in mind, the Welfare Plan aims to combine the Group's mission, principles and key values, enabling the use of services and initiatives to improve the quality of life and wellbeing of employees, their families and the communities in which they work, as well as to further improve the work-life balance.

Sesa Group welfare plan (number of interventions)	30 April 2021	30 April 2020	30 April 2019
Total	**6,312**	**5,062**	**3,944**
- Benefits	1,553	1,405	828
- Flexible Benefits	4,700	3,584	3,055
- Crèche	59	73	61

The focus on human resources was confirmed with the presentation of the 2021-2022 corporate welfare plan, which envisages, in light of the global crisis and the extraordinary effort made by the SeSa Group's human resources during the Covid-19 emergency, a further strengthening of the contribution for sustainable mobility to travel to work (public transport, Bike Sharing and E-Car Sharing), as well as the introduction of a digital voucher for the purchase of computer equipment for the children of employees attending all levels of education up to university. Moreover, the other initiatives already available, including those in favour of employees' children (scholarships for the purchase of schoolbooks, contributions for crèches and subsidised SeSa Baby di Empoli fees, contributions for summer camps and study trips abroad) were confirmed, as were contributions for housing autonomy for resources under 35. The strengthening of the contribution for sustainable mobility is strategically aligned with the environmental sustainability policies launched by the Group with a view to supporting the green economy.

Lastly, the amount of Flexible Benefits that can be spent by each worker and used flexibly through a digital menu that allows them to select the services they prefer has also been confirmed. This has already been implemented with important innovations in the previous two years, with the introduction of the new welfare shopping voucher and the school career guidance service for employees' children. Work-Life Balance and human capital enhancement programmes were expanded, with the introduction of a new “Corporate Solidarity Microcredit” service for access to loans with favourable conditions and an advantageous interest rate, as well as the gradual activation of a “Digital Psychological Support Desk” aimed at promoting personal wellbeing and improving the organisational climate. Programmes for the enhancement of human capital, such as scholarships for participation in degree courses or university masters, were also confirmed.

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 COVID-19 PANDEMIC

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 2020, was to implement the necessary organisational adjustments to protect the health of its employees. During the various lockdown phases, its operating activities were 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, supporting continuity of the country's main economic and health activities. The risk mitigation procedures and controls put in place during the first lockdown phase to manage the main business risks and protect stakeholders continued to operate in 2021:
- 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;
- 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 of the year show a favourable trend both in terms of revenues and profitability, 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.

ENVIRONMENTAL RISKS

Climate change is increasingly perceived as a challenge to be addressed immediately and - where possible - to be turned into an opportunity. As a result of climate change, companies are faced with a number of significant challenges: increased operating costs, asset impairment and reduced demand for goods and services. When assessing risks, therefore, it is necessary to analyse the geopolitical and market context in detail, with a thorough, organic and prompt risk assessment.

In June 2019, the "European Commission's new guidelines on reporting climate change related information" were published, with a list of risks for companies caused by climate change, divided into physical and transition risks.
Sesa can gain a competitive advantage by looking at the development of new technologies, and the development of energy efficient products and services. Lastly, to combat the threat of climate change, Sesa acts in parallel to mitigate the effects of climate change (actions aimed at the reduction of climate-changing gases) and adapt to the consequent impact (protection of its assets against the impacts of climate change).

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 the Compliance Model under Law 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 Covid-19 pandemic" 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 characteristic management of the Sesa Group companies generates a need for working capital and, consequently, financial exposure. The Group closed the consolidated financial statements as at 30 April 2021 with a net financial position (net liquidity) of Euro 94,681 thousand. At the end of the quarter, however, the Group handled a financial requirement generated by the seasonal nature of the business and by increases 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.

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 2021, 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 indebtedness at 30 April 2021 (net financial position of Euro 94.6 million) and the average level of indebtedness for the year (net financial position of Euro 34.6 million), 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 2021 there were 52 forward transactions in place, 42 of which had a negative fair value of Euro 365 thousand and 10 of which had a positive fair value of Euro 21 thousand. In relation to the Group's limited foreign exchange operations and the hedging activity of the risk itself, carried out through forward transactions, the Group reported insignificant results in the sensitivity analyses aimed at evaluating 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 2021, 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 2021 was essentially centralised in Computer Gross SpA and Var Group SpA.

Significant events occurring after the end of the year

In the early months of the new year, the Sesa Group continued its operations, strengthening its role as a key player in the digital transformation on the Italian market, thanks to important business development transactions and corporate acquisitions completed in May 2021:
- the increase of the shareholding in the capital of PM Service Srl by Computer Gross SpA from 19% to 70%. PM Service, with about 25 employees, offers technology and consulting services for energy efficiency and the production of energy from renewable sources, with annual revenues of approximately Euro 30 million and an expected Ebitda margin in line with the Group's average. Thanks to the combination of PM Service's technological vendors with that of Computer Gross, a national centre of expertise has been created in the field of environmental sustainability and digital green, with prospects for significant growth in the coming years;

- the signing by Var Group SpA of a binding agreement for the purchase of 55% of the capital of Addfor Industriale Srl, a Turin-based company specialising in Artificial Intelligence and Data Science solutions for industrial sectors Made in Italy;
- the acquisition by Var Group SpA of 60% of the capital of Cadlog Group Srl, a company that offers software solutions for the design of electronic production on the European market, carrying out a crucial activity for the digitisation of European manufacturing districts. Together with its subsidiaries based in Germany, France and Spain, Cadlog Group generates consolidated revenues of approximately Euro 15 million, of which more than 50% abroad, mainly in Germany, with 50 specialised resources located in four operating sites in Italy, France, Germany and Spain;
- the acquisition of 100% of the capital of Cimtec Gmbh, based in Frankfurt, through the Group's subsidiary PBU-Cad Systeme Gmbh. Cimtec operates in the field of software solutions for engineering-intensive mechanical production companies, with annual revenues of approximately Euro 2 million.

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

Outlook

The Group confirms the favourable outlook for the year ending 30 April 2022, already reflected in the current consensus of analysts, with expectations of revenue and profitability growth above the Group's long-term track record (CAGR revenues 2011-2021 +10.6%, CAGR Ebitda 2011-2021 +13.9%, CAGR EAT Adjusted +17.5%). Particularly noteworthy are the favourable business performance in May and June 2021, the pipeline of acquisitions under evaluation and the continuous growth of human resources, with a target of more than 4,000 employees at 30 April 2022.

The Group will intensify its role as a reference player on the technological innovation market, supporting the demand of its customers for digital transformation in a crucial phase of market evolution (average annual growth of the Italian Information Technology market is expected to be 6.3% in 2021-2023, source: Sirmi May 2021), pursuing sustainability policies to the benefit of all Stakeholders.

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

We propose to the shareholders' meeting the distribution of a dividend of Euro 0.85 per share for a total of Euro 13.2 million, gross of treasury shares in portfolio, up 34.9% compared to the last distribution of dividends for the year ended 30 April 2019.

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 2021

Consolidated Income Statement

(Euro thousands)	Note	Year ended 30 April 2021	2020
Revenues	7	2,022,454	1,762,641
Other income	8	14,769	13,384
Consumables and goods for resale	9	(1,590,272)	(1,429,220)
Costs for services and rent, leasing, and similar costs	10	(157,031)	(134,937)
Personnel costs	11	(162,972)	(114,763)
Other operating costs	12	(10,463)	(11,535)
Amortisation and Depreciation	13	(32,483)	(21,673)
Operating result		**84,002**	**63,897**
Share of profits of companies valued at equity	14	2,345	1,698
Financial income	15	8,578	4,178
Financial expenses	15	(14,099)	(9,582)
Profit before taxes		**80,826**	**60,191**
Income taxes	16	(24,040)	(18,003)
Profit for the year		**56,786**	**42,188**
of which:			
Profit attributable to non-controlling interests		4,514	4,274
Profit attributable to the Group		52,272	37,914
Earnings per share - basic (in Euro)	25	3.39	2.46
Earnings per share - diluted (in Euro)	25	3.37	2.45

Consolidated Statement of Comprehensive Income

(Euro thousands)	Note	Year ended 30 April 2021	2020
Profit for the year		**56,786**	**42,188**
Items that cannot be reclassified to the Income Statement			
Actuarial gain/loss for employee benefits - Gross effect	25	216	(1,277)
Actuarial gain/loss for employee benefits - Tax effect	25	(51)	306
Comprehensive income for the year		**56,951**	**41,217**
of which:			
Comprehensive income attributable to non-controlling interests		4,538	4,152
Comprehensive income attributable to the Group		52,413	37,065

Consolidated Statement of Financial Position

(Euro thousands)	Note	At 30 April 2021	2020
Intangible assets	17	142,826	74,273
Rights of use		55,220	49,617
Property, plant and equipment	18	44,722	34,341
Investment property	19	290	290
Equity investments valued at equity	14	13,850	12,158
Deferred tax assets	20	12,987	9,901
Other non-current receivables and assets	21	14,644	15,524
Total non-current assets		284,539	196,104
Inventory	22	86,920	91,127
Current trade receivables	23	355,781	393,645
Current tax receivables		6,001	5,307
Other current receivables and assets	21	57,634	43,817
Cash and cash equivalents	24	426,665	368,466
Total current assets		933,001	902,362
Non-current assets held for sale			
Total assets		**1,217,540**	**1,098,466**
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(19,421)	(17,763)
Profits carried forward		227,776	183,884
Total shareholders’ equity attributable to the Group		278,626	236,392
Shareholders' equity attributable to non-controlling interests		18,729	17,467
Total Shareholders' equity	25	297,355	253,859
Non-current loans	26	176,392	156,551
Financial liabilities for non-current rights of use		33,626	30,487
Employee benefits	27	40,897	31,022
Non-current provisions	28	2,284	1,780
Deferred tax liabilities	20	35,989	18,885
Total non-current liabilities		289,188	238,725
Current loans	26	111,961	119,092
Financial liabilities for current rights of use		10,245	8,114
Trade payables		366,101	379,066
Current tax payables		7,403	5,812
Other current liabilities	29	135,287	93,798
Total current liabilities		630,997	605,882
Total liabilities		920,185	844,607
Total shareholders' equity and liabilities		**1,217,540**	**1,098,466**

Consolidated Statement of Cash Flows

(Euro thousands)	Note	Year ended 30 April 2021	2020
Profit before taxes		**80,826**	**60,191**
Adjustments for:			
Amortisation and Depreciation	13	32,483	21,673
Accruals to provisions relating to personnel and other provisions	12.11	10,411	10,549
Net financial (income) expense	15	3,309	2,541
Share of profits of companies valued using the equity method	14	(2,345)	(1,698)
Other non-monetary entries		2,403	968
Cash flows generated from operating activities before changes in net working capital		**127,087**	**94,224**
Change in inventory	22	6,149	(7,187)
Change in trade receivables	23	55,692	(7,612)
Change in payables to suppliers		(28,727)	27,937
Change in other assets	21	(2,231)	13,360
Change in other liabilities	29	19,168	(571)
Use of provisions for risks	28	(785)	(3,804)
Employee benefits	27	(1,769)	(582)
Change in deferred taxes	20	(3,373)	(2,088)
Change in receivables and payables for current taxes		977	489
Interest paid	15	(4,009)	(3,313)
Taxes paid		(20,291)	(15,611)
Net cash flow generated from operating activities		**147,888**	**95,242**
Investments in companies net of cash acquired	6	(10,322)	(6,959)
Investments in property, plant and equipment	18	(17,072)	(11,810)
Investments in intangible assets	17	(9,927)	(4,791)
Disposal of property, plant and equipment and intangible assets	17.18	296	188
Disposal of investment property	19		-
Disposal of assets held for sale		-	-
Investments in associated companies	14	(28)	(980)
Disposals of associated companies	14	-	-
Non-current equity investments in other companies	21	(1,812)	(1,833)
Disposals of non-current equity investments in other companies	21	(163)	3,781
Dividends collected		690	545
Interest collected	15	581	763
Net cash flow generated from/(used in) investing activity		**(37,757)**	**(21,096)**
Subscription of long-term loans	4.26	65,917	156,715
Repayment of long-term loans	4.26	(76,202)	(108,479)
(Reduction)/increase in short-term loans	4.26	(26,947)	17,691
Repayment of financial liabilities for rights of use		(11,561)	(8,002)
Investments/disinvestments in financial assets		478	560
Capital increase			
Change in Group's equity			
Change in equity attributable to non-controlling interests			
Treasury shares	25	(3,107)	(2,765)
Dividends distributed	25	(510)	(10,474)
Net cash flow generated from/(used in) financing activities		**(51,932)**	**45,246**
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**58,199**	**119,392**
Opening balance of cash and cash equivalents		368,466	249,074
Closing balance of cash and cash equivalents		**426,665**	**368,466**

Consolidated Statement of Changes in 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 interests	Total Shareholders' equity
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
Transactions with shareholders							
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 plans - 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)
At 30 April 2020	**37,127**	**33,144**	**(17,763)**	**183,884**	**236,392**	**17,467**	**253,859**
Profit for the year				52,272	52,272	4,514	56,786
Actuarial gain/(loss) for employee benefits - gross			185		185	31	216
Actuarial gain/(loss) for employee benefits - tax effect			(44)		(44)	(7)	(51)
Comprehensive income for the year			141	52,272	52,413	4,538	56,951
Transactions with shareholders							
Purchase of treasury shares			(3,108)		(3,108)		(3,108)
Sale of treasury shares							
Distribution of dividends						(510)	(510)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plan - shares vesting in the period			3,257		3,257		3,257
Allocation of profit for the year			11,100	(11,100)			
Change in the scope of consolidation and other changes			(13,048)	2,720	(10,328)	(2,766)	(13,094)
At 30 April 2021	**37,127**	**33,144**	**(19,421)**	**227,776**	**278,626**	**18,729**	**297,355**

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 12 July 2021.

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 2021 (hereinafter the “Consolidated financial statements”) are illustrated below.

2.1. Preparation Basis

The Consolidated financial statements for the year ended 30 April 2021 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 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 2021 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 and, if the conditions are met, the expected value of any put options granted to minority shareholders. 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 tangible 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 2021, 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.

(b) 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 1 May 2021.

- 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 application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In October 2018, the IASB published a number of amendments to IAS 1 and IAS 8, clarifying the definition of "material information". The application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7 - “Interest rate benchmark reform -- Phase 1” - providing clarification in view of the reform on the interest rates applied to transactions carried between banks. The application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16 "Leases”) that provides an optional practical expedient for the valuation of leases where lease payment relief has been obtained as a result of the Covid-19 emergency by 30 June 2021. Based on this amendment and under certain conditions, the lessee may choose to record the effects of the relief as variable rent in the period in which the event or condition triggering the relief occurred. The amendment is applicable for annual periods beginning on or after 1 April 2021 but earlier adoption is permitted. At the date of this Report, the Group had not made use of the optional practical expedient introduced by the above amendment.

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

- In June 2020, the IASB published an amendment to “IFRS 4 Insurance Contracts - deferral of IFRS 9”. The amendment extends the expiry date of the temporary exemption from the application of IFRS 9 from 1 January 2021 to 1 January 2023, to align the dates of entry into force of IFRS 9 “Financial Instruments” with IFRS 17 “Insurance Contracts” The amendment will be applicable for annual periods beginning on or after 1 January 2021.
- In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 -'Interest Rate Benchmark Reform - Phase 2'- that address issues arising from the implementation of the IBOR rate reform, including the replacement of a benchmark with an alternative one. The new standard is applicable for annual periods beginning on or after 1 January 2021.
- 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 amendments will be applicable as from 1 January 2022.

The Group will adopt these new standards, amendments and interpretations, based on their expected date of application. At present, the Group is analysing the above-mentioned accounting standards and assessing whether their adoption will have a significant impact on the financial statements.

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 January 2020 (and updated in July 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 2023.
- In February 2021, the IASB published a number of minor amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve reporting on accounting standards and to help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendment is applicable for annual periods beginning on or after 1 January 2023.

- In March 2021, the IASB published an additional amendment to IFRS 16 to extend the possibility of using the practical expedient also for the period from 30 June 2021 to 30 June 2022. The amendment is applicable for annual periods beginning on or after 1 April 2021.
- In May 2021, the IASB published an amendment to IAS 12 "Income Taxes", "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which clarifies how companies report deferred taxes on transactions such as leases and decommissioning obligations. The amendment is applicable for annual periods beginning on or after 1 January 2023.

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 2021 are at floating rates.

EXCHANGE RATE RISK

The Group is active mainly 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 2021 there were 52 forward contracts in force, 42 of which had a negative fair value of Euro 365 thousand and 10 of which had a positive fair value of Euro 21 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 2021, almost all of the financial and cash resources are deposited with rated or investment grade counterparties.

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

With reference to trade receivables, the most risky situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts, 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 2021 and 30 April 2020, grouped by due date, net of the portion of the provision for bad debts.

(Euro thousands)	**At 30 April 2021**	**At 30 April 2020**
Yet to mature	321,741	341,378
Expired by 0-90 days	23,235	39,409
Expired by 90-180 days	2,810	5,778
Expired by 180-360 days	2,968	3,271
Expired by over 360 days	4,017	3,809
Total	**354,771**	**393,645**

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 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	254,181	77,789	176,392	
Short-term loans	33,781			
Advances received from factoring companies	391			
Financial liabilities for rights of use	43,871	10,245	22,094	11,532
Exchange rate derivatives				
Trade payables	366,101	366,101		
Other current and non-current payables	135,287	135,287		

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		

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 2021 and 30 April 2020. 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 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					-
Current trade receivables	355,781				355,781
Other current and non-current assets	61,110		11,147	21	72,278
Cash and cash equivalents	426,665				426,665
Total assets	843,556		11,147	21	854,724
Liabilities					-
Current and non-current loans	246,742		41,611		288,353
Financial liabilities for rights of use	43,871				43,871
Trade payables	366,101				366,101
Other current liabilities	134,922			365	135,287
Total liabilities	791,636		41,611	365	833,612

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	787,107

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 with reference to listed (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 2021, 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		21	
Assets available for sale			
Investments in other companies			11,147
Other Assets			
Total		21	11,147
Liabilities measured at Fair Value			
Derivative financial instruments		365	
Financial liabilities at fair value through profit or loss		7,958	
Other Liabilities		33,653	
Total		41,976	

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 2021.

Non-current investments in other companies refer to companies that are not listed on an active market. These investments are valued at cost less any impairment losses. 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 2021:

(*Euro thousands*)	**Level 1**
Balance at 30 April 2020	-
Profits and (losses) through profit or loss	
Increases/(Decreases)	
Balance at 30 April 2021	-
Total	**-**

(*Euro thousands*)	**Level 2**
Balance at 30 April 2020	(12,573)
Profits and (losses) through profit or loss	6
Increases/(Decreases)	(29,077)
Balance at 30 April 2021	(41,955)
Total	**(41,955)**

(*Euro thousands*)	**Level 3**
Balance at 30 April 2020	10,984
Profits and (losses) through profit or loss	(19)
Increases/(Decreases) and reclassifications	182
Balance at 30 April 2021	11,147
Total	**11,147**

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 property are tested for impairment, which should be recognised through a write-down, when there are indications that it may be difficult to recover their net book value through use. Verification of the existence of the above indicators requires directors to make subjective assessments based on information available 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.

(F) BUSINESS COMBINATIONS

The verification of the existence of control, joint control or significant influence over another entity requires the exercise of complex professional judgement by the Company's management, taking into account the characteristics of the corporate structure, agreements between the parties and any other fact or circumstance that may be relevant to such verification. The use of significant accounting estimates also characterises the processes of allocation of fair value to identifiable assets and liabilities acquired in business combinations.

(G) POTENTIAL LIABILITIES

The Group recognises a liability for ongoing litigation when it believes that a future outflow of funds is probable and when the amount of the resulting losses can be reasonably estimated. If a financial outflow is possible but the amount cannot be determined, this event is mentioned in the notes to the financial statements. The Group constantly monitors the status of pending lawsuits and consults with its legal and tax advisors. However, given the uncertainties inherent in assessing the development of ongoing proceedings, it cannot be excluded that the value of the Group's provisions for legal proceedings and litigation may change as a result of future developments in ongoing proceedings.

5. Business combinations

Among the business combinations carried out during the year, relating mainly to the SSI Sector, details of the most significant are provided below.

In the Digital Cloud BU, the majority of the capital of zero12 Srl, based in Padua and specialised in Cloud Computing and Big Data Analysis solutions, with particular reference to SaaS application development on the AWS platform, was acquired.

In the Smart Services BU, control of WSS Italia Srl, a company based in Milan and offering system management software solutions and remote and application management services on both the Italian and Swiss markets, was acquired through the wholly-owned subsidiary WSS IT Sagl.

In the ERP & Industry solutions BU the following should be noted: (i) the acquisition of control of Infolog SpA, specialised in the design and development of software solutions for the computerised management of warehouse logistics (warehouse management system, "WMS"); (ii) the acquisition of 100% of the capital of Di. Tech SpA, based in Bologna and with a human capital of over 250 resources (including those of the Romanian subsidiary Beenear Srl) specialised in the provision of software solutions and IT services for the large-scale retail sector, particularly in the management of logistics, supply chain and store management information systems; (iii) the acquisition of Pragma Progetti Srl and Pragma Solution Srl, both companies operating in the supply of ERP management solutions and digital services for the SME and Enterprise segments; (iv) the acquisition of the ERP software business unit Me. R.Sy (Merchandise Retail System), specialised in offering proprietary applications for the large-scale retail/Retail segments by the subsidiary Mersy Srl; (v) the acquisition of the majority of the share capital of Palitalsoft Srl, a company specialised in offering software solutions and digital transformation solutions for local public companies;

In the Data Science BU, the consolidation of Analytics Network Srl and SPS Srl began in May 2020. Both companies are specialised in the development of cognitive analytics solutions and services for the enterprise segment, with consolidated expertise in data analytics in support of business processes, Predictive Analysis, Machine Learning and Artificial Intelligence. To support the growth of the Business Unit in the next financial year, we should also mention the transaction carried out in May 2021 with the acquisition of the majority of the capital of Addfor Industriale Srl, specialised in Artificial Intelligence and Data Science solutions for industrial sectors Made in Italy.

It should be noted that the Purchase Price Allocation (PPA) process initiated following the acquisition of control of IFM Infomaster SpA, Digital Storm Srl, Tecnikè Srl and Weelgo Srl and Zero12 Srl was in progress at the reporting date.

In compliance with IFRS 3, the fair values of assets, liabilities and potential liabilities were determined at 30 April 2021.
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 2021:

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 2021:

Euro thousands	Analytics Network Srl	SPS Srl	DI.Tech Spa	Endurance Srl	Infolog Srl	Service Technology Srl	Zero12 Srl	Clever Consulting Srl	47Deck Srl	Nebula Srl	Alisei Srl	Elmas Srl	Skeeller Srl	Var Next Srl	WSS Italia Srl	Beenear Srl	Weelgo Srl	Sinapsi Srl	Palitalsoft Srl	WSS It Sagl	Var Hub Srl	Mercy Srl	Pragma Progetti Srl	IFM Srl	Tecnike' Srl	Digital Storm Srl	Total
Intangible assets	2,699	7,899	5,376	1,587	8,194	642	4,242	4,101	1,342	151	70	1,262	2,920	301	4,044	10	168	391	6,392		9	2,981	1,174	8,079	181	5,410	69,625
Property, plant and equipment	23	652	1,247	30	257	42	27	20	34	10	1	83	34		110	441	6	31	29	18		18	377	142	270	113	4,016
Other current and non-current assets	501	3,516	3,152	48	140	276	19	2	168	146	1	509	234	39	1,203	513	8	179	276	36			1,239	663	-	455	13,322
Inventory	-	-			234	737	92	-	98		3	133	28			-	4		66					528	19	-	1,942
Trade receivables	312	776	5,239	328	1,773	514	664	1,176	1,710	377	37	185	318	503	1,674	877	128	543	1,382	55	54		1,692	3,026	296	1,132	24,771
Cash and cash equivalents	766	1,103	5,183	179	806	62	1,145	521	326	24	11	841	341	165	266	266	47	149	668	397	10		1,035	3,470	34	363	18,178
Assets purchased	**4,301**	**13,946**	**20,197**	**2,172**	**11,404**	**2,273**	**6,189**	**5,820**	**3,678**	**708**	**123**	**3,013**	**3,875**	**1,008**	**7,297**	**2,106**	**361**	**1,293**	**8,813**	**506**	**73**	**2,999**	**5,517**	**15,908**	**800**	**7,474**	**131,854**
Non-current loans	96	101	1,050		459	164		164				36	70	82	97	-	25	99		-				2,119	108		4,670
Employee benefits	87	65	2,735	105	526	39	78	317	154	155		343	38	55	293	131	2	139	1,472			430	339	445	14	177	8,140
Current loans	240	630			549	177		177	140			21				-	3		26					560	121	137	2,782
Deferred tax liabilities	743	2,059	1,301	449	2,349	178	1,222	1,180	231	24	20	359	833	81	1,148	-	68	89	1,205	2			338	1,879	52	1,544	17,354
Trade payables	118	1,288	3,529	181	137	228	935	736	1,999	63	43	508	22	160	900	78	75	292	460		58	58	1,292	1,873	26	270	15,328
Other liabilities	332	4,180	4,154	120	1,302	1,012	104	72	504	388		322	348	313	1,432	167	22	155	412	42			678	1,988	172	1,174	19,392
Liabilities purchased	**1,616**	**8,323**	**12,769**	**855**	**5,322**	**1,798**	**2,339**	**2,646**	**3,028**	**630**	**63**	**1,589**	**1,311**	**691**	**3,870**	**375**	**195**	**774**	**3,575**	**44**	**58**	**488**	**2,647**	**8,865**	**492**	**3,302**	**67,665**
Non-controlling interests				(9)	(77)	(16)	(374)							(20)			(22)						(610)	(957)	(88)	(143)	(2,316)
Net assets purchased	**2,685**	**5,623**	**7,428**	**1,308**	**6,005**	**459**	**3,476**	**3,174**	**650**	**78**	**60**	**1,424**	**2,564**	**297**	**3,427**	**1,730**	**144**	**519**	**5,238**	**462**	**15**	**2,511**	**2,260**	**6,086**	**220**	**4,029**	**61,872**

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

Euro thousands	Analytics Network Srl	SPS Srl	DI.Tech Spa	Endurance Srl	Infolog Srl	Service Technology Srl	Zero12 Srl	Clever Consulting Srl	47Deck Srl	Nebula Srl	Alisei Srl	Elmas Srl	Skeeller Srl	Var Next Srl	WSS Italia Srl	Beenear Srl	Weelgo Srl	Sinapsi Srl	Palitalsoft Srl	WSS It Sagl	Var Hub Srl	Mercy Srl	Pragma Progetti Srl	IFM Srl	Tecnike' Srl	Digital Storm Srl	Total
Price	2,685	5,623	7,428	1,308	6,005	459	3,476	3,174	650	68	56	1,290	2,564	297	3,427	1,730	144	405	5,238	462	15	2,569	2,260	6,086	220	4,029	61,668
Cash and cash equivalents	766	1,103	5,183	179	806	62	1,145	521	326	24	11	841	341	165	266	266	47	149	668	397	10	-	1,035	3,470	34	363	18,178
Price paid	**1,919**	**4,520**	**2,245**	**1,129**	**5,199**	**397**	**2,331**	**2,653**	**324**	**44**	**45**	**449**	**2,223**	**132**	**3,161**	**1,464**	**97**	**256**	**4,570**	**65**	**5**	**2,569**	**1,225**	**2,616**	**186**	**3,666**	**43,490**

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 **Corporate Sector** comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within 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 Governance, Legal and Internal Audit functions are managed by the parent company Sesa SpA. The supply of logistics services applied to ICT is managed for the main operating companies by the wholly owned subsidiary ICT Logistica Srl;
- The **VAD Sector** includes activities related to the Value Added Distribution (VAD) of technological innovation solutions and IT services, 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 business process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA.

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 2021 and 30 April 2020.

(Euro thousands)	**Year ended 30 April 2021**						**Year ended 30 April 2020**					
	Value Added Distribution	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**	
Third-party revenues	**1,507,639**	**469,171**	**44,253**	**1,391**		**2,022,454**	**1,367,341**	**385,744**	**7,827**	**1,729**		**1,762,641**
Inter-sector revenues	86,104	3,771	2,479	17,953		110,307	76,845	3,093	137	15,590		95,665
Revenues	**1,593,743**	**472,942**	**46,732**	**19,344**	**(110,307)**	**2,022,454**	**1,444,186**	**388,837**	**7,964**	**17,319**	**(95,665)**	**1,762,641**
Other income	7,543	8,910	528	3,412	(5,624)	14,769	7,734	7,476	209	2,870	(4,905)	13,384
Total revenues and other income	**1,601,286**	**481,852**	**47,260**	**22,756**	**(115,931)**	**2,037,223**	**1,451,920**	**396,313**	**8,173**	**20,189**	**(100,570)**	**1,776,025**
Consumables and goods for resale	(1,481,941)	(181,850)	(8,362)	(233)	82,114	(1,590,272)	(1,348,562)	(149,474)	(2,322)	(217)	71,355	(1,429,220)
Costs for services and rent, leasing, and similar costs	(33,689)	(122,162)	(21,793)	(9,419)	33,289	(153,774)	(31,111)	(118,504)	(3,294)	(9,567)	29,072	(133,404)
Personnel costs	(19,376)	(120,521)	(13,992)	(9,083)		(162,972)	(16,400)	(89,133)	(1,989)	(7,241)	-	(114,763)
Other operating costs	(2,032)	(1,829)	(172)	(315)	148	(4,200)	(2,593)	(1,424)	(12)	(262)	143	(4,148)
Ebitda	**64,248**	**55,490**	**2,941**	**3,706**	**(380)**	**126,005**	**53,254**	**37,778**	**556**	**2,902**	**-**	**94,490**
Amortisation, depreciation, write-downs and other non-monetary costs	(7,557)	(28,145)	(2,480)	(3,847)	26	(42,003)	(9,339)	(19,007)	(278)	(1,969)		(30,593)
Operating Result (Ebit)	**56,691**	**27,345**	**461**	**(141)**	**(354)**	**84,002**	**43,915**	**18,771**	**278**	**933**	**-**	**63,897**
Net financial income and expense	(934)	(95)	(340)	(27)	(1,780)	(3,176)	(2,217)	(1,377)	(87)	(25)	-	(3,706)
Profit before taxes	**55,757**	**27,250**	**121**	**(168)**	**(2,134)**	**80,826**	**41,698**	**17,394**	**191**	**908**	**-**	**60,191**
Income taxes	(15,504)	(8,229)	(96)	(211)		(24,040)	(12,081)	(5,361)	(24)	(537)	-	(18,003)
Profit for the year	**40,253**	**19,021**	**25**	**(379)**	**(2,134)**	**56,786**	**29,617**	**12,033**	**167**	**371**	**-**	**42,188**
Profit attributable to non-controlling interests	548	3,890	72		4	4,514	349	3,829	83	-	13	4,274
Profit attributable to the Group	**39,705**	**15,131**	**(47)**	**(379)**	**(2,138)**	**52,272**	**29,268**	**8,204**	**84**	**371**	**(13)**	**37,914**

The following table shows the financial information by operating sector for the years ended 30 April 2021 and 30 April 2020.

(Euro thousands)	**Year ended 30 April 2021**						**Year ended 30 April 2020**					
	Value Added Distribution	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Business Services**	**Corporate**	**Eliminations**	
Intangible assets	7,800	114,329	18,894	2,161	(358)	142,826	3,461	64,607	4,093	2,112		74,273
Property, plant and equipment	12,614	30,381	910	817		44,722	10,668	22,707	346	620		34,341
Right of use	30,508	17,318	7,081	313		55,220	31,862	13,991	3,449	315		49,617
Investment property	281			9		290	281			9		290
Investments valued at equity	10,981	3,050		768	(949)	13,850	9,127	3,202		778	(949)	12,158
Receivables for deferred tax assets	5,206	5,232	1,636	982	(69)	12,987	4,810	3,297	1,308	553	(67)	9,901
Other non-current receivables and assets	4,297	5,575	509	87,916	(83,653)	14,644	4,419	8,510	247	76,260	(73,912)	15,524
TOTAL NON-CURRENT ASSETS	71,687	175,885	29,030	92,966	(85,029)	284,539	64,628	116,314	9,443	80,647	(74,928)	196,104
Inventory	69,345	16,105	1,767		(297)	86,920	75,713	14,404	1,313		(303)	91,127
Current trade receivables	243,969	137,081	14,593	9,533	(49,395)	355,781	290,451	114,296	10,662	4,874	(26,638)	393,645
Current tax receivables	2,344	3,491	130	36		6,001	319	4,754	182	52		5,307
Other current receivables and assets	16,347	39,214	2,995	832	(1,754)	57,634	12,303	28,839	2,754	9,047	(9,126)	43,817
Cash and cash equivalents	264,020	135,920	19,159	7,566		426,665	235,037	111,101	15,017	7,311		368,466
TOTAL CURRENT ASSETS	596,025	331,811	38,644	17,967	(51,446)	933,001	613,823	273,394	29,928	21,284	(36,067)	902,362
Non-current assets held for sale												
TOTAL ASSETS	**667,712**	**507,696**	**67,674**	**110,933**	**(136,475)**	**1,217,540**	**678,451**	**389,708**	**39,371**	**101,931**	**(110,995)**	**1,098,466**
Share capital	40,000	3,800	5,435	37,127	(49,235)	37,127	40,000	3,800	50	37,127	(43,850)	37,127
Share premium reserve		4,051	7,682	33,144	(11,733)	33,144		4,051	3,484	33,144	(7,535)	33,144
Other reserves and profits carried forward	191,348	16,759	(693)	27,461	(26,553)	208,322	163,577	10,238	(162)	15,718	(23,250)	166,121
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	231,348	24,610	12,424	97,732	(87,521)	278,593	203,577	18,089	3,372	85,989	(74,635)	236,392
Shareholders' equity attributable to non-controlling interests	2,071	12,378	1,716		2,597	18,762	1,974	12,316	3,371		(194)	17,467
TOTAL SHAREHOLDERS' EQUITY	233,419	36,988	14,140	97,732	(84,924)	297,355	205,551	30,405	6,743	85,989	(74,829)	253,859
Non-current loans	43,735	123,756	8,859	42		176,392	62,643	92,908	2,500		(1,500)	156,551
Financial liabilities for non-current rights of use	16,695	12,211	4,632	88		33,626	18,220	9,644	2,446	177		30,487
Employee benefits	2,689	33,329	2,623	2,256		40,897	2,326	25,393	1,264	2,039		31,022
Non-current provisions	87	2,022	175			2,284	447	1,318	15			1,780
Deferred tax liabilities	4,807	25,972	4,853	597	(240)	35,989	3,026	13,994	1,482	622	(239)	18,885
TOTAL NON-CURRENT LIABILITIES	68,013	197,290	21,142	2,983	(240)	289,188	86,662	143,257	7,707	2,838	(1,739)	238,725
Current loans	52,332	54,302	5,064	263		111,961	66,017	50,037	1,992	1,063	(17)	119,092
Financial liabilities for current rights of use	2,379	5,541	2,088	237		10,245	2,386	4,383	1,205	140		8,114
Trade payables	280,653	115,920	15,018	3,803	(49,293)	366,101	303,711	89,356	16,215	4,025	(34,241)	379,066
Current tax payables	1,241	3,600	255	2,297	10	7,403	652	2,835	72	2,243	10	5,812
Other current liabilities	29,675	94,055	9,967	3,618	(2,028)	135,287	13,472	69,435	5,437	5,633	(179)	93,798
TOTAL CURRENT LIABILITIES	366,280	273,418	32,392	10,218	(51,311)	630,997	386,238	216,046	24,921	13,104	(34,427)	605,882
TOTAL LIABILITIES	434,293	470,708	53,534	13,201	(51,551)	920,185	472,900	359,303	32,628	15,942	(36,166)	844,607
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**667,712**	**507,696**	**67,674**	**110,933**	**(136,475)**	**1,217,540**	**678,451**	**389,708**	**39,371**	**101,931**	**(110,995)**	**1,098,466**

7. Revenues

Group revenues are generated mainly in Italy. Foreign sales of the subsidiaries Computer Gross SpA, Var Group SpA amount to a total of Euro 16,575 thousand, in addition to revenues generated by PBU CAD-System GMBH, Beenear Srl and WSS IT Sagl amounting to Euro 9,404 thousand, Euro 4,611 thousand and Euro 364 thousand respectively. The revenues item is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Sale of solutions, software and accessories	1,692,674	1,533,864
Development of software and other services	167,138	99,547
Hardware and software assistance	120,981	103,870
Marketing activities	9,895	10,243
Other sales	31,766	15,117
Total	2,022,454	1,762,641

Group revenues of Euro 2,022,454 thousand as at 30 April 2021 recorded an increase of 14.7% compared to the previous year, favoured by sales of IT solutions and software, up 10.3% compared to 30 April 2020, and services both in the IT design area (developments, consultancy and other services) and in the infrastructure area (assistance, cloud computing, etc.) which increased 67.8% during the year compared to 30 April 2020.

8. Other Income

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Transport activities	956	1,398
Capital gains on disposals	1,259	596
Commissions	1,667	1,356
Leases and rents	160	239
Training courses	103	191
Other income	10,624	9,604
Total	14,769	13,384

The Other income item refers mainly to the recovery of transport costs incurred by Computer Gross SpA and other non-recurring revenues.

9. Consumables and goods for resale

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Purchase of hardware	1,074,657	961,258
Purchase of software	513,147	465,716
Consumables and other purchases	2,468	2,246
Total	1,590,272	1,429,220

10. Costs for Services and rent, leasing and similar costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Technical assistance for hardware and software maintenance	53,591	51,796
Consulting activities	40,302	30,222
Agents' commissions and contributions	9,421	8,476
Rentals and hires	3,200	3,602
Marketing	4,768	6,280
Transport	4,994	4,282
Insurance policies	3,255	2,606
Utilities	2,565	2,302
Logistics and warehouse storage	752	1,363
Support and training expenses	2,136	1,326
Maintenance	5,579	5,061
Other service expenses	26,468	17,621
Total	157,031	134,937

The increase in Costs for Services and rent, leasing and similar costs compared to the previous year reflects the Group's greater concentration on areas of the IT market with a greater contribution to innovation and IT services. As a result, costs for technical assistance, consulting and commissions increased in line with the business. The growth in other service components mainly reflects the growth in sales of services, particularly in the SSI Sector and Group staff.

11. Personnel Costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Wages and salaries	115,548	79,243
Social security payments	32,009	22,401
Contributions to defined contribution pension funds	7,361	5,066
Contributions to pension funds for defined benefits	45	100
Reimbursements and other personnel costs	8,009	7,953
Total	162,972	114,763

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

	Average number of employees for the year ended 30 April		Precise number of employees at 30 April	
(in units)	**2021**	**2020**	**2021**	**2020**
Executives	29	21	35	22
Middle Management	269	189	331	208
Office Staff	2,614	1,974	2,974	2,253
Blue Collars	82	40	101	64
Total	**2,994**	**2,224**	**3,441**	**2,547**

12. Other Operating Costs

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Accrual to the bad debt provision (net of recoveries)	5,883	6,649
Expenses and commissions for the assignment of receivables without recourse	1,509	1,773
Duties and taxes	861	768
Capital losses on disposals	53	17
Losses on receivables	121	130
Provisions for risks and charges	381	738
Other operating costs	1,655	1,460
Total	10,463	11,535

13. Amortisation and Depreciation

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Intangible assets	12,041	6,771
Amortisation of right of use	9,518	6,791
Property, plant and equipment	10,924	8,111
Total	32,483	21,673

14. Share of profits of 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 2021 and 30 April 2020 is provided below:

(Euro thousands)	Year ended 30 April 2021	2020
Opening balance	12,158	10,030
Acquisitions and capital increases	10	980
Sales and liquidations		
Dividends received	(288)	(273)
Profit/(loss) of companies valued at equity	2,345	1,698
Reclassifications	(375)	(277)
Closing balance	13,850	**12,158**

The following table shows the share of the results of the main associated companies and the aggregate value of their assets, liabilities and revenues at the date of the last approved financial statements:

(Euro thousands)	**Total assets**	**Total liabilities**	**Revenues**	**Profit (loss) for the year**	**% held**
Attiva SpA	108,358	71,760	513,476	5,674	21.0%
M.K. Italia Srl	2,260	1,796	4,646	105	45.0%
Studio 81 Data System Srl	2,126	1,644	4,136	144	50.0%
Kolme Srl	7,870	5,400	38,711	592	33.0%

15. Financial Income and Expenses

The item in question is detailed as follows:

(Euro thousands)	**Period ended 30 April**	
	2021	**2020**
Interest expense on sales of receivables	1,639	1,673
Expenses and commissions for sales of receivables with recourse	376	121
Bank and loan interest expense	240	485
Other interest payable	2,130	1,155
Commissions and other financial expense	2,786	2,514
Financial expense related to severance indemnities	284	263
Total financial expense	7,455	6,211
Interest income on other short-term receivables	523	736
Other financial income.	16	142
Bank interest income	39	27
Dividends from shareholdings	402	272
Total financial income	980	1,177
Total financial income and charges (a)	(6,475)	(5,034)
Losses on exchanges	(6,644)	(3,371)
Gains on exchanges	7,598	3,001
Total exchange gains and losses (b)	954	(370)
Net financial expense (a+b)	(5,521)	(5,404)

Net financial expenses present a net negative balance of Euro 5,521 thousand at 30 April 2021, an increase compared to a negative balance of Euro 5,404 thousand at 30 April 2020, due to (i) exchange gains and losses (net balance of exchange losses and gains) which goes from a negative balance of Euro 370 thousand at 30 April 2020 to a positive balance of Euro 954 thousand at 30 April 2021, as a result of a more favourable trend in the euro/dollar exchange rate, (ii) financial income and charges which, following the greater business volumes recorded in the year, goes from a negative net balance of Euro 5,034 thousand at 30 April 2020 to a negative balance of Euro 6,475 thousand at 30 April 2021.

16. Income Taxes

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Current taxes	26,115	19,388
Deferred tax liabilities	(2,110)	(1,385)
Taxes relating to previous years	35	
Total	24,040	18,003

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended 30 April 2021 and 30 April 2020.

(Euro thousands)	Year ended 30 April 2021	2020
Result before taxes	80,826	60,191
Theoretical taxes	19,398	14,446
Taxes relating to previous years	659	(35)
Subsidised taxation on dividends	170	158
Permanent differences	205	754
IRAP (regional tax on production); excluding other changes	3,608	2,680
Actual tax charge	24,040	18,003

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 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)*
Change in the scope of consolidation	20,859	8,630	40,080	**69,569**
Investments	10,212	198	615	**11,025**
Disinvestments				
Amortisation	(3,722)	(4,216)	(4,103)	**(12,041)**
Balance at 30 April 2021	46,752	12,860	83,214	**142,826**
Of which:				
- historical cost	*59,288*	*27,774*	*93,134*	*180,196*
- accumulated amortisation	*(12,536)*	*(14,914)*	*(9,920)*	*(37,370)*

The balance of intangible fixed assets as at 30 April 2021 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 recently purchased. Further information can be found in the Business Combinations section.

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 property, plant and equipment**	**Rights of use**	**Total**
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	150	1,378	8,369	597	1,316	8,541	**20,351**
Disinvestments		(37)	(62)		(89)		**(188)**
Change in the scope of consolidation	353	1,025	341	688	752	4,949	**8,108**
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	*1,258*	*2,429*	*10,637*	*1,619*	*1,929*	*9,875*	*27,747*
Disinvestments			*(296)*				*(296)*
Change in the scope of consolidation	*93*	*545*	*1,987*	*436*	*668*	*5,246*	*8,975*
Depreciation		*(229)*	*(7,842)*	*(1,002)*	*(1,851)*	*(9,518)*	***(20,442)***
Other changes							
Balance as at 30 April 2021	3,152	7,180	21,935	4,760	7,695	55,220	99,942
Of which:							-
- historical cost	*3,152*	*8,369*	*53,046*	*10,723*	*18,352*	*75,908*	*169,550*
- accumulated depreciation		*(1,189)*	*(31,111)*	*(5,963)*	*(10,657)*	*(20,688)*	*(69,608)*

Investments in the purchase of office equipment recorded during the year refer mainly to purchases of technology for the provision of IT services and solutions by Var Group SpA to customers. Investments in land and buildings include the costs incurred for the expansion of the Empoli management centre to support the growth of the Group's workforce and future development.

19. Investment Property

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

(Euro thousands)	**Land**	**Buildings**	**Total**
Balance at 30 April 2019	281	9	290
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Investments			
Disinvestments			
Depreciation			
Balance at 30 April 2020	281	9	290
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation		*(1)*	*(1)*
Investments			
Disinvestments			
Depreciation			
Balance at 30 April 2021	281	9	290
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation		*(1)*	*(1)*

20. Deferred tax assets and liabilities

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

	At 30 April	
(Euro thousands)	**2021**	**2020**
Receivables for deferred tax assets within 12 months	10,287	7,984
Receivables for deferred tax assets after 12 months	2,700	1,917
Total receivables for deferred tax assets	12,987	9,901
Deferred tax liabilities within 12 months		
Deferred tax liabilities after 12 months	35,989	18,885
Total deferred tax liabilities	35,989	18,885

Net changes in these items are detailed as follows:

(Euro thousands)	At 30 April 2021	2020
Opening balance	(8,984)	(5,363)
Of which:		
- receivables for deferred tax assets	*9,901*	*7,834*
- deferred tax liabilities	*18,885*	13,197
Change in the scope of consolidation	*(16,077)*	(5,311)
Impact on income statement	*2,110*	1,384
Impact on statement of comprehensive income	*(51)*	306
Closing balance	(23,002)	(8,984)
Of which:		
- receivables for deferred tax assets	*12,987*	*9,901*
- deferred tax liabilities	35,989	*18,885*

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 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			**960**
Impact on statement of comprehensive income					
Balance at 30 April 2020	**3,865**	**5,569**	**198**	**269**	**9,901**
Change in the scope of consolidation	1,716				**1,716**
Impact on income statement	298	1,072			**1,370**
Impact on statement of comprehensive income					
Balance at 30 April 2021	**5,879**	**6,641**	**198**	**269**	**12,987**

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

Deferred tax liabilities *(Euro thousands)*	**Differences in value of tangible and intangible assets**	**Employee benefits**	**Other entries**	**Total**
Balance at 30 April 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 at 30 April 2020	**18,106**	**(821)**	**1,600**	**18,885**
Change in the scope of consolidation	17,793			17,793
Impact on income statement	(943)	203		(740)
Impact on statement of comprehensive income		51		51
Balance at 30 April 2021	**34,956**	**(567)**	**1,600**	**35,989**

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

.

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 and assets

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Non-current receivables from others	2,781	4,179
Non-current equity investments in other companies	11,147	10,985
Non-current securities	225	
Other non-current tax receivables	441	310
Non-current receivables from associated companies	50	50
Total other non-current receivables and assets	14,644	15,524
Current receivables from others	18,999	15,731
Other current tax receivables	9,378	6,707
Accrued income and prepaid expenses	28,723	20,901
Derivative assets		
Other current securities	240	478
Current receivables from non-consolidated group companies	294	
Total other current receivables and assets	57,634	43,817

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:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Opening balance	10,984	14,115
Acquisitions and revaluations	2,136	1,833
Sales, write-downs and impairment	(19)	(4,597)
Reclassifications	(1,954)	(367)
Closing balance	11,147	10,984

The increase in Non-current equity investments during the year includes the acquisition of 19% of PM Service Srl (Euro 555 thousand) and 13.5% of Dexit Srl (Euro 320 thousand). The reduction in this item is due mainly to the merger by incorporation of Tech Innova S.r.l., Privatamente S.r.l. and Var Engage S.r.l. into companies included in the scope of consolidation and consolidated on a line-by-line basis, as well as to the line-by-line consolidation of certain non-significant equity investments previously recorded at cost.

22. Inventory

The item in question is detailed as follows:

(Euro thousands)	At 30 April 2021	2020
Finished products and goods for resale	84,087	88,604
Work in progress and semi-finished products	2,833	2,523
Total	86,920	91,127

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 at 30 April 2020	1,753
Net change	32
Balance at 30 April 2021	1,785

23. Current Trade Receivables

The item in question is detailed as follows:

(Euro thousands)	At 30 April 2021	2020
Trade receivables	378,615	412,335
Provision for bad debts	(24,392)	(20,387)
Trade receivables net of the provision for bad debts	354,223	391,948
Receivable from associates	1,558	1,697
Total current trade receivables	355,781	393,645

(*) To provide a better representation, trade receivables are recorded net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors which, at 30 April 2021, amounted to Euro 23,178 thousand, compared to Euro 29,248 thousand at 30 April 2020. These positions are fully written down through the recognition of a specific provision.

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

(Euro thousands)	Provision for bad debts
Balance at 30 April 2019	15,353
Accrual to provisions	7,483
Use and other changes	(2,623)
Change in the scope of consolidation	174
Balance at 30 April 2020	20,387
Accrual to provisions	6,460
Use and other changes	(4,212)
Change in the scope of consolidation	1,757
Balance at 30 April 2021	24,392

24. Cash and Cash Equivalents

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Bank and post office deposits	426,568	368,106
Cheques	7	316
Cash	90	44
Total cash and cash equivalents	426,665	368,466

The following table shows the Group's cash and cash equivalents by currency at 30 April 2021 and 30 April 2020:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Cash and cash equivalents in Euro	423,463	364,824
Cash and cash equivalents in foreign currency	3,202	3,642
Total cash and cash equivalents	426,665	368,466

25. Shareholders' Equity

SHARE CAPITAL

At 30 April 2021, 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 2021, the parent company Sesa SpA held 61,160 shares, equating to 0.395% of the share capital, purchased at an average price of 66.1 euro under the treasury share purchase plan approved by the shareholders' meeting of 28 August 2020. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity. Treasury shares are held, for a value of Euro 4,044 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 2020	
Shares issued	15,494,590
Treasury shares in portfolio	87,961
Shares in circulation	15,406,629
Situation as at 30 April 2020	
Assignment of shares in execution of the Stock Grant Plan	63,000
Purchase of treasury shares	36,199
Situation as at 30 April 2021	
Shares issued	15,494,590
Treasury shares in portfolio	61,160
Shares in circulation	15,433,430

The shareholders who, as at 30 April 2021, 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 gain (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
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)	
At 30 April 2020	**2,860**	**(3,300)**	**(2,969)**	**(14,354)**	**(17,763)**	**(1,011)**
Actuarial gain(loss) for employee benefits - gross			185		185	31
Actuarial gain(loss) for employee benefits - tax effect			(44)		(44)	(7)
Purchase of treasury shares		(3,108)			(3,108)	
Sale of treasury shares						
Distribution of dividends						
Assignment of Stock Grants		2,363		(2,363)		
Vesting of Stock Grant plans				3,257	3,257	
Allocation of profit for the year	555			10,544	11,099	
Change in the scope of consolidation and other changes				(13,047)	(13,047)	
At 30 April 2021	**3,415**	**(4,045)**	**(2,828)**	**(15,963)**	**(19,421)**	**(987)**

DIVIDENDS

For the financial year ended 30 April 2020, the Ordinary Shareholders' Meeting of Sesa SpA held on 28 August 2020 resolved not to distribute dividends in view of the state of global crisis due to the Covid-19 pandemic, investments to support the demand for digitalisation and the acceleration of the external growth path.

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)	**2021**	**2020**
Profit for the year - Group share in Euro thousands	**52,271**	**37,914**
Average number of ordinary shares (*)	15,432,403	15,432,951
Earnings per share - basic	**3.39**	2.46
Average number of ordinary shares and warrants (*)	15,490,403	15,494,590
Earnings per share - diluted	**3.37**	2.45

(*) 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
At 30 April 2021				
Items that cannot be reclassified to the income statement				
Actuarial gains / (losses) for employee benefits	141	141	24	165
Total	**141**	**141**	**24**	**165**
Items that can be reclassified to the income statement				
Total				
Other Comprehensive Income Components	141	141	24	165

26. Current and Non-current Loans

The table below provides a breakdown of this item at 30 April 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term loans	77,789	176,392		254,181
Short-term loans	33,781			33,781
Advances received from factoring companies	391			391
Financial liabilities for rights of use	10,245	22,094	11,532	43,871
Total	122,206	198,486	11,532	332,224
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 rights of use	8,114	17,702	12,785	38,601
Total	127,206	174,253	12,785	314,244

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

(Euro thousands)						**At 30 April**					
Funding entity	**Original amount**	**Company**	**New loan**	**Expiry**	**Rate applied**	**2021**	*of which current*	**2020**	*of which current*	**2019**	*of which current*
BNL BNP Paribas S.p.A.	25,000	Var Group S.p.A.	Feb-20	Aug-25	Euribor 6m + 0.85%	22,500	5,000	25,000	2,500		
Credit Agricole S.p.A.	25,000	Var Group S.p.A.	Jul-20	Jul-24	Euribor 3m + 0.60%	20,358	6,222				
BNL BNP Paribas S.p.A.	25,000	Computer Gross S.p.A	Jul-19	Jan-25	Euribor 3m + 1.10%	18,750	5,000	22,500	3,750		
Banca Popolare Emilia Romagna S.p.A.	25,000	Var Group S.p.A.	Feb-20	Feb-23	Euribor 3m + 0.85%	16,666	8,333				
Banca Intesa S.p.A.	20,000	Var Group S.p.A	Mar-20	Mar-25	Euribor 3m + 1.10%	16,000	4,000	20,000	4,000		
Banca Intesa S.p.A.	10,000	Computer Gross S.p.A	Nov-20	Nov-23	Euribor 3m + 0.85%	9,171	3,325				
Banca MPS S.p.A.	10,000	Computer Gross S.p.A	Feb-20	Jun-25	Euribor 6m + 0.65%	9,000	2,000	10,000	1,000		
Banca Intesa S.p.A.	15000	Computer Gross S.p.A	Jun-19	Jun-22	Euribor 3m + 1.15%	6,296	5,031	11,285	4,990		
Banca Popolare Emilia Romagna S.p.A.	10,000	Computer Gross S.p.A	Sep-19	Sep-23	Euribor 3m + 0.65%	6,280	2,500	8,764	2,484		
Credit Agricole	5,000	Base Digitale S.p.A	Oct-20	Oct-25	Euribor 3m + 1.17%	5,000	250				
Credito Emiliano S.p.A.	5,000	Var Group S.p.A.	Feb-21	Feb-25	Euribor 3m + 0.65%	5,000	1,238				

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 1.25 million) subscribed by Var Group SpA with Banca CR Firenze (Intesa Sanpaolo) in May 2017 (maturity 2022);
- Euro 10.0 million (residual value Euro 4 million) subscribed by Var Group SpA with Banco BPM SpA in March 2018 (maturity 2023);

- Euro 25.0 million (residual value Euro 16.6 million) subscribed by Var Group SpA with Ubi Banca SpA in February 2020, transferred to BPER following the sale of UBI (maturity 2023)
- Euro 25.0 million (residual value Euro 22.5 million) subscribed by Var Group SpA with BNL BNP Paribas SpA in February 2020 (maturity August 2025);
- Euro 20.0 million (residual value Euro 16 million) subscribed by Var Group SpA with Banca Intesa SpA in March 2020 (maturity 2025);
- Euro 25.0 million (residual value Euro 20.3 million) subscribed by Var Group SpA with Credit Agricole S.p.A. in July 2020 (maturity 2024).

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 2021, 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 and operating leases, car leases and rentals entered into by Group companies for the exercise of their operating activities:

(Euro thousands)			At 30 April					
Funding entity	**New loan**	**Expiry**	**2021**	*of which current*	**2020**	*of which current*	**2019**	*of which current*
Leasint SpA	May-18	May-30	3,675	328	3,998	324	4,318	320
Leasint SpA	Jan-17	May-30	6,630	425	7,043	414	7,446	403
Leasint SpA	Sep-13	May-30	472	25	496	24	518	22
Leasint SpA	Oct-10	May-30	5,639	298	5,931	292	6,218	287
Leasint SpA	Dec-08	Sep-25	238	87	321	82	399	78
Operating leases, car leases and rentals			27,217	9,082	20,812	6,978		
Total			43,871	10,245	38,601	8,114	18,899	1,110

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

	At 30 April	
(Euro thousands)	**2021**	**2020**
Minimum payments due		
Within 12 months	11,246	1,524
Between 1 and 5 years	24,349	8,394
Over 5 years	12,344	10,583
	47,939	**20,502**
Future financial expenses	(4,068)	(2,712)
Current value of financial lease liabilities	43,871	17,789

As at 30 April 2021 and 30 April 2020, the Group's financial debt was represented by borrowings denominated in Euro. A summary of the Group's net financial position is provided below:

	At 30 April	
(Euro thousands)	**2021**	**2020**
A. Cash	90	44
B. Cash equivalents	426,575	368,422
C. Other current financial assets	240	478
D. Liquidity (A) + (B) + (C)	426,905	368,944
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	34,172	51,309
F. Current portion of non-current financial debt	88,034	75,897
G. Current financial debt (E) + (F)	122,206	127,206
H. Net current financial debt (G) - (D)	(304,699)	(241,738)
I. Non-current financial debt (excluding the current portion and debit instruments)	210,018	187,038
J. Non-current financial debt (I)	210,018	187,038
K. Net current financial debt (G) + (J)	**(94,681)**	**(54,700)**

Below is the reclassified statement of cash flows for a reconciliation of the Net debt at the beginning of the year with that at the end of the year

	At 30 April	
(Euro thousands)	**2021**	**2020**
Cash flows generated from operating activities before changes in net working capital	127,087	94,224
Change in working capital	21,041	704
Cash flow generated from (used in) operating activities before changes in lease liabilities	148,128	94,928
Payment of lease principal	(11,561)	(8,002)
Cash flow generated from (used in) operating activities (A)	136,567	86,926
Cash flow generated from (used in) investing activities (B)	(30,263)	(34,720)
Free cash flow (A+B)	106,304	52,206
Cash flow generated from (used in) investing activities from acquisitions (C)	(61,974)	(28,297)
(Purchase) sale of other equity investments and securities (D)	(732)	2,276
Cash flow generated from (used in) investing activities (B+C+D)	(92,969)	(60,741)
Cash flow generated from (used in) operating and investing activities	43,598	26,185
Treasury shares	(3,107)	(2,765)
Dividends distributed	(510)	(10,474)
Change in net debt	**39,981**	**12,946**
Opening Net Financial Position	**54,700**	**41,754**
Change in Net Financial Position	39,981	12,946
Closing Net Financial Position	**94,681**	**54,700**

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:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Opening balance	31,022	24,332
Service cost	3,525	2,229
Bond interest	283	263
Uses and advances	(1,769)	(582)
Actuarial loss/(gain)	(216)	1277
Change in the scope of consolidation and purchase of business branches	8,052	3,503
Closing balance	40,897	31,022

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

	At 30 April	
(Euro thousands)	**2021**	**2020**
Economic assumptions		
Rate of inflation	1.00%	1.00%
Discount rate	0.78%	0.88%
TFR increase rate	2.25%	2.25%

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%	38,962
	-0.50%	42,379
Average annual rate of inflation	0.50%	41,369
	-0.50%	39,874
Turnover rate	0.50%	40,400
	-0.50%	40,817

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**
At 30 April 2020	978	802	1,780
Change in the scope of consolidation	622	237	859
Accruals to provisions	45	381	426
Uses	(322)	(459)	(781)
Discharges			
At 30 April 2020	1,323	961	2,284

Changes in Other Provisions for Risks during the year particularly reflect:

- Changes in the scope of consolidation related to the companies entering the scope of consolidation in the year ended 30 April 2021 for Euro 859 thousand and referring mainly to amounts set aside as indemnities for agents;
- Provisions for sundry charges of Euro 381 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 of Euro 781 thousand referring mainly to the settlement of certain liabilities with suppliers and agents already recognised among provisions at 30 April 2020.

It should be noted that Var Group SpA was subject to audit by the tax police (*Guardia di Finanza*) of Florence which ended with the issue of a Formal Report of Findings (*Processo Verbale di Constatazione* - "PVC") on 2 April 2021, containing findings on IRES (corporate income tax), IRAP (regional tax on production) and VAT for the years 2016-2017-2018-2019 for a total of Euro 10.5 million plus penalties and interest. Although the Company believes that it has always complied with its tax obligations in the years under review, it has settled some of the issues contained in the report of findings, paying the relative taxes, penalties and interest for a total of Euro 1.5 million, already reflected in the financial statements at 30 April 2021. In relation to this formal report of findings, no notice of assessment has been received from the Italian Revenue Agency to date. On 28 May 2021, the Company presented its observations pursuant to article 12, paragraph 7, of Law no. 212/2000, highlighting the inconsistency of the findings and the correctness of its conduct with regard to tax obligations. Therefore, on the basis of the information currently available, the Company, supported by the opinion of its tax experts, considers it unlikely that there will be a negative outcome from the claims referred to in the above-mentioned report for the portion not already settled and paid in March 2021.

It should also be noted that, at the date of preparation of this annual report, despite the Group's constantly expanding perimeter, there were no further tax disputes of a significant amount.

29. Other Current Liabilities

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Accrued liabilities and deferred income	70,642	51,836
Tax payables	11,001	10,032
Payable to personnel	24,666	17,924
Other payables	7,566	5,713
Payable to social security institutions	5,753	4,056
Advances from customers	15,293	4,204
Derivative liabilities	366	33
Total other current liabilities	135,287	93,798

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 2021, 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 2021**
Payments to directors	838
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 28 August 2020 are excluded. In relation to the stock grant plan as at 30 April 2021, the shares relating to the annual target of 58,000 shares have matured.

For an overview of the fees and remuneration paid to the corporate bodies, reference should be made to the Remuneration Report.

PAYMENTS TO THE INDEPENDENT AUDITOR

The following table, prepared in accordance with article 149-duodecies of the Consob Issuers' Regulation, shows the fees for the year ended 30 April 2021 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 2021 (Euro thousands)
Independent audit	PwC	Parent Company Sesa SpA	98
Independent audit	PwC	Subsidiary Companies	148
Other assurance services	PwC	Parent Company Sesa SpA	10
Other assurance services	PwC	Subsidiary Companies	6
Other services	PwC	Parent Company Sesa SpA	25

Remuneration includes, in addition to fees, out-of-pocket expenses and the supervisory contribution. In addition to the audit activities at 30 April 2021, further services were rendered relating mainly to the limited review of the Non-Financial Statement of Sesa SpA and other audit procedures.

31. 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 2021 and 30 April 2020:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Current trade receivables						
At 30 April 2021	1,209	4			1,213	**0.34%**
At 30 April 2020	1,668	4	2		1,674	**0.43%**
Other current receivables and assets						
At 30 April 2021	28				28	**0.05%**
At 30 April 2020	69				69	**0.16%**
Employee benefits						
At 30 April 2021			59		59	**0.14%**
At 30 April 2020			125		125	**0.40%**
Trade payables						
At 30 April 2021	2,797		194	222	3,231	**0.88%**
At 30 April 2020	2,722		94	12	2,828	**0.75%**
Other current liabilities						
At 30 April 2021			159		159	**0.12%**
At 30 April 2020			160		160	**0.17%**

The following table details the P&L effects of transactions with related parties in the years ended 30 April 2021 and 30 April 2020:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Revenues						
At 30 April 2021	5,175	78	10	11	5,274	**0.26%**
At 30 April 2020	4,215	69	5	6	4,295	**0.24%**
Other income						
At 30 April 2021	57	2	15		74	**0.50%**
At 30 April 2020	87	1	16		104	**0.78%**
Consumable materials and goods for resale						
At 30 April 2021	6,811				6,811	0.43%
At 30 April 2020	2,376				2,376	**0.17%**
Costs for services and for rent, leasing and similar costs						
At 30 April 2021	8,031		4,580	439	13,050	**8.31%**
At 30 April 2020	8,120		2,688	92	10,900	**8.08%**
Personnel costs						
At 30 April 2021			1,049		1,049	**0.64%**
At 30 April 2020			1,033		1,033	**0.90%**
Other operating costs						
At 30 April 2021						
At 30 April 2020						
Financial income						
At 30 April 2021						
At 30 April 2020						
Financial expenses						
At 30 April 2021	1				1	**0.01%**
At 30 April 2020	1				1	**0.01%**

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 with which the Group had business relations for the purchase and sale of IT solutions are Kolme Srl, Attiva SpA, Studio 81 Srl and GV way Srl, while IT services were mainly purchased from Mediamente Consulting Srl, Var IT Srl and Innorg Srl.

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.

32. Events Occurring After the End of the Year

As regards the description of events occurring after the end of the financial year, reference should be made to that already stated in the Report on Operations, specifically to paragraphs “Significant events occurring after the end of the year” and “Outlook”.

33. Authorisation for publication

The publication of the consolidated financial statements of the Sesa Group for the year ended 30 April 2021 was authorised by a resolution of the Board of Directors on 12 July 2021.

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 in charge of 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 2021.

2. The application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2021 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, 12 July 2021

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
In his capacity as Executive in charge of 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 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 2021, 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 2021, 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

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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 2021 revenues were recognised for an amount equal to € 2,022 million. The Group operates mainly 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 2021, trade receivables were recognised for an amount equal to € 354 million, net of the related provision for bad debts, which represent 29.1% 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 2021 the directors have also evaluated any potential effect on the receivable recoverability related to the curret health emergency context due to Covid-19. The evaluation of receivables represented a key	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 2021 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 also after the reporting date. Finally, we analysed if the assumptions used

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.	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 2021, 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 2021 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 2021 and are prepared in compliance with the law.

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

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

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

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

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

Florence, 23 July 2021

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(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 April 2021	Percentage held at 30 April 2020
ADIACENT SRL	47DECK SRL	Reggio Emilia (RE)	20,000	100.0%	100.0%
BASE DIGITALE SPA	ABS TECHNOLOGY SPA	Florence (FI)	2,300,000	100.0%	100.0%
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%	60.4%
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	51.0%	n.a.
BASE DIGITALE SPA	TECNIKE' SRL	Arezzo (AR)	10,000	51.0%	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%	55.0%
SESA SPA	BASE DIGITALE SPA	Florence (FI)	5,435,000	71.0%	50.0%
DI.TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	n.a.
VAR GROUP SPA	BLOCKIT SRL	Padua (PD)	27,400	66.2%	n.a.
YARIX SRL				30.2%	n.a.
BASE DIGITALE SPA	B.SERVICES SRL	Florence (FI)	500,000	Merger by incorporation into Base Digitale	100.0%
BEENEAR SRL	DI VALOR SOLUÇÕES EM TECNOLOGIA E CONSULTORIA LTDA	Jardim Das Perdizes	375,000 Reais	10.0%	n.a.
DI.TECH SPA				90.0%	n.a.
VAR GROUP SPA	VAR4TEAM SRL (formerly CITIEMME INFORMATICA SRL)	Bergamo (BG)	202,500	60.5%	37.4%
VAR ONE SRL				14.23%	26.7%
COMPUTER GROSS SPA	VALUE 4CLOUD SRL	Empoli (FI)	50,000	100.0%	90.0%
COMPUTER GROSS SPA	CLEVER CONSULTING SRL	Milan (MI)	34,860	55.0%	n.a.
VAR GROUP SPA	VAR BMS SPA	Milan (MI)	1,562,500	90.0%	84.3%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
LEONET4CLOUD SRL	MERCY (formerly CLOUD FORCE SRL)	Empoli (FI)	10,000	n.a.	75.0%
SAILING SRL	MERCY (formerly CLOUD FORCE SRL)	Empoli (FI)	10,000	100.0%	n.a.
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	DI.TECH SPA	Bologna (BO)	2,575,780	100.0%	n.a.
BASE DIGITALE SPA	DIGITAL STORM SRL	Milan (MI)	25,000	60.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	18.0%	18.0%
VAR SYSTEM SRL				82.0%	82.0%
ABS TECHNOLOGY SPA	ELMAS SRL	Empoli (FI)	41,600	60.0%	n.a.
VAR GROUP SPA				7.5%	n.a.
YARIX SRL				7.5%	n.a.
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	51.0%
YARIX SRL	GENCOM SRL	Forlì (FO)	82,000	60.0%	60.0%
BASE DIGITALE SPA	GLOBO INFORMATICA SRL	Druento (TO)	10,200	Merger into Base Digitale	100.0%
BASE DIGITALE SPA	IFM INFOMASTER SPA	Genoa (GE)	661,765	60.2%	n.a.
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	510,200	79.4%	81.0%
ICOS SPA	ICOS Deutschland GmbH	Munchen	100,000	100.0%	n.a.
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%
ALISEI SRL	ALISEI CONSULTING LDT	Shanghai	200,000 CNY	100.0%	n.a.
VAR GROUP SPA	INFOLOG SPA	Modena (MO)	300,000	51.0%	n.a.
VAR GROUP SPA	KLEIS SRL	TURIN (TO)	10,400	51.0%	51.0%

LEONET4CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	51.0%	n.a.
VSH SRL	VAR SERVICE SRL	Empoli (FI)	66,263	63.6%	n.a.
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	n.a.	57.4%
M.F. SERVICES SRL				n.a.	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
VAR GROUP SPA	LEONET4CLOUD SRL	Empoli (FI)	60,000	100.0%	100.0%
VSH SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	n.a.
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	n.a.	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
APRA SPA	PALITALSOFT SRL	Jesi (AN)	135,000	55.0%	n.a.
SIRIO INFORMATICA E SISTEMI SPA	PANTHERA SRL	Empoli (FI)	500,000	80.4%	80.4%
VAR GROUP SPA				9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbgH	Aichach	26,100	60.0%	60.0%
COMPUTER GROSS SPA	PICO SRL	Reggio Emilia (RE)	50,000	100.0%	100.0%
VAR GROUP SPA	PRAGMA PROGETTI SRL	Turin (TO)	100,000	20.0%	n.a.
YARIX SRL	PRIVATAMENTE SRL	Empoli (FI)	12,500	Merger by incorporation into Yarix	51.0%
VAR GROUP SPA					9.0%
PANTHERA SRL	SOFTHARE	Tunisi	2500,00 TND	99.0%	n.a.
LEONET4CLOUD SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	31.8%
ADIACENT SRL				31.8%	31.8%
VAR INDUSTRIES SRL				31.8%	31.8%
SESA SPA	ADIACENT SRL	Empoli (FI)	1,019,200	33.5%	33.1%
VAR GROUP SPA				53.1%	53.1%
BASE DIGITALE SPA				2.5%	2.5%
APRA SPA				7.4%	7.4%
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	75.0%	75.0%
COMPUTER GROSS SPA	ABS Technology Srl	Arezzo (AR)	12,350	55.0%	n.a.
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	67.0%	n.a.
VAR ONE SRL	SSA INFORMATICA SRL	Pordenone (PN)	30,000	100.0%	100.0%
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	100.0%	51.1%
ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	51.0%	n.a.
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	30.0%	n.a.
TECH VALUE SRL	TECH IN NOVA SRL	Roncade (TV)	12,000	Merger into Tech Value	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	61.0%	51.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milan (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	50.0%
LEONET4CLOUD SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	n.a.	0.3%
VAR GROUP SRL				100.0%	59.4%
VAR PRIME SRL	VAR ENGAGE SRL	Empoli (FI)	2,0000	merger by incorporation into Var Prime	100.0%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	95.6%	93.1%
VAR GROUP SRL	VAR GROUP CENTRO SRL	Empoli (FI)	41,053	100.0%	97.5%
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%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	255,364	78.1%	64.9%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	100.0%
APRA SPA	VAR INDUSTRIES SRL	Milan (MI)	214,286	2.5%	2.5%
SAILING SRL				2.5%	2.5%
SIRIO INFORMATICA E SISTEMI SPA				45.0%	45.0%
VAR ENGINEERING SRL				10.0%	10.0%
VAR GROUP SPA				21.0%	21.0%
VSH SRL	VAR NEXT SRL	Treviso (TV)	10,000	85.0%	n.a.
LEONET4CLOUD SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	50.0%	50.0%
VAR GROUP NORD OVEST SRL				50.0%	50.0%
LEONET4CLOUD SRL	VAR4YOU SRL	Empoli (FI)	30,000	70.0%	n.a.

VAR SERVICE SRL				30.0%	n.a.
VAR GROUP SPA	VAR HUB SRL	Empoli (FI)	15,000	100.0%	n.a.
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	50.0%	n.a.
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	100.0%	n.a.
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	100.0%	100.0%
GENCOM SRL	WEELGO SRL	Bergamo (BG)	10,000	51.0%	n.a.
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	n.a.
VAR GROUP SPA	WSS ITALIA SRL	Milan (MI)	35,000	55.0%	n.a.
VAR GROUP SPA	ZERO12 SRL	Padua (PD)	10,000	54.5%	n.a.

Associated Companies

HELD BY	COMPANY	REGISTERED OFFICE	SHARE CAPITAL	PERCENTAGE HELD AT	
				30 April 2021	30 April 2020
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%
LEONET4CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	n.a.	50.0%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
GENCOM SRL	GENDATA SRL	Forlì	50,000	20.0%	20.0%
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%	28.6%
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%	25.0%
VAR PRIME SRL	J.D.I. SRL	Udine (UD)	10,000	20.0%	20.0%
COMPUTER GROSS SPA	KOLME SRL	Milan (MI)	150,000	33.3%	33.3%
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%
PANTHERA SRL	SOFTHARE	Tunisi	250,000 TND	n.a.	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%
GENCOM SRL	T-STATION ACADEMY SRL	Forlì (FO)	25,000	40.0%	n.a.
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	Padua (PD)	10,000	n.a.	20.0%

Other Companies

Held by	Company	Registered office	Share Capital Eu	Percentage held at 30-Apr-21	30-Apr-20
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	10.0%	10.0%
VAR GROUP SPA	ALDEBRA SPA	Trento (TN)	1,398,800	9.0%	9.0%
VAR INDUSTRIES SRL	AMAECO SRL	Fiorano Modenese (MO)	20,000	10.0%	n.a.
APRA SPA	ANALYSIS SRL	Trebbo di Reno (Bo	10,400	15.0%	15.0%
VAR GROUP SPA	APIO SRL	Pescara (PE)	14,882	9.3%	n.a.
YARIX SRL	ATHESYS SRL	Padua (PD)	30,000	10.0%	10.0%
VAR GROUP SPA	AXED SPA	Latina (LT)	2,000,000	0.2%	0.1%
YARIX SRL	BLOCKIT SRL	Padua (PD)	20,750	n.a.	9.0%
VAR GROUP SPA	CAP SOLUTIONS SRL	Genoa (GE)	100,000	15.0%	15.0%
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%	0.2%
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%
VAR GROUP SPA	DEXIT SRL	Trento (TN)	700,000	13.5%	n.a.
ADIACENT SRL	DIGITAL SERVICE LEONE SRL	Florence (FI)	1,160,000	13.8%	13.8%
VAR GROUP SPA	DITECFER SCARL	Pistoia (PT)	96,000	2.0%	2.0%
SESA SPA	DV HOLDING SRL	Rome (RM)	100,000	6.0%	3.0%
VAR GROUP SPA				n.a.	3.0%
VAR ONE SRL	ECA CONSULT SRL	Mordano (BO)	40,000	8.0%	8.0%
YARIX SRL	ELMAS SRL	SCHIO (VI)	41,600	n.a.	7.5%
VAR GROUP SPA				n.a.	7.5%
COLLABORATION VALUE SRL	EMM&MME INFORMATICA SRL	Lastra a Signa (FI)	94,000	19.0%	19.0%
COMPUTER GROSS SPA	EMPOLI F.B.C. SPA	Empoli (FI)	1,040,000	3.0%	3.0%
APRA SPA	ENOGIS SRL	Trento (TN)	10,000	10.0%	n.a.
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%
LEONET4CLOUD SRL	INFOSVIL SRL	Florence (FI)	20,400	10.0%	10.0%
COLLABORATION VALUE SRL	ITF SRL	Empoli (FI)	100,000	10.0%	10.0%
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%
VAR PRIME SRL	PIESSE QUADRO SRL	Bovolone (VR)	20,800	10.0%	n.a.
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	n.a.	19.0%
DELTA PHI SIGLA SRL	CONSORZIO VAR GROUP (formerly SESA CONSORZIO-CENTRO SOLUZIONE)	Empoli (FI)	35,119	5.9%	6.3%
YARIX SRL				5.9%	n.a.
GENCOM SRL				5.9%	n.a.
ICT LOGISTICA SRL				5.9%	6.3%
VAR4YOU SRL				5.9%	n.a.
LEONET4CLOUD SRL				5.9%	n.a.
VAR NEXT SRL				5.9%	n.a.
EAST SERVICES SRL				5.9%	n.a.
NEBULA SRL				5.9%	n.a.
VAR ENGINEERING SRL				5.9%	n.a.
MF SERVICES SRL				5.9%	n.a.
WSS ITALIA SRL				5.9%	n.a.
ZERO 12 SRL				5.9%	n.a.
VAR SERVICE SRL				5.9%	n.a.

Separate Financial Statements at 30 April 2021

Separate Income Statement

(Euro thousands)	Note	Year ended 30 April 2021	2020
Revenues	5	11,242	9,437
Other income	6	2,695	2,318
Consumables and goods for resale	7	(32)	(44)
Costs for services and rent, leasing, and similar costs	8	(7,459)	(5,066)
Personnel costs	9	(6,057)	(5,170)
Other operating costs	10	(147)	(135)
Amortisation and Depreciation	11	(399)	(300)
Operating result		**(157)**	**1,040**
Share of profits of companies valued at equity			
Financial income	12	12,023	10,562
Financial expenses	12	(31)	(38)
Profit before taxes		**11,835**	11,564
Income taxes	13	(208)	(464)
Profit for the year		**11,627**	**11,100**

Separate Statement of Comprehensive Income

(Euro thousands)	Note	Year ended 30 April 2021	2020
Profit for the year		11,627	11,100
Items that cannot be reclassified to the Income Statement			
Actuarial gain (loss) for employee benefits - Gross effect		(64)	7
Actuarial gain (loss) for employee benefits - Tax effect		15	(2)
Comprehensive income for the year		**11,578**	**11,105**

Separate Statement of Financial Position

(Euro thousands)	Note	At 30 April 2021	2020
Intangible assets	14	197	121
Rights of use		311	294
Property, plant and equipment	15	578	433
Investment property	16	7	7
Equity investments	17	83,645	75,709
Deferred tax assets	18	868	384
Other non-current receivables and assets	19	6,787	3,017
Total non-current assets		92,393	79,965
Current trade receivables	20	1,895	1,324
Current tax receivables		17	18
Other current receivables and assets	19	4,829	8,757
Cash and cash equivalents		5,689	5,767
Total current assets		12,430	15,866
Total assets		104,823	**95,831**
Share capital	21	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves	21	13,310	2,109
Profits carried forward		11,627	11,100
Total Shareholders' equity		95,208	83,480
Non-current loans	23		
Financial liabilities for non-current rights of use		71	175
Employee benefits	24	1,870	1,696
Non-current provisions	25		
Deferred tax liabilities	18	60	31
Total non-current liabilities		2,001	1,902
Current loans	23	305	1,063
Financial liabilities for current rights of use		243	121
Trade payables		886	847
Current tax payables		2,295	2,242
Other current liabilities	26	3,885	6,176
Total current liabilities		7,614	10,449
Total liabilities		9,615	12,351
Total shareholders' equity and liabilities		104,823	**95,831**

Separate Statement of Cash Flows

(Euro thousands)	Note	Year ended 30 April 2021	2020
Profit before taxes		11,835	11,564
Adjustments for:			
Amortisation and Depreciation	11	399	300
Accruals to provisions relating to personnel and other provisions	24	171	148
Net financial (income) expense	12	(12,001)	(10,538)
Share of profits of companies valued at equity			
Capital gains/losses from transfer and other non-monetary entries		3,257	1,160
Cash flows generated from operating activities before changes in net working capital		3,661	2,634
Change in inventory			
Change in trade receivables	20	(571)	(484)
Change in payables to suppliers		39	43
Change in other assets	19	3,873	1,239
Change in other liabilities	26	(2,291)	2122
Use of provisions for risks			
Employee benefits	24	(76)	(88)
Change in deferred taxes		(375)	(98)
Change in receivables and payables for current taxes		559	1,463
Interest paid		(6)	(5)
Taxes paid		(713)	(290)
Net cash flow generated from operating activities		4,100	6,536
Equity investments	5	(7,936)	(6,642)
Investments in property, plant and equipment	17	(355)	(124)
Investments in intangible assets	16	(132)	(56)
Disposal of tangible and intangible assets		2	2
Disposal of investment property			655
Non-current equity investments in other companies	20	(3,780)	
Disposals of non-current equity investments in other companies	3.26		50
Dividends collected		12,000	10,524
Interest collected		23	38
Net cash flow generated from/(used in) investing activities		(178)	4447
(Reduction)/increase in short-term loans	3.26	(752)	189
Repayment of financial liabilities for rights of use		(140)	(122)
Treasury shares		(3,108)	(2,765)
Capital increase and/or Shareholder payment	24		
Change in shareholders' equity			
Dividends distributed			(9,741)
Net cash flow generated from/(used in) financing activities		(4,000)	(12,439)
Translation difference on cash and cash equivalents	23		
Availability of assets held for sale			
Change in cash and cash equivalents		(78)	(1,456)
Opening balance of cash and cash equivalents		5,767	7,223
Closing balance of cash and cash equivalents		5,689	5,767

Separate Statement of Changes in Equity

(Euro thousands)	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' Equity
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)
Transactions with shareholders					
Purchase of treasury shares			(2,765)		(2,765)
Sale of treasury shares					0
Distribution of dividends				(9,740)	(9,740)
Assignment of shares in execution of Stock Grants					0
Stock Grant Plan - shares vesting in the period			1,533		1,533
Other changes					0
Allocation of profit for the year			657	(657)	0
Profit for the year				11,100	11,100
At 30 April 2020	37,127	33,144	2,109	11,100	83,480
Actuarial gain/(loss) for employee benefits - gross			(64)		(64)
Actuarial gain/(loss) for employee benefits - tax effect			15		15
Transactions with shareholders					
Purchase of treasury shares			(3,108)		(3,108)
Sale of treasury shares					
Distribution of dividends					
Assignment of shares in execution of Stock Grants					
Stock Grant Plan - shares vesting in the period			3,257		3,257
Other changes					
Allocation of profit for the year			11,100	(11,100)	
Profit for the year				11,627	11,627
At 30 April 2021	37,127	33,144	13,309	11,627	95,207

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 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 12 July 2021.

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 2021 are illustrated below.

2.1. Preparation Basis

The separate financial statements for the year ended 30 April 2021 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 2020, 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 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 depreciated on the basis of the useful life of the asset to which they refer.
Charges incurred for ordinary and/or cyclical maintenance and repairs are charged to the income statement when they are incurred. Costs relating to the expansion, modernisation or improvement of structural elements owned or under lease are capitalised to the extent that they meet the requirements for separate classification as an asset or part of an asset. Assets recorded in relation to leasehold improvements are depreciated on the basis of the duration of the rental contract, or on the basis of the specific useful life of the asset, if lower.

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

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

Class of 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.

Rights 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 defined useful life

Intangible assets with a defined 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 is 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 REAL ESTATE INVESTMENTS

(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 2021, 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, property, plant and equipment and investment property) with a defined 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 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 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 (so-called ECL lifetime).

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 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 Company's share of profit by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

(b) 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 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 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".

2.3. Newly issued standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Company at 1 May 2021.

- 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 application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In October 2018, the IASB published a number of amendments to IAS 1 and IAS 8, clarifying the definition of "material information". The application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7 - “Interest rate benchmark reform -- Phase 1” - providing clarification in view of the reform on the interest rates applied to transactions carried between banks. The application of the amendments is effective from 1 January 2020 and had no significant effect on the consolidated financial statements as of 30 April 2021;
- In May 2020, the IASB issued Covid-19 Related Rent Concessions (Amendment to IFRS 16 "Leases”) that provides an optional practical expedient for the valuation of leases where lease payment relief has been obtained as a result of the Covid-19 emergency by 30 June 2021. Based on this amendment and under certain conditions, the lessee may choose to record the effects of the relief as variable rent in the period in which the event or condition triggering the relief occurred. The amendment is applicable for annual periods beginning on or after 1 April 2021 but earlier adoption is permitted. At the date of this Report, the Group had not made use of the optional practical expedient introduced by the above amendment.

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

- In June 2020, the IASB published an amendment to “IFRS 4 Insurance Contracts - deferral of IFRS 9”. The amendment extends the expiry date of the temporary exemption from the application of IFRS 9 from 1 January 2021 to 1 January 2023, to align the dates of entry into force of IFRS 9 “Financial Instruments” with IFRS 17 “Insurance Contracts” The amendment will be applicable for annual periods beginning on or after 1 January 2021.
- In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 -'Interest Rate Benchmark Reform - Phase 2'- that address issues arising from the implementation of the IBOR rate reform, including the replacement of a benchmark with an alternative one. The new standard is applicable for annual periods beginning on or after 1 January 2021.
- 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 amendments will be applicable as from 1 January 2022.

The Company will adopt these new standards, amendments and interpretations, based on their expected date of application. At present, the Company is analysing the above-mentioned accounting standards and assessing whether their adoption will have a significant impact on the financial statements.

- 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 January 2020 (and updated in July 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 2023.
- In February 2021, the IASB published a number of minor amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve reporting on accounting standards and to help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendment is applicable for annual periods beginning on or after 1 January 2023.
- In March 2021, the IASB published an additional amendment to IFRS 16 to extend the possibility of using the practical expedient also for the period from 30 June 2021 to 30 June 2022. The amendment is applicable for annual periods beginning on or after 1 April 2021.
- In May 2021, the IASB published an amendment to IAS 12 “Income Taxes”, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”, which clarifies how companies report deferred taxes on transactions such as leases and decommissioning obligations. The amendment is applicable for annual periods beginning on or after 1 January 2023.

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 2021, 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 2021 and 2020, grouped by due date, net of the provision for bad debts.

	Year ended 30 April	
	2021	**2020**
Yet to mature	1,670	836
Expired by 0-30 days	184	454
Expired by 31-90 days	30	14
Expired by 91-180 days	1	11
Expired by 180-360 days	3	0
Expired by over 360 days	7	9
Total	1,895	1,324

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 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Book value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	305	305		
Financial liabilities for rights of use	314	243	71	
Trade payables	886	886		
Other current and non-current payables	6,180	6,180		

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	-	-

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 2021 and 30 April 2020.
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 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Assets and liabilities at amortised cost**	**Assets at FVOCI**	**Assets and liabilities at FVPL**	**Derivative financial instruments**	**Total**
Assets					
Current trade receivables	1,895				1,895
Other current and non-current assets	12,501				12,501

Cash and cash equivalents	5,689				5,689
Total assets	20,085				20,085
Liabilities					
Current and non-current loans	305				305
Financial liabilities for rights of use	314				314
Trade payables	886				886
Other current liabilities	6,180				6,180
Total liabilities	7,685				7,685

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
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

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 with reference to listed (unadjusted) prices on active markets for identical financial instruments;
Level 2: Fair value determined using valuation techniques with reference to variables observable on active markets;
Level 3: Fair value determined using valuation techniques with reference to variables that cannot be observed on active markets.

4. Estimates and Assumptions

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

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

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

(a) Reduction of value of assets

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

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

(b) Amortisation and Depreciation

The cost of 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 Company revenues are generated in Italy. The revenues item is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Performance of services and other revenues	10,326	8,584
Other revenues	916	853
Total	11,242	9,437

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)	**2021**	**2020**
Leases and rents	40	40
Other income	2,655	2,278
Total	2,695	2,318

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

Other income refers mainly to the recovery of costs incurred on behalf of other Group companies and, residually, to the reversible remuneration of the Chairman of the Board of Directors and of an Executive Deputy Chairman.

7. Consumables and goods for resale

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Consumables and other purchases	32	44
Total	32	44

8. Costs for Services and Rent, Leasing and Similar Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Technical assistance for hardware and software	267	208
Consulting activities	5,101	3,246
Rentals and hires	234	229
Marketing	126	134
Insurance policies	156	124
Utilities	70	71
Support and training expenses	7	7
Maintenance	36	37
Other service expenses	1,462	1,010
Total	7,459	5,066

The Consulting activities include costs accrued for the stock grant plan assigned to the executive directors for a total of Euro 3,257 thousand.

9. Personnel Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Wages and salaries	4,321	3,648
Social security payments	1,239	1,045
Contributions to defined contribution pension funds	289	246
Reimbursements and other personnel costs	208	231
Total	6,057	5,170

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

	Average number of employees for the year ended 30 April		Precise number of employees at 30 April	
(in units)	**2021**	**2020**	**2021**	**2020**
Executives	2	2	2	2
Middle Management	11	9	11	10
Office Staff	99	88	101	88
Total	112	99	114	100

10. Other Operating Costs

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Provision for bad debts		
Duties and taxes	68	59
Losses not covered by the provision for bad debts		
Capital losses on disposals		
Provisions for Risks and Charges		
Other operating costs	79	76
Total	147	135

11. Amortisation and Depreciation

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Intangible assets	57	41
Right of use	135	120
Property, plant and equipment	207	139
Investment property		
Total	399	300

12. Financial Income and Expenses

The item in question is detailed as follows:

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Commissions and other financial expense	(15)	(20)
Financial expense related to severance indemnities	(16)	(18)
Total financial expense	(31)	(38)
Other financial income.	1	35
Bank interest income	22	3
Dividends from shareholdings	12,000	10,524
Total financial income	12,023	10,562
Net financial income	11,992	10,524

13. Income Taxes

The item in question is detailed as follows:

(Euro thousands)	Year ended 30 April 2021	2020
Current taxes	639	507
Deferred taxes and previous years' taxes	(431)	(43)
Total	208	464

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 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 2021 and 30 April 2020.

(Euro thousands)	Year ended 30 April 2021		2020	
Result before taxes	11,835		11,564	
Theoretical taxes	2,840	24.0%	2,775	24.0%
Taxes relating to previous years				
Subsidised taxation on dividends			(2,399)	
Taxes on accrued costs deducted from shareholders' equity at FTA	144			
Other differences			(16)	
IRAP, including changes in deferred tax assets and liabilities	(2,459)		104	
Actual tax charge	(317)		464	

14. Intangible Assets

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

(Euro thousands)	Client list	Software and other intangible assets	Trade marks and patents	Total
Balance 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	Services (3)	(38)		***(41)***
Balance at 30 April 2020	2	119		121

Of which:				
- historical cost	*25*	*256*	*9*	***290***
- accumulated amortisation	*(23)*	*(137)*	*(9)*	***(169)***
Investments		133		***133***
Disinvestments				
Amortisation	(2)	(55)		***(57)***
Balance at 30 April 2021		197		**197**
Of which:				
- historical cost	*25*	*389*	*9*	***426***
- accumulated amortisation	*(25)*	*(192)*	*(9)*	***(226)***

The balance of intangible assets at 30 April 2021 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**	**Rights of use**	**Total**
Balance at 30 April 2019	447	1		448
Of which:				
- historical cost	*775*	*135*		***910***
- accumulated depreciation	*(328)*	*(134)*		***(462)***
Financial Lease IFRS 16 balance as 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 accumulated depreciation			24	***24***
Balance at 30 April 2020	433		294	727
Of which:				
- historical cost	*899*	*135*	*390*	***1,424***
- accumulated depreciation	*(466)*	*(135)*	*(96)*	***(697)***
Investments	347	7	152	**506**
Disinvestments	(2)			**(2)**
Depreciation	(205)	(2)	(135)	**(342)**
Other changes in historical cost				
Other changes in accumulated depreciation				
Balance at 30 April 2021	573	5	311	889
Of which:				
- historical cost	*1,244*	*142*	*542*	*1,928*
- accumulated depreciation	*(671)*	*(137)*	*(231)*	*(1,039)*

Investments in the year ended 30 April 2021 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 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 at 30 April 2020		7	7
Of which:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation	*(281)*	*(3)*	***(284)***
Depreciation			
Disposals			
Balance at 30 April 2021		7	7
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation	*(281)*	*(3)*	*(284)*

17. Equity investments

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

	Year ended 30 April	
(Euro thousands)	**2021**	**2020**
Computer Gross S.p.A.	53,163	53,163
Var Group S.p.A.	13,999	13,999
Base Digitale S.r.l.	12,859	4,959
Adiacent S.r.l.	2,595	2,559
C.G.N. S.r.l.	994	994
Arcipelago Cloud S.r.l.		
Idea Point S.r.l.	35	35
Total	83,645	75,709

The changes in the Equity investments item are shown below.

(Euro thousands)	**Equity investments**
Balance at 30 April 2019	68,241
Changes:	
- Purchases or subscriptions	*7,518*
- Sales	*(50)*
Balance at 30 April 2020	75,709
Changes:	
- Purchases or subscriptions	*7,936*
- Sales	*-*
Balance at 30 April 2021	83,645

The change in this item during the year relates mainly to the Euro 7.9 million capital increase in favour of Base Digitale SpA, which increased Sesa SpA's investment from 61% to 71%.

18. Deferred Tax Assets and Liabilities

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

	At 30 April	
(Euro thousands)	**2021**	**2020**
Receivables for deferred tax assets within 12 months	868	384
Receivables for deferred tax assets after 12 months		
Total receivables for deferred tax assets	868	384
Deferred tax liabilities within 12 months	54	27
Deferred tax liabilities after 12 months	6	4
Total deferred tax liabilities	60	31

Net changes in these items are detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Opening balance	353	260
Increase following merger		
Impact on income statement	429	93
Impact on the statement of comprehensive income	15	
Reclassification	11	
Closing balance	808	353
Of which:		
- receivables for deferred tax assets	*868*	*384*
- deferred tax liabilities	*60*	*31*

Changes in 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 (stock grant)**	**Employee benefits**	**Other entries**	**Total**
Balance at 30 April 2019	270		(10)		260
Impact on income statement	1	123			**124**
Impact on the statement of comprehensive income					
Other changes					
Balance at 30 April 2020	271	123	(10)		384
Impact on income statement		419	(5)		414
Impact on the statement of comprehensive income			15		15
Other changes	(261)	251	65		55
Balance at 30 April 2021	10	793	65		868

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 at 30 April 2019	3			3
Reclassification				
Impact on income statement			28	**28**
Impact on the statement of comprehensive income				
Balance at 30 April 2020	3		28	31
Reclassification		4	40	44
Impact on income statement		2	(17)	(15)
Impact on the statement of comprehensive income				
Balance at 30 April 2021	3	6	51	60

19. Other current and non-current receivables and assets

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Non-current receivables from others	65	10
Non-current investments in other companies	90,432	78,716
Non-current securities		
Total other non-current receivables and assets	90,497	78,726
Current receivables from subsidiaries	4,294	8,271
Current receivables from others	7	30
Other current tax receivables		
Accrued income and prepaid expenses	528	456
Derivative assets		-
Total other current receivables and assets	4,829	8,757

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 11.5 million in Equity Investments refers mainly to the capital increase of Euro 7.9 million in favour of Base Digitale SpA, which increased Sesa SpA's investment from 61% to 71% and Euro 3.8 million for the purchase of 3% of DV Holding SpA..

20. Current Trade Receivables

The item in question is detailed as follows:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Trade receivables	1,628	1,242
Provision for bad debts	(62)	(62)
Trade receivables net of the provision for bad debts	1,566	1,180
Receivables from subsidiaries	314	140
Receivable from associates	11	
Receivables from parent companies	4	4
Total current trade receivables	1,895	1,324

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

(Euro thousands)	**Provision for bad debts**
Balance at 30 April 2019	84
Accrual to provisions	
Use	22
Balance at 30 April 2020	62
Accrual to provisions	
Use	
Balance at 30 April 2021	62

21. Shareholders' Equity

SHARE CAPITAL

At 30 April 2021, the fully subscribed and paid-up share capital of the Company amounted to Euro 37,127 thousand and consisted of 15,494,590 ordinary shares, all with no nominal value. The Company has no Warrants or shares other than ordinary shares.

At 30 April 2021, Sesa SpA held 61,160 treasury shares, equating to 0.395% of the share capital, purchased at an average price of Euro 66.1 under the treasury share purchase plan approved by the shareholders' meeting of 28 August 2020. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity. Treasury shares are held for a value of Euro 4,044 thousand.

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

	Number of shares
Situation at 30 April 2020	
Shares issued	15,494,590

Treasury shares in portfolio	87,961
Shares in circulation	15,406,629
Situation as at 30 April 2020	
Assignment of shares in execution of the Stock Grant Plan	63,000
Purchase of treasury shares	36,199
Situation as at 30 April 2021	
Shares issued	15,494,590
Treasury shares in portfolio	61,160
Shares in circulation	15,433,430

The shareholders who, as at 30 April 2021, 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 reserve" items can be broken down as follows:

(Euro thousands)	Legal reserve	Treasury Shares	Actuarial gain (loss) reserve	Miscellaneous reserves	Total other reserves
At 30 April 2019	2,340	(1,639)	(227)	2,205	2,679
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/cancellation of treasury shares					0
Distribution of dividends					0
Assignment of shares in execution of the Stock Grant Plan		1,104		(1,104)	0
Stock Grant plan - shares vesting in the period				1,533	1,533
Other changes					
Allocation of profit for the year	520			136	656
At 30 April 2020	2,860	(3,300)	(222)	2,770	2,108
Actuarial gain/(loss) for employee benefits - gross			(64)		(64)
Actuarial gain/(loss) for employee benefits - tax effect			15		15
Purchase of treasury shares		(3,108)			(3,108)
Sale/cancellation of treasury shares					0
Distribution of dividends					0
Assignment of shares in execution of the Stock Grant Plan		2,363		(2,363)	0
Stock Grant Plan - shares vesting in the period				3,257	3,257
Other changes			(15)	15	
Allocation of profit for the year	555			10,545	11,100
At 30 April 2021	3,415	(4,045)	(286)	14,225	13,309

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 2021 and 30 April 2020:

At 30 April 2021 *(Euro thousands)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term loans				
Short-term loans	305			305
Financial liabilities for rights of use	243	71		314
Total	548	71	0	619

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 rights of use	121	175		296
Total	1,184	175	0	1,359

A summary of the net financial position is provided below:

	At 30 April	
(Euro thousands)	**2021**	**2020**
Cash		
Cash equivalents	5,689	5,767
Other current financial assets		1,500
Liquidity (A) + (B) + (C)	5,689	7,267
Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	305	1,063
Current portion of non-current financial debt	243	121
Current financial debt (E) + (F)	548	1,184
Net current financial debt (G) - (D)	(5,141)	(6,083)
Non-current financial debt (excluding current portion and debt instruments)	71	175
Debt instruments		
Trade payables and other current payables		
Non-current financial debt (I) + (J) + (K)	71	175
Net financial debt (H) + (L)	**(5,070)**	**(5,908)**

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)	**2021**	**2020**
Opening balance	1,696	1,624
Service cost	171	148
Bond interest	16	19
Uses and advances	(152)	(88)
Actuarial loss/(gain)	49	(7)
Change in workforce due to transferral of resources	90	
Closing balance	1,870	1,696

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

	At 30 April	
(Euro thousands)	**2021**	**2020**
Economic assumptions		
Rate of inflation	1.00%	1.00%
Discount rate	0.78%	0.88%
TFR increase rate	2.25%	2.25%

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%	1,863
	-0.50%	2,030
Annual rate of inflation	0.50%	1,978
	-0.50%	1,909
Turnover rate	0.50%	1,929
	-0.50%	1,951

25. Provisions for Risks and Charges

The value of this item was zero at 30 April 2021.

26. Other Current Liabilities

The item in question is detailed as follows:

(Euro thousands)	At 30 April 2021	2020
Accrued liabilities and deferred income	4	7
Tax payables	1,487	3,892
Payables to personnel	1,189	957
Other payables	1,028	1,162
Payables to social security institutions	177	158
Advances from customers		
Derivative liabilities		
Total other current liabilities	3,885	6,176

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 the 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 398 thousand at 30 April 2021.

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 2021
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 28 August 2020 are excluded. In relation to the stock grant plan as at 30 April 2021, the shares relating to the annual target of 58,000 shares have fully matured.

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 2021 (Euro thousands)
Independent audit	PwC	Sesa SpA	98
Other assurance services	PwC	Sesa SpA	10
Other services	PwC	Sesa SpA	25

Payments include, in addition to fees, out-of-pocket expenses and the supervisory contribution. In addition to the audit activities at 30 April 2021, further services were rendered relating mainly to the limited review of the Non-Financial Statement of Sesa SpA and other audit procedures.

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 2021 and 30 April 2020.

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the FS item
Current trade receivables							
At 30 April 2021	912	8	4			924	**48.8%**
At 30 April 2020	777	29	4			810	**61.2%**
Other current receivables and assets							
At 30 April 2021	4,294					4,294	88.9%
At 30 April 2020	8,271					8,271	94.5%
Employee benefits							
At 30 April 2021				1		1	0.1%
At 30 April 2020				1		1	0.1%
Trade payables							
At 30 April 2021	186	13		88	12	299	33.7%
At 30 April 2020	149			94	12	255	30.1%
Other current liabilities							
At 30 April 2021	999			67		1,066	27.4%
At 30 April 2020	1,161			65		1,226	19.9%

The following table details the P&L effects of transactions with related parties in the years ended 30 April 2021 and 30 April 2020.

(Euro thousands)	**Subsidiaries**	**Associated companies**	**Parent companies**	**Top Management**	**Other related parties**	**Total**	**Impact on the FS item**
Revenues							
As at 30 April 2021	10,807	91	77			10,975	97.62%
As at 30 April 2020	8,961	98	69			9,128	96.73%
Other income							
As at 30 April 2021	2,449	35	2	7		2,493	92.50%
As at 30 April 2020	1,825	45	1	6		1,877	80.97%
Consumables and goods for resale							
As at 30 April 2021	8					8	25.00%
As at 30 April 2020	11					11	25.00%
Costs for services and rent, leasing, and similar costs							
As at 30 April 2021	860	5		3,994	48	4,907	65.79%
As at 30 April 2020	611	4		2,346	49	3,010	59.42%
Personnel costs							
As at 30 April 2021				507		507	8.37%
As at 30 April 2020				458		458	8.86%
Other operating costs							
As at 30 April 2021							0.00%
As at 30 April 2020							0.00%
Financial income							
As at 30 April 2021	1					1	0.01%
As at 30 April 2020	35					35	0.33%
Financial expenses							
As at 30 April 2021	-					-	0.00%
As at 30 April 2020	-					-	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. The decrease in the Other receivables from subsidiaries item is attributable to the repayment in the year ended 30 April 2021 of the interest-bearing loan to the Var Group SpA for Euro 1.5 million, as well as the change in receivables related to tax consolidation. 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, personnel 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 2021 was authorised by a resolution of the Board of Directors on 12 July 2021.

31. Allocation of the profit/loss for the year

We propose to the shareholders' meeting the distribution of a dividend of Euro 0.85 per share for a total of Euro 13.2 million, gross of treasury shares in portfolio, up 34.9% compared to the last distribution of dividends for the year ended 30 April 2019.

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 in charge of 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 2021.

2. The application of the administrative and accounting procedures for the preparation of the financial statements as at 30 April 2021 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, 12 July 2021

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
In his capacity as Executive in charge of preparation of the corporate accounting documents

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

pwc

Independent auditor's report

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

To the shareholders of Sesa SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sesa SpA (the Company), which comprise the separate statement of financial position as of 30 April 2021, 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 2021, 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

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Equity investments in subsidiaries and associated companies	
"Note 17 to the financial statements. Equity investments" In the financial statements as of 30 April 2021 equity investments in subsidiaries and associated companies, valued at cost, were recognised for an amount equal to € 84 million representing 79.8% 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 2021 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 2021, 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 2021 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 2021 and are prepared in compliance with the law.

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

Florence, 23 July 2021

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(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 of Sesa SpA

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING IN COMPLIANCE WITH ARTICLE 153 OF THE CONSOLIDATED LAW ON FINANCE (T.U.F) 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 2021.

1. LEGAL, REGULATORY AND DEONTOLOGICAL SOURCES

During the year ended 30 April 2021, 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 Self-Governance Code and the Corporate Governance Code currently in force.
On a preliminary basis, the Board of Statutory Auditors would like to point out that, as of financial year 2021-2022, the Self-governance Code will be replaced by the new Corporate Governance Code, to which the Company has adhered, undertaking several activities to implement the new recommendations. In December 2020, the Corporate Governance Committee of Borsa Italiana made its recommendations for 2021 regarding the compliance of Issuers with the Corporate Governance Code; these recommendations are contained in a document called "*The recommendations of the Committee for 2021*" annexed to the letter signed by the Chairman of the Committee. The Chairman's letter and the Recommendations for 2021 were examined by the Board of Directors and also by the Company's Governance Committees for the profiles for which they are responsible. In particular, the Company's Board of Directors, during its meeting on 12 July 2021, examined the aforesaid letter and, with the favourable opinion of the Chairman of the Remuneration Committee and of the Chairman of the Control and Risks Committee on behalf of the respective Committees, took note of the relative contents, noting a substantial adaptation by the Company to all the recommendations mentioned (especially with regard to sustainability, the provision of information before Board meetings, the application of criteria of independence, the self-assessment of the board of directors, the appointment and succession of directors and, lastly, remuneration policies).
The Board of Statutory Auditors preliminarily acknowledges that the current members were appointed by the Shareholders' Meeting held on 24 August 2018, with the exception of Andrea Mariani, who was appointed by resolution of the Shareholders' Meeting held on 28 August 2020, replacing Luca Parenti.
At the meeting held on 24 August 2018, the Board of Directors assigned the functions of the Supervisory Body to the Board of Statutory Auditors, as envisaged in article 4.1 of the General Section of the "Compliance Model under Law 231" adopted by the Company.
The Board of Statutory Auditors carried out its activities during the year in question, holding ten board meetings, all of which were duly documented; the Head of the Internal Audit function attended all of the meetings of the Board of Statutory Auditors.
The Board of Statutory Auditors also attended the six meetings of the Board of Directors held during the year ended 30 April 2021.
The Board of Statutory Auditors, which is also responsible for the functions of the Supervisory Body, met with

representatives of the Company appointed to audit the accounts at least once every six months.
The Board of Statutory Auditors attended all the meetings of the Control and Risks and Related Parties Committee and of the Remuneration Committee.
The Board of Statutory Auditors requested and exchanged views and obtained 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 Monitoring 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 Decree require that Public Interest 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, 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.

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2021 has still been significantly impacted by the pandemic. The Sesa Group promptly adopted significant 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 for its stakeholders. In response to the lockdown measures (full or partial), progressive mitigation actions were implemented, including changes in working methods, management and optimisation of offices and procedures, measures to protect employee health and safety, with the adoption of hybrid work organisation models and the widespread use of smart working. The Sesa Group promptly activated a flow of information to its resources, relating to operating procedures and the rules of conduct to be observed, how to access Company offices, and in relation to the contents and mandatory requirements of the Government Decrees. A task force was set up to provide guidance on occupational health and safety, which, with the involvement of the main departments such as the Human Resources and Legal & Compliance Departments, the medical officer and the heads of employee safety of the Group companies, promptly adopted all the protocols for the correct prevention of contagion. Measures revising office opening hours and restricting access to the premises have been put in place to protect Group employees. Hygiene and sanitary precautions were also strengthened at the branches and central offices; in compliance with the obligations on Covid-19 (and in line with the safety measures set out in the Group's Covid-19 Protocol), all the Group's offices were equipped with appropriate safety devices, such as signs, separate entrances, personal protection equipment (including temperature scanners and thermometers), and new organisational measures were implemented to ensure the correct management of work activities. The most significant performance ratios for measuring the effectiveness of actions taken on occupational health and safety include the results of the analysis and monitoring of accidents and of contagion from Covid-19. The results of the year show a favourable trend both in terms of revenues and profitability, confirming the resilience of the Group's organisation and the validity of the actions taken to mitigate risks.

2. OVERSIGHT ACTIVITIES

2.1. Oversight of compliance with the law, the Articles of Association and the Self-Governance Code for listed companies in force during the year - as well as the Corporate Governance Code 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 TUF.
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 recently updated on 1 May 2021;
- 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 adjusted on 1 May 2021;
- 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, 11 July 2019 and, most recently, on 1 May 2021.

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 Self-Governance Code and 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 Statutory Auditors notes that, during the year, the Company adopted the traditional management and control model pursuant to articles 2380-*bis* et seq. of the Italian Civil Code, which envisage the presence of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors as governance bodies. To this end, you are reminded that, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2049-sexiesdecies et seq. of the Italian Civil Code. The amendments relating to the new governance system will be applied as of the next renewal of the corporate bodies, except for the amendments relating to the pre-meeting procedures linked to the appointment of the new corporate bodies, applied as of the date of call of the Shareholders' Meeting called to pass resolution on the appointment of the new Board of Directors, i.e.: 12 July 2021. As of the next renewal of corporate bodies, the Company will therefore be managed, pursuant to article 17 of the new Articles of Association, by a Board of Directors consisting of a minimum of five and a maximum of thirteen directors. According to the new Articles of Association, the directors hold office for no more than three terms and such office expires on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their office, notwithstanding the causes of termination envisaged by the law and by the Articles of Association. Before proceeding with the appointment, the Shareholders' Meeting determines the number of members and the Board's duration in office. The provisions of the Articles of Association that regulate the composition and appointment of the Issuer's Board of Directors also guarantee the respect of the provisions on the defence of the rights of minorities and the balance between genders in the composition of the Board of Directors, as well as the presence of an adequate number of directors in possession of the requisites of independence pursuant to art. 148, par. 3, of the TUF and to the Code of Corporate Governance, as well as the additional requirements envisaged by the legislation in force.
The Board of Directors currently holding office has eight members; these include two independent directors, 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 Borsa Italiana and by article IA.2.10.6 of the Instructions for Regulation of Borsa Italiana, 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 Self-Governance Code.
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 17 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, all in compliance with article 2365, paragraph 2 of the Italian Civil Code.
The Board of Directors - within the limits of the applicable provisions of the law, regulations and the articles of association - may appoint one or more Managing Directors or an Executive Committee (art. 18 of the Articles of Association). They hold the powers of management assigned to them when they were elected (art. 20 of the Articles of Association). Moreover, following the application of the statutory amendments linked to the implementation of the one-tier system, the Board of Directors will appoint the members of the Management Audit Committee, in compliance with article 23 of the Articles of Association.
On the date of this Report, 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 5 July 2021), 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 Control and Risks Committee, set up within the Board of Directors; this is illustrated in the Financial Report at 30 April 2021, with respect to which the Board of Statutory Auditors has no observations or comments to make.
The Company's Board of Directors, in compliance with the provisions of the Self-governance Code in force during the year and, currently, of the Corporate Governance Code, has set up an internal Audit and Risk Committee.
In compliance with IA 2.10.1, par. 2 of the Instructions for Regulation of the Borsa, compliant with art. 2.2.3, par. 3, lett. p) of the Regulation of the Borsa, restricted to issuers in possession of STAR qualification, the Company has appointed an Control and Risks Committee in observance of principle 7.P.4 and with the functions pursuant to applicative criteria 7.C.1 and 7.C.2 envisaged by art. 7 of the Self-governance Code in force at the time; this Committee is also compliant with recommendations 32(c), 33 and 35 envisaged by article 6 of the Corporate Governance Code.
The Committee has always had its own operating regulations. To this end, it should be noted that, following the approval of the financial statements for the year, the Rules governing the operation of the Control and Risks Committee will be updated in relation to the Company's regulatory and organisational developments, to take into account, particularly, the adoption of the one-tier administration and control model.
The Parties and functions involved in the internal control and risks management system are:

- the Board of Directors, assisted by the Control 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 Manager of the Compliance 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 all the meetings of the Control and Risks and Related Parties Committee and of the Remuneration Committee;
- it regularly convened meetings of the Supervisory 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 Supervisory 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 2021, the Supervisory Body illustrated the activities carried out during the financial year ended 30 April 2021, 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 control system.
With regard to the health emergency due to the spread of the Sars-Cov-2 virus, the Supervisory 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 8 July 2021, to verify the operational effectiveness of the Internal Control System with regard to the administrative and accounting procedures of the Sesa 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, 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 TUF in the consequent report pursuant to article 14, paragraph 2, of Legislative Decree no. 39/2010, issued on 23 July 2021.
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 41,000, 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. On 30 May 2020, 14 July 2020 and 21 January 2021, respectively, the Board of Statutory Auditors issued favourable opinions on these specific appointments.
With the approval of the financial statements at 30 April 2022, the mandate for the auditing of the accounts awarded for the nine-year period 2014-2022 by the Shareholders' Meeting of Sesa to the independent auditor PricewaterhouseCoopers S.p.A. will come to an end.
Sesa Spa has shared with the Board of Statutory Auditors the decision to start the selection of the new Group auditor for the nine-year period 2023-2031 in anticipation of the expiry of the current mandate. The Board of Statutory Auditors was assisted in this task by the Legal Department, the Management Control Department and a special support team. On 8 March 2021, it issued a recommendation expressing a preference for KPMG S.p.A., which had obtained the highest score during the selection process and, as such, was considered best placed to ensure audit quality at the best economic conditions. In compliance with art. 16, par. 2 of PIE Regulations, the

Board of Statutory Auditors was not influenced by third parties and none of the clauses listed in art. 16, par. 6, of said PIE Regulations were applied.

2.6. Comments on the separate 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 2021, 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 2021, and has no particular comments to make.
Specifically, with regard to the separate financial statements for the year ended 30 April 2021, 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.
The Board of Statutory Auditors acknowledges that, during the Year, the Company was organised according to the traditional management and control model pursuant to articles 2380-*bis* et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.
As mentioned before, by resolution of 27 January 2021, the Extraordinary Shareholders' Meeting approved the proposal for amendments to the Articles of Association related to the adoption of the one-tier system of administration and control, pursuant to and for the purposes of articles 2049-sexiesdecies et seq. of the Italian Civil Code. The amendments relating to the new governance system will be applied as of the next renewal of the corporate bodies (by the Shareholders' Meeting called for 26 August 2021 by first call or 27 August 2021 by second call) for the appointment of the members of the Board of Directors and, by the latter, for the appointment of the members of the Management Control Committee. From the next renewal of corporate bodies, the Company will therefore operate through a Board of Directors, some members of which will also be part of the Management Control Committee.

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 revised on 11 July 2019, and confirmed the body responsible for transactions with related parties as the Control and Risks Committee, which took on the role of Related Parties Committee. The Related Parties Procedure was last amended on 11 March 2021 in order to adapt it to the amendments made by Consob to the Related Parties Regulation with resolution no. 21624 of 10 December 2020 and following the introduction of the one-tier administration and control system; these amendments are applicable from 1 July 2021.

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, 23 July 2021

THE BOARD OF STATUTORY AUDITORS

Giuseppe Cerati - Chairman

Chiara Pieragnoli - Standing Auditor

Andrea Mariani - Standing Auditor

Sesa SpA Via Piovola, 138 50053 Empoli (FI)
Share capital Euro 37,126,927
Tax code and Registration no. in the Companies Register
of Florence and VAT number 07116910964