30 April 2022

Integrated Annual Report 2022

SeSa

For a sustainable, responsible and transparent digital growth

We face the **challenges of digitisation and business evolution** of companies and organisations every day

Annual Report

The Sesa Group has always been committed to sustainable value generation policies and programmes for the benefit of its stakeholders and is sensitive to the issue of environmental responsibility

Letter to the stakeholders

The financial year just ended is characterised by the acceleration of our growth path, driven by the demand for digitisation of companies and organisations

Dear shareholders, dear stakeholders

The financial year ended 30 April 2022 closed with a significant growth in economic-financial and ESG indicators, confirming the Sesa Group's sustainable economic model. With this in mind, the first Integrated Annual Report in Sesa's history are presented on 30 April 2022, with the intent to offer in a single document a complete, measurable, and transparent view of the value generated by the Group, linking financial performance with sustainability performance.

In a year still affected by the post-pandemic phase, the Sesa Group achieved strong growth in consolidated revenues (Euro 2,389.8 million +17.3% Y/Y) and profitability (Ebitda Euro 167.7 million +33.1% Y/Y, Adjusted EAT Euro 81.8 million +41.5% Y/Y), with growth rates well above the historical track record.
The Group's economic results are favoured by the business development in the main areas of technological and digital innovation and by the acceleration of the growth path by external lines with 15 business combination concluded in 2021 and 10 realised in the period from January to May 2022 alone, acquiring key competences in the digital evolution of companies and organisations. Due also to the corporate acquisition transactions as at 30 April 2022, the Group reached the threshold of about 4,200 resources (+21% Y/Y), with a growing foreign component (about 350 resources), thus consolidating its role as a reference player in the sector of technological innovation and digital transformation services for the business segment. The financial performance as at 30 April 2022 was very solid: the Net Financial Position was positive (net liquidity) for Euro 245.3 million, an improvement compared to Euro 197.4 million as at 30 April 2021, due to an Operating Cash Flow of Euro 150 million, after investments for Euro 120 million and dividends and buy backs for about Euro 20 million in the period under review.

The financial year ended 30 April 2022 is also characterised by a strong improvement in ESG performance, confirming the Group's growing commitment to generating value for all stakeholders. As at 30 April 2022, the Group distributed an economic value of about Euro 250 million (+20% Y/Y), reinforcing sustainability initiatives and programmes in particular to benefit human capital and the environment. The investment programmes launched in the last two financial years have led to a strong reduction in per-capita emissions by 32% Y/Y, thanks, among other things, to the increase in energy produced by photovoltaic systems (1.04 million kWh +314% Y/Y) and the increase in the share of green electricity

Revenues 2022

EUR 2,390Mn +17%
Vs 2021

Operating Profitability (Ebitda)

EUR 167.7Mn +33%
Vs 2021

Group adjusted net profit

EUR 81.8Mn +42%
Vs 2021

Investment programmes in the year

EUR 120Mn +30%
Vs 2021

Net economic value distributed

EUR 250Mn +20%
Vs 2021

Human Resources

HR 4,163 +21%
Vs 2021

Self-generated energy

kWh 1.04Mn +314%
Vs 2021

purchased from third parties (more than 90% of the total) as well as the decrease in per-capita waste production of 62% Y/Y. We also highlight the extension of the ISO 14001 certification to the main Group companies, the improvement of the Ecovadis rating at Silver level and the confirmation of the main sustainability awards (Integrated Governance Index and Sustainability Leader 2022).

As at 30 April 2022, the number of Group human resources reached the threshold of 4,200 units (Group employees and trainees), an increase of over 700 resources (+21% Y/Y), thus confirming the long-term growth and development trend that has characterised Sesa since its establishment. Hiring programmes were further implemented during the year (607 hires, +51% Y/Y/), investments in skills development (approximately 61,000 hours of training, +132% Y/Y) and the expansion of the corporate welfare programme, which is increasingly diversified with initiatives to support parenthood, diversity, wellbeing, and work-life balance of workers. In addition, we continued to support the communities in which we operate thanks to the initiatives of Fondazione Sesa, including the organisation of the Central Italy Vaccine hub with over 400,000 vaccine doses since the start of the Covid-19 pandemic.
We intend to continue management by strengthening our role as a key player in the field of technological innovation and digital services to support the digitisation demand of businesses and organisations, promoting sustainable business models.

In light of the positive economic and financial performance, we propose to the Shareholders' Meeting the distribution of a dividend of Euro 90 cents per share, up from Euro 85 cents in the previous year, thus reinvesting the majority of profits to fuel future growth, in a sector that continues to offer prospects for further development and aggregation of digital skills.

We would like to conclude by thanking all our human resources and stakeholders for the great and virtuous collaboration geared towards the generation of sustainable value and the evolution of our business model towards continuous growth performance and a balanced distribution of value for our stakeholders.

Paolo Castellacci
Chairman of the BoD

Alessandro Fabbroni
Chief Executive Officer

We believe in a business model oriented towards progressive and sustainable growth, reflecting our sense of responsibility towards shareholders, employees, customers, and the communities in which we operate

NFS Non-financial statement

HIGHLIGHTS

Economic Data

(in thousands of Euros)	30/04/2022	30/04/2021	30/04/2020	30/04/2019	30/04/2018	30/04/2017
Revenues	2,362,603	2,022,454	1,762,641	1,539,854	1,350,900	1,260,275
Total revenues and other income	**2,389,823**	**2,037,223**	**1,776,025**	**1,550,605**	**1,363,035**	**1,271,469**
EBITDA	167,697	126,005	94,490	74,346	63,121	57,885
Adjusted operating profit (EBIT) **(1)**	125,865	91,821	68,465	55,697	48,728	46,343
EBIT (Operating Income)	114,195	84,002	63,897	52,718	46,290	44,786
Profit (loss) before tax	109,083	80,826	60,191	48,318	43,031	40,337
Net profit for the year	78,619	56,786	42,188	33,362	30,183	27,098
Net profit for the year attributable to the Group	73,519	52,272	37,914	29,284	26,861	25,043
Adjusted Earnings After Tax (EAT) attributable to the Group **(1)**	81,847	57,838	41,166	31,404	28,596	26,097

Financial Data

Total Net Invested Capital	**243,197**	**202,674**	**199,159**	**190,868**	**161,339**	**147,078**
Total Shareholders' Equity	**335,159**	**297,355**	**253,859**	**232,622**	**216,001**	**199,028**
- attributable to the shareholders of the Parent Company	315,441	278,593	236,392	219,285	204,955	191,285
- attributable to non-controlling interests	19,718	18,762	17,467	13,337	11,046	7,743
Net Financial Position reported (Net Liquidity)	(91,962)	(94,681)	(54,700)	(41,754)	(54,662)	(51,950)
Net Financial Position (Net Liquidity) **(2)**	(245,292)	(197,357)	(110,318)	(67,272)	(77,266)	(73,612)
EBITDA / Total revenue and other income	**7.02%**	**6.19%**	**5.32%**	**4.79%**	**4.63%**	**4.55%**
EBIT / Total revenue and other income (ROS)	**4.78%**	**4.12%**	**3.60%**	**3.40%**	**3.40%**	**3.52%**
EAT attributable to the Group/Total revenue and other income	3.08%	2.57%	2.13%	1.90%	1.97%	1.97%

Market Data

Listing market	Euronext – Star	Euronext – Star	Euronext – Star	Euronext – Star	Euronext – Star	Euronext – Star
Quotation (Eu as at 30/04 each year)	138.7	115.4	48.6	27.8	26.3	23.6
Dividend per share (Eu) **(4)**	0.90	0.85	(Nota 3)	0.63	0.60	0.56
Overall Dividend (Eu mn) **(5)**	13.9	13.2	(Nota 3)	9.8	9.3	8.7
Pay Out Ratio **(6)**	19.0%	25.2%	0.0%	33.3%	34.6%	34.6%
Shares Issued (in millions)	15.49	15.49	15.49	15.49	15.49	15.49
Capitalisation (Eu mn) as at 30/04	2,149.1	1,788.1	752.3	430.0	407.5	365.7
Market to Book Value **(7)**	6.4	6.0	3.0	1.8	1.9	1.8
Dividend Yield (on 30/04 quotation) **(8)**	0.6%	0.7%	(Nota 3)	2.3%	2.3%	2.4%
Earnings per share (basic) **(9)**	4.76	3.39	2.46	1.90	1.74	1.62
Earnings per share (diluted) **(10)**	4.74	3.37	2.45	1.89	1.73	1.62

(1) Adjusted operating profit before amortisation of client lists and know-how recognised as a result of the Purchase Price Allocation (PPA) process. Adjusted net profit attributable to the Group before amortisation of client lists and know-how recognised as a result of the PPA process, net of related tax effect. **(2)** Net Financial Position not including non-interest-bearing payables and commitments for deferred payments of corporate acquisitions (Earn Out, Put Option, deferred prices) and liabilities recognised in application of IFRS 16 **(3)** The Shareholders' Meeting of Sesa SpA of 28 August 2020 resolved not to distribute dividends considering the pandemic emergency. **(4)** Dividends paid in the following year from the profit for the year as at 30 April of each year. **(5)** Dividends gross of the portion relating to treasury shares. **(6)** Dividends before the share relating to treasury shares / Consolidated Net Profit attributable to shareholders. **(7)** Capitalisation based on share price as at 30 April each year / Consolidated Shareholders' Equity. **(8)** Dividend per share / Market value per share as at 30 April each year. **(9)** Net profit attributable to the Group / average number of ordinary shares net of treasury shares held. **(10)** Net profit attributable to the Group / average number of ordinary shares net of treasury shares in portfolio and including the impact of stock grants (up to the limit of treasury shares in portfolio).

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Sustainability Indicators

Environmental Performance Indicators[1]	30/04/2022	30/04/2021	30/04/2020	30/04/2019
Energy Consumption (GJ)	**39,265**	**35,500**	**32,514**	**29,168**
- Electricity purchased (GJ)	33,011	28,443	25,948	23,353
- Natural gas (GJ)	6,254	7,057	6,566	5,853
Scope 1 + Scope 2 GHG emissions (tCO_2)	**5,165**	**5,963**	**6,656**	**5,640**
Emissions per capita (tCO_2)	**1.36**	**1.99**	**2.99**	**3.18**
Total Energy consumed (kWh)	**10,207,630**	**7,900,912**	**7,207,807**	**6,487,090**
o/w energy purchased from low-impact renewable sources (kWh)	7,921,934			
o/w self-produced energy from renewable sources (kWh)	1,037,902	250,773	273,187	242,208
Natural Gas (tCO_2)	**352**	**397**	**367**	**327**
- smc	177,266	200,011	185,982	166,042
Diesel for generators (tCO_2)	**8**	**9**	**8**	**9**
- litres	2,890	3,280	2,800	3,200
- GJ	105	119	102	117
Water withdrawals (Megalitres[2])	**26.37**	**30.73**	**32.38**	**23.65**
- of which from water-stressed areas	18.28	22.09	23.31	17.03
Fuel consumption (tCO_2)	**4,038**	**2,987**	**3,694**	**2,872**
Fuel consumption (GJ)	**54,711**	**40,617**	**50,224**	**39,180**
Total waste (t)	**157**	**326**	**364**	**310**
Total waste per capita (t)	**0.04**	**0.11**	**0.16**	**0.18**

Economic Value Generated	**314,898**	**250,180**	**181,126**	**150,488**
Net economic value retained	**64,674**	**42,138**	**42,188**	**22,547**
Net economic value distributed	**250,255**	**208,042**	**138,938**	**127,941**
o/w remuneration of employees	197,163	162,972	114,763	96,318
o/w remuneration of the Public Administration	31,750	26,378	18,771	17,461
o/w remuneration of shareholders (*)	13,946	13,171	0	9,762

(*) determined on the basis of the proposed allocation of the 2022 annual result submitted to the Shareholders' Meeting on 25 August 2022 (26 August on second call).

1. Compared to the previous year, the group's HR perimeter as at 30 April 2022 increased by 21.0% and revenue increased by 17.3%
2. 1 megalitre and equals 1,000 cubic metres

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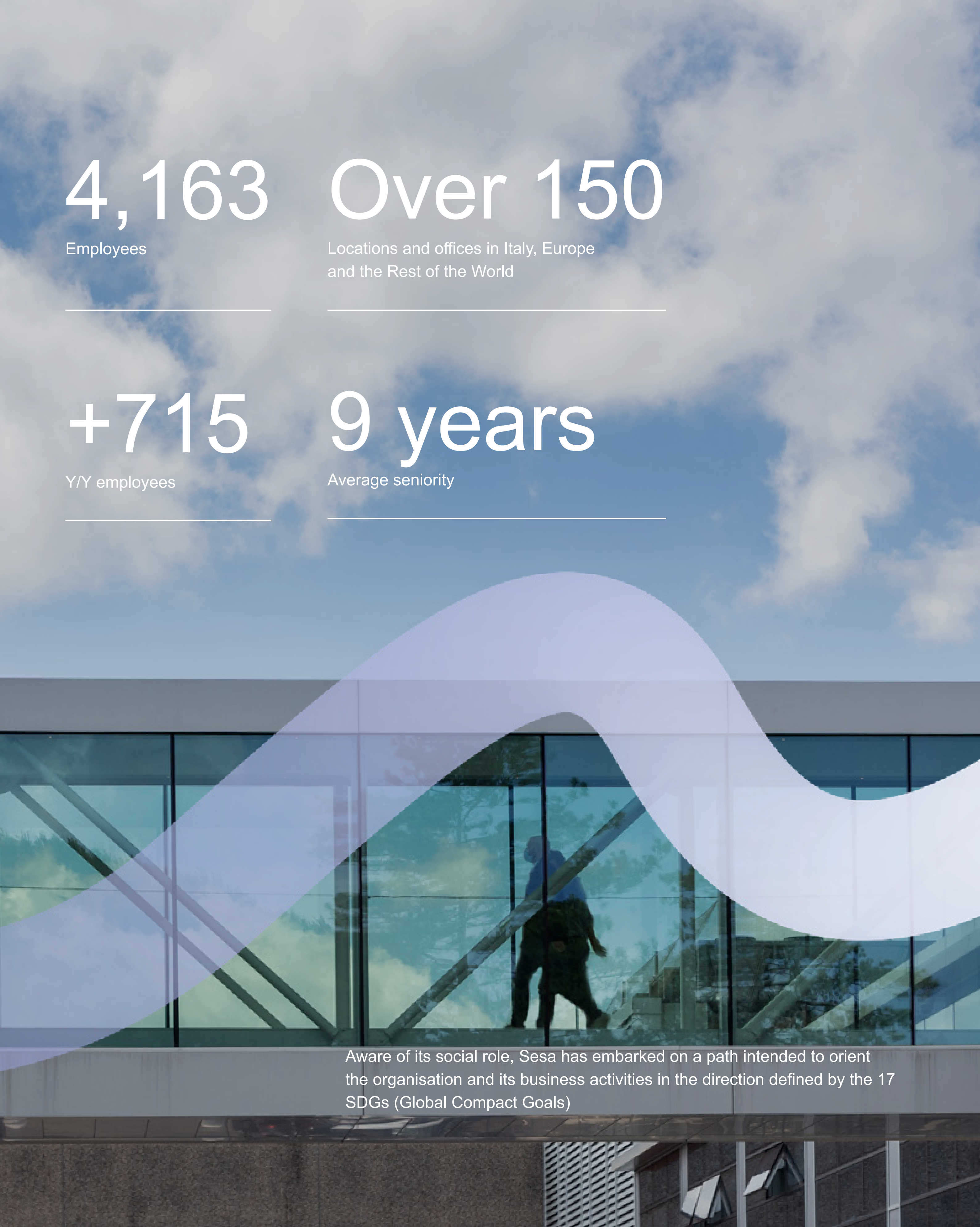
HR Indicators

	30/04/2022	30/04/2021	30/04/2020	30/04/2019
Total Human Resources	4,163	3,441	2,547	1,900
- Men	2,821	2,374	1,725	1,308
- Women	1,342	1,067	822	592
Total recruitment	607	402	322	245
Total terminations	361	218	113	104
Incoming turnover	14.9%	11.7%	12.6%	12.9%
Health and Safety				
Absenteeism				
- Absenteeism rate	2.72%	2.30%	2,60%	2.40%
Accidents	17	8	4	5
- Frequency Index	2.71	1.38	1.24	1.90
- Severity Index	0.01	0.03	0.04	0.01
Training				
Total number of training hours	60,907	26,302	20,017	18,089
Other Indicators				
Average workforce	3,802	2,994	2,224	1,771
Personnel costs	197,673	162,972	114,763	96,318
Average cost per employee	52.0	54.5	51.6	54.4
Percentage of permanent employees	99%	99%	99%	98%


Moreno Gaini, Alessandro Fabbroni, Giovanni Moriani, Paolo Castellacci

The Sesa Group



4,163

Employees

Over 150

Locations and offices in Italy, Europe and the Rest of the World

+715

Y/Y employees

9 years

Average seniority

Aware of its social role, Sesa has embarked on a path intended to orient the organisation and its business activities in the direction defined by the 17 SDGs (Global Compact Goals)

NFS

1.1. Values, Mission, Vision: sustainable growth

The management of the Group's business activities is based on principles of impartiality, integrity, fairness, professionalism, transparency, business continuity, attention to people, responsibility towards the community and environmental protection. These guiding values constitute the shared heritage of the Group's culture and its Code of Ethics.

Being at the side of people, companies, and communities, sharing with them the opportunities for growth, is an aspiration that has guided the Group since its establishment and that guides its future choices. In no case may the pursuit of the Group's interest or the conviction of acting to the advantage or in the interest of the Group justify conduct in conflict with the current legislation or the Code of Ethics.

VISION: The Sesa Group operates with the objective of offering technological solutions, IT services and business applications to support the digitisation of companies and organisations, establishing a relationship based on attention, transparency, and the generation of lasting value towards all stakeholders (suppliers, customers, human resources, communities in which the Group operates).

MISSION: Sesa also invests and believes in sustainability as a strategic approach to business and a way of interacting with its stakeholders, as reflected in its mission statement: "*Guiding the technological and digital innovation for the sustainable growth of businesses and organisations*".

The Sesa Group develops advanced technology solutions and digital services in partnership with leading international vendors in the sector, targeting the main Italian economic and European manufacturing clusters, supporting customers in their path to innovation and business development.

Sesa believes in the need to reconcile economic growth with a balanced generation of value to the benefit of all stakeholders and to protect the environment and social communities in which the Group operates, combining the three fundamental dimensions of sustainable development:

Technological and digital innovation for the sustainable growth of companies and organisations

We stand by people, businesses, and communities, sharing with them opportunities for growth

- **Environmental sustainability:** the ability to protect the environment as a “distinctive element” of the territory by preserving the natural resources.
- **Economic sustainability:** the ability to generate lasting and progressive growth, developing income and employment for the benefit of stakeholders.
- **Social sustainability:** ability to contribute to the well-being of the social communities (safety, health, education) in which Group companies operate.

Focus on sustainable growth and ecological transition

Sesa’s Sustainability and Diversity Team

1.2. Business Model: activities and sectors

Sesa SpA, headquartered in Empoli (FI), active throughout Italy and present in a number of foreign countries including Germany, Switzerland, Austria, France, Spain, Romania, China and Mexico, is at the head of a Group that represents the reference operator in Italy in the sector of technological innovation and digital services for the business segment, with consolidated revenues of approximately Euro 2,390 million and approximately 4,200 resources as at 30 April 2022.

The Sesa Group's mission is to offer technology solutions, digital services and business applications to enterprises and organisations by supporting them in their innovation journey. Due to the skills and specialisation of its human resources, the Sesa Group operates in the value-added segments of Information Technology, with an organisational model in vertical business sectors and business lines.

The Business Sectors (VAD, SSI, Business Services) have a strong focus on the target market with dedicated marketing and sales structures.

Within each of the Sectors, vertical business lines are developed with specialised technical and commercial structures for market segments and areas of expertise.

Matrix and inclusive organisation model, focused on the development of vertical digital competences

Corporate

Sesa 100%

SSI

Var Group 100%

VAD

Computer Gross 100%

BUSINESS SERVICES

Base Digitale Group 81%

CORPORATE SECTOR

The **Corporate Sector** deals with the strategic governance and operational, financial, and human capital management of the Group. In particular, the parent company Sesa SpA, in addition to acting as the Group's operational holding and management company, is responsible for the administrative and financial management, organisation, planning and control, human resources management, general affairs, corporate information systems, legal and the Group'' extraordinary finance operations, with a total of about 140 resources.

VALUE ADDED DISTRIBUTION (VAD) SECTOR

The **Value-Added Distribution Sector** is active in the value-added distribution of technological innovation solutions for the business segment, focusing on the Enterprise Software Solutions, Data Centre, Device and Digital Workspace, Networking and Collaboration, and Digital Green segments. Computer Gross SpA, which consolidates the Sector, is a leader in Italy in the offer of Technological Innovation solutions with a customer set of about 20,000 active business partners in Italy and in the DACH Region. The Sector benefits from strategic partnerships with leading international Vendors and from the specialisation of its business units, equipped with teams with technical and digital skills.

Cloud & Security Software Solutions

The enterprise software offer includes solutions for storage, data management and data analysis, also in as-a-service mode and through cloud platforms, as well as solutions for data security and protection from cyber-attacks, which have been growing strongly in recent years.

Data Centre Solutions

The Data Centre offer includes on premise and cloud server and storage solutions for data processing, through a dedicated team and established expertise with leading international vendors in the industry.

Devices and Digital Workspace

Business Unit dedicated to digital workspace solutions and more generally to Unified Communication, Collaboration and digitisation of workstations, optimising audio and video functions in the most common contexts of use at professional and enterprise level.

The Group is organised into four operating segments: Corporate, Value-Added Distribution (VAD), Software and System Integration (SSI), Business Services (BS)

Networking and Collaboration

Connectivity is one of the main technological pillars of any organisation, necessary to meet the growing need for interaction between people and objects. By partnering with leading international vendors, the networking and collaboration offering facilitates communication and collaboration within businesses and organisations, as well as ecosystems and communities.

Digital Green

A recently developed Business Unit dedicated to solutions for the production of energy from renewable sources and energy efficiency, which reduce the ecological footprint of organisations. The Business Unit, which achieved a strong acceleration in the financial year, was created following the acquisition of P.M. Service Srl, which entered the consolidation scope on 1 May 2022. P.M. Service Srl specialises in the engineering of renewable energy production plants (photovoltaic panels, inverters, storage systems, monitoring and IoT systems, wind power plants), with a customer set of around 2,000 business partners. This Business Unit also integrates the company Service Technology Srl, which offers reverse logistic services, management and reconditioning of IT products, regeneration and refurbishment of technology parks, with about 35,000 personal computers reconditioned in the year.

SOFTWARE AND SYSTEM INTEGRATION (SSI) SECTOR

The **Software and System Integration Sector** is active in offering Technological Innovation solutions, digital services and business applications for the SME and Enterprise segments. Var Group SpA, which consolidates the sector, is a reference operator in the digitalisation offer for the SME and Enterprise segments with a customer base of approximately

12,500 companies and an integrated offering in the following areas: Cloud Technology Services and Security Solutions, ERP and Industry Solutions, Digital Engineering, Customer and Business Experience, Data Science.

Cloud Technology Services and Security Solutions

Business Unit offering integrated cloud infrastructure and security solutions to support the digital evolution of enterprises and organisations, with a complete range of solutions, technologies, and consulting. The organisation is distinguished by the expertise and specialisation in the Cyber Security sector of Yarix Srl, a Group company and leader in the Italian market, as well as the digital cloud solutions offered in private, public and hybrid modes.

ERP and Industry Solutions

Business Unit with a complete range of international ERPs, and national proprietary ERPs and Vertical Applications specialised for the Made in Italy districts (Sirio, Panthera, Essenzia, Sigla++, as well as applications for the retail and mass distribution sector through the companies Di.Tech SpA and Sailing Srl). The ERP and Industry Solutions Business Unit is the sector's main operational area in terms of employment, with about 1,300 resources.

Data Science

Data analysis, artificial intelligence (AI) and predictive services aimed at the SME and Enterprise segments, with specialisation in the Retail and Manufacturing sectors, are becoming increasingly important in order to optimise business processes. The Business Unit operates through a team of about 50 human resources.

Customer and Business Experience

The Customer and Business Experience Business Unit, with about 300 human resources, is focused on the segment of strategic communication services, digital marketing, and e-commerce. Through integrated skills in technology, marketing, creativity, it develops solutions to support the growth path of digital business both in Italy and abroad, in particular and not only, in the Chinese digital markets through a team of 50 resources based in Shanghai.

Digital Engineering

The Business Unit is specialised in offering vertical solutions for mechanical and electronic production engineering, with additional competencies in Industry 4.0 and IoT. Thanks also to the recent acquisition of Cadlog Group Srl, it has consolidated a Pan-European player with around 150 resources covering the main European manufacturing countries (Italy, France, Spain, and Germany).

BUSINESS SERVICES SECTOR (BS)

The Business Services Sector, consolidated by the Base Digitale Group, is organised into 3 main vertical business lines and active in offering Security, Digital Platform and BPO solutions and Vertical Banking Applications for the Financial Services segment.

Security Solutions

Business Unit is dedicated to physical and IT security solutions for the banking and retail market. Due to the recent merger of the Citel Srl and A Plus Srl companies, the Business Unit offers integrated security management services through digital platforms and the design of access control, attendance detection and building automation systems. The Business Unit has about 150 human resources operating in the country.

Digital Platform

The Business Unit Digital Platform brings together the digital skills and platforms supporting the operational processes of organisations and operators in the Financial Services sector. In particular, the Business Unit offers platforms for customer service, automation and digitisation of document and operational processes, with a total of around 250 resources.

Vertical Application

The Business Unit is dedicated to IT consultancy and the development of vertical ERP solutions for the banking sector, with a staff of about 150 and a research and development centre based in Parma.

Group Governance

Sesa

140 HR

Group Governance, Human Resources, Sustainability Programs, Finance and Control, Legal&Compliance, ICT, Operations, M&A

SSI Sector

VARGROUP

Business Unit

- CLOUD TECHNOLOGY SERVICES AND SECURITY SOLUTIONS
- ERP E INDUSTRY SOLUTIONS
- DATA SCIENCE
- CUSTOMER E BUSINESS EXPERIENCE
- DIGITAL ENGINEERING

	2,850 HR
Revenues	EUR 572Mn
Ebitda Margin	~12%

Business Services Sector

BaseDigitale Group

Business Unit

- SECURITY SOLUTIONS
- DIGITAL PLATFORM
- VERTICAL BANKING APPLICATION

	550 HR
Revenues	EUR 59Mn
Ebitda Margin	~10%

VAD Sector

computergross

Business Unit

- CLOUD & SECURITY SOFTWARE SOLUTIONS
- DATACENTER SOLUTIONS
- DEVICE & DIGITAL WORKSPACE
- NETWORKING & COLLABORATIONS
- DIGITAL GREEN

	630 HR
Revenues	EUR 1,857Mn
Ebitda Margin	~5%

1.3. Governance and organisation

NFS 1.3.1. Governance Model

Sesa adopts a governance model aimed at fostering the creation of sustainable long-term value and a virtuous collaboration between company and stakeholders. The Group's objective is to pursue sustainable success through the creation of long-term value for the benefit of all stakeholders, as also formalised in the company's Articles of Association. Furthermore, Sesa acts within the reference framework of the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the ILO and on the basis of its Code of Ethics, which is also an integral part of the Organisational Model pursuant to Legislative Decree no. 231/2001. Specifically, Sesa adopts, as of August 2021, a **one-tier system of administration and control**, which provides for the appointment by the Shareholders' Meeting of a Board of Directors, which is responsible for the management of the company, and which appoints from among its members a management control committee that exercises control over the proper exercise of administration. The Board of Directors guides the company by pursuing its sustainable success also by defining the strategies of the Group company.

In this regard, it should be noted that on 12 July 2022, based also on the work carried out during the last financial year by **the Corporate Sustainability Operations Committee**, the Board of Directors established an internal **Sustainability Committee** with advisory and proposal-making functions to support the Board and the CEO in the field of sustainability.

- **The Shareholders' Meeting** is the body in which the company's will is formed and expressed, then implemented by the Board of Directors. It is composed of the shareholders who meet from time to time to pass resolutions in the manner and on matters defined by the provisions of the law and the Articles of Association of the Company. Among the most important tasks of the Shareholders' Meeting are the selection of the members of the Board of Directors and the Management Control Committee, as well as the approval of the annual financial statements;

- **The Board of Directors** carries out the strategic supervision of the Group and verifies its implementation. It is chaired by Paolo Castellacci and it consists of 10 members (the number of which is determined by the Shareholders' Meeting on the basis of the Articles of Association): 4 directors are executive and 6 are non-executive, of which 5 are independent. The Board of Directors is also responsible for the definition of the Code of Ethics, values and the preparation of this Annual Integrated Report, which outlines policies, risks and performance on financial, environmental, people-related, social, human rights and anti-corruption issues. The composition of the Board of Directors complies with the pro tempore regulations on gender balance (out of a total of ten members, the number of women is four, all independent), and the average age of the Board members is 55. As per best practice, the role of Chairman of the Board of Directors is separate from the role of Chief Executive Officer;

- **The Chief Executive Officer**, in the person of Mr. Alessandro Fabbroni, is in charge of the corporate, operational and financial management as well as the implementation of strategic guidelines;

- **The Management Control Committee** monitors the compliance with legal, regulatory and statutory provisions, the compliance with the principles of proper administration, the adequacy of organisational and accounting structures, and the functionality of the overall internal control system. The Committee, which is part of the Board of Directors, is composed of three directors who meet the requirements of honourableness and professionalism laid down in the Articles of Association and the requirements of independence laid down in Article 2409 septiesdecies;

- **The Auditing Company**, an external body in charge of auditing the accounts, is chosen by the Shareholders' Meeting. For the nine-year period 2014-2022, this role was entrusted to the auditing firm PricewaterhouseCoopers SpA and, in line with international best practices, the process of appointing the new auditing firm for the nine-year period 2023-2031 was brought forward by one year in order to ensure a better management of the process of rotation between auditing bodies. By resolution of the Shareholders' Meeting of 26 August 2021, the legal audit of the Sesa Group was entrusted to Kpmg SpA.

Within the board, Sesa has also established three internal board committees: Remuneration, Control and Risk, and Sustainability. The three internal board committees are set up in accordance with the recommendations of the Corporate Governance Code.

The Remuneration Committee is an advisory and consulting body with the main task of making proposals to the Board of Directors for the definition of the remuneration policy for directors and executives with strategic responsibilities. In addition to the provisions of the Remuneration Policy, the Remuneration Committee is entrusted with the tasks set forth in the principles of the Corporate Governance Code.

The Control and Risk Committee is a body with advisory and consulting functions that has the task of supporting, with an adequate preliminary activity, the evaluations and decisions of the Board of Directors relating to the internal control and risk management system, as well as those relating to the preparation of periodic financial reports.

The role of the Sustainability Committee is to assist the Board of Directors with investigative functions, of a propositional and consultative nature, in evaluations and decisions relating to sustainability issues, also understood as Environmental, Social and Governance, connected to the exercise of the company's activity and its dynamics of interaction with all stakeholders, to corporate social responsibility, to the examination of scenarios for the preparation of the strategic plan also based on the analysis of relevant issues for the generation of long-term value.

The composition of the management and control bodies in Sesa SpA complies with the applicable legal provisions, with specific reference to the appropriate gender distribution. For information and in-depth analysis on the structure and functioning of the corporate bodies, governance practices, and the activities of the internal body Committees, please refer to the "Report on Corporate Governance and Ownership Structures" published pursuant to Article 123-bis of the Consolidated Law on Finance on the website www.sesa.it, Section "Corporate Governance".

Board of Directors

	Gender	Birth Year	Role	Deadline
Paolo Castellacci	♂	30/03/1947	Chairman	approval of financial statements 30 April 2024
Giovanni Moriani	♂	19/11/1957	Executive Vice Chairman	approval of financial statements 30 April 2024
Moreno Gaini	♂	14/09/1962	Executive Vice Chairman	approval of financial statements 30 April 2024
Alessandro Fabbroni	♂	03/03/1972	Chief Executive Officer	approval of financial statements 30 April 2024
Claudio Berretti	♂	23/08/1972	Non-Executive Director	approval of financial statements 30 April 2024
Giuseppe Cerati	♂	15/05/1962	Independent Director	approval of financial statements 30 April 2024
Angela Oggionni	♀	08/06/1982	Independent Director	approval of financial statements 30 April 2024
Chiara Pieragnoli	♀	11/11/1972	Independent Director	approval of financial statements 30 April 2024
Giovanna Zanotti	♀	18/03/1972	Independent Director	approval of financial statements 30 April 2024
Angelica Pelizzari	♀	18/10/1971	Independent Director	approval of financial statements 30 April 2024

Directors' competencies

- 35% Economic-financial
- 35% Industrial
- 15% Legal
- 15% Sustainability

BoD in numbers

100% Average attendance per session

5 Independent directors

55 Average age

40% Women

Corporate Governance Bodies

	Deadline
Control and Risks and Related Parties Committee	
Giuseppe Cerati (Chairman), Giovanna Zanotti, Chiara Pieragnoli	approval of financial statements 30 April 2024
Director in charge of Internal Control: Alessandro Fabbroni	approval of financial statements 30 April 2024
Remuneration Committee	
Angela Oggionni (Chairman), Giovanna Zanotti, Claudio Berretti	approval of financial statements 30 April 2024
Sustainability Committee	
Giuseppe Cerati (Chairman), Giovanna Zanotti, Chiara Pieragnoli, Alessandro Fabbroni	approval of financial statements 30 April 2024

Management Control Committee

	Role	Deadline
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2024
Chiara Pieragnoli	Committee Member	approval of financial statements 30 April 2024
Giovanna Zanotti	Committee Member	approval of financial statements 30 April 2024

Supervisory Board pursuant to Law 231/2011

	Role	Deadline
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2024
Chiara Pieragnoli	Committee Member	approval of financial statements 30 April 2024
Giovanna Zanotti	Committee Member	approval of financial statements 30 April 2024

Auditing Company

		Deadline
Company entrusted with the statutory audit	PricewaterhouseCoopers	approval of financial statements 30 April 2022

Sesa Corporate Officer

	Role
Samantha Alderighi	Chief Human Resources Officer
Elisa Gironi	Chief M&A and Corporate Integration Officer
Francesco Billi	Chief Finance, Planning & Control Officer
Jacopo Laschetti	Sustainability Officer
Alessandro Di Stefano	Welfare Programme Officer
Eriberto Santoro	Chief Tax & Administration Officer
Angela Pennacchi	Diversity Officer
Conxi Palmero	Investor Relations Officer

1.3.2. Shareholding

Sesa shares are listed on the Euronext STAR Milan market and are part of the Euronext Tech Leaders index. The company has a capitalisation of Euro 2.149 billion (reference Euro 138.7 per share) as of 30 April 2022.

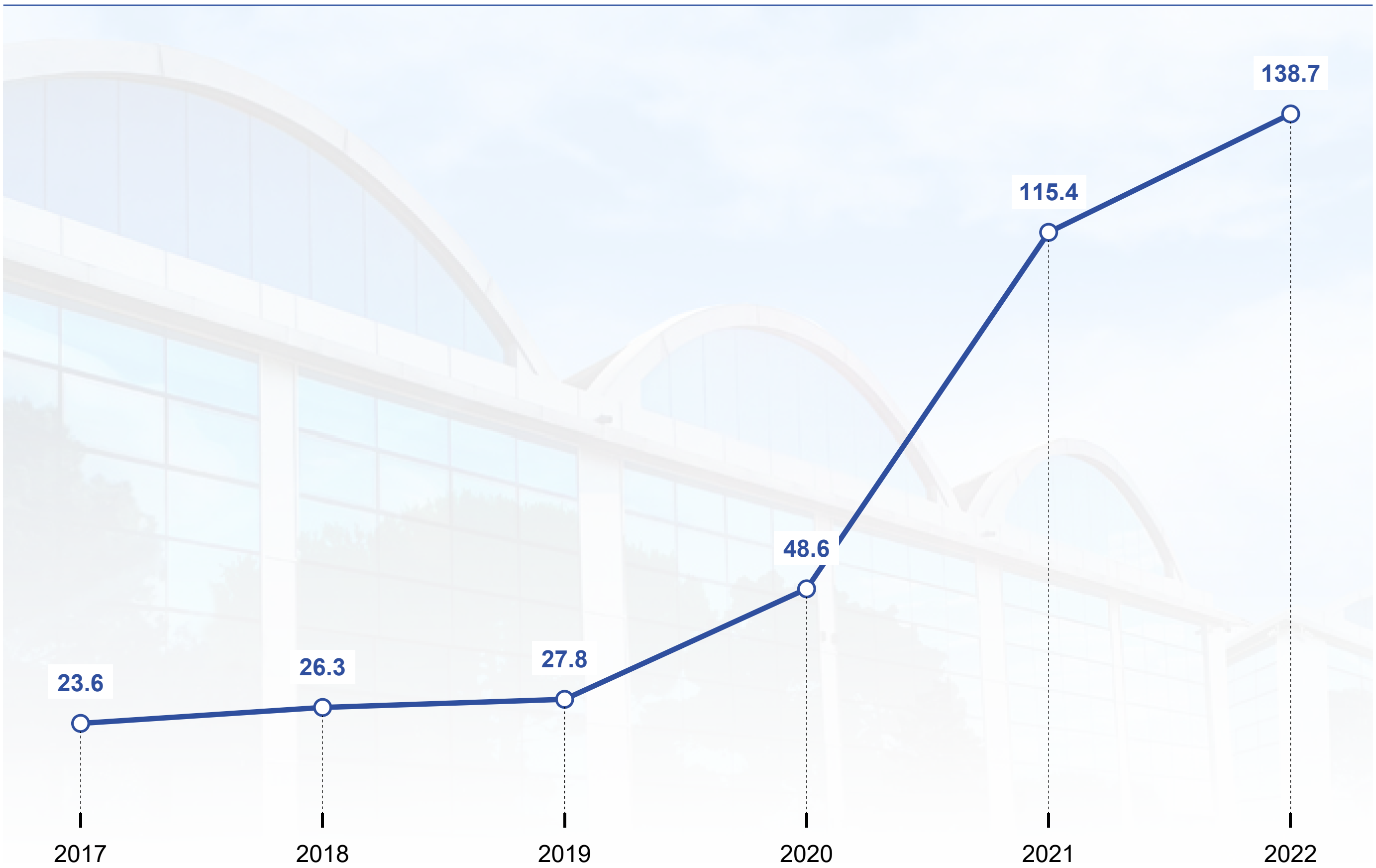
Share Capital: The share capital of Sesa SpA amounts to Euro 37,126,927.50 and is divided into 15,494,590 Ordinary Shares, all with no indication of par value. Sesa SpA is controlled by ITH SpA with 52.814% of the share capital.

Listing Market

Euronext Market, Milan	STAR segment
Share Capital (in Euro)	37,126,927.50
Number of ordinary shares issued	15,494,590
Share of capital held by controlling shareholder ITH SpA	52.81%
Specialist Operator	Intermonte Sim SpA

Treasury shares: as of 30 April 2022, Sesa SpA held 40,862 treasury shares equal to 0.263% of the share capital, purchased at an average price of €152.0 under the treasury share purchase plan approved by the Shareholders' Meeting of 26 August 2021. In accordance with international accounting standards, these instruments are deducted from the company's equity.

Stock performance in euro as at 30/04 each year



1.3.3. Locations and geographical coverage

The Sesa Group operates throughout Italy and in some foreign countries. The Group's headquarters is in Empoli (Florence) where a technological hub has been developed that covers an area of over 25,000 square metres and includes office space and training areas of about 10,000 square metres, the datacenter for cloud computing services of 1,300 square metres and the logistics centre and warehouse of about 14,000 square metres, as well as buildings housing the company nursery, canteen, auditorium, and experience lab available to the Group's customers. About 1,000 employees work at the Empoli site.

The Group also has a strong presence in Milan, with about 700 resources, which has been growing steadily in recent years, and offices covering over 4,000 square metres. Other offices are located throughout the country.

Thanks to the recent acquisitions, the number of foreign locations was further expanded during the financial year. As at 30 April 2022, the locations in Germany (Aichach, Filderstadt, Moers, Eching, Grossheirath and Giessen), France (Tremblay en France), Spain (Madrid and Barcelona), Austria (Klagenfurt), Switzerland (Camorino), Romania (Iasi), Mexico (Guadalajara)[3] and China (Shanghai) are operational.

3. The operating office in Mexico is not included in the scope of consolidation of this Integrated Annual Report.

1.4. Sustainability Governance

Sesa intends to pursue an effective ESG strategy, in line with the model of sustainable value creation for stakeholders.
A choice that is translated into programmes and actions, through a transparent governance model, capable of managing risks in an integrated manner and monitoring projects and new investments.

Sesa's corporate governance structure is aligned with national and international best practices and complies with the principles set forth in the Corporate Governance Code (formerly the Self-Regulatory Code) of listed companies.

Through an integrated management system, we ensure that our business is managed in accordance with the corporate governance best practices

1.4.1. Group Certifications

Sesa operates in accordance with the following international reference standards:

- UNI EN ISO 9001:2015 for quality;
- UNI EN ISO 14001:2015 for the environment;
- ISO 27001:2017 for the security of information;
- ISO 45001:2018 for occupational health and safety (formerly OHSAS 18001:2007);
- SA8000:2014 for social responsibility.

ENVIRONMENTAL CERTIFICATION: ISO 14001

ISO 14001 specifies the requirements for a correct and effective environmental management system. It guarantees the company's commitment to comply with environmental legislation, reducing environmental impact and improving environmental performance. Certified Group companies: Sesa SpA, Computer Gross SpA, Var Group SpA, Base Digitale Group Srl, Elmas Srl.

SOCIAL RESPONSIBILITY: SA8000

SA 8000 is a management model that aims to empower and protect employees working in the organisation that adopts it. The standard aims to: improve staff conditions; promote ethical and fair treatment of staff; incorporate international human rights conventions. It defines voluntary requirements that employers must comply with in the workplace, including employees' rights, workplace conditions and management systems. Certified companies: Sesa SpA, which manages human resources, welfare, hiring and training programmes for all major Group companies, was granted the certification as of the year 2015.

QUALITY CERTIFICATION: ISO 9001

ISO 9001 is the internationally recognised reference standard for quality management. The primary objective is the continuous improvement of Company performance, guaranteeing the quality of goods and services to customers. Certified Group companies: Computer Gross SpA, Var Group SpA, Base Digitale SpA, ABS Technology SpA, Elmas Srl, Apra SpA, East Services Srl, MF Services Srl, Var Bms SpA, Var Engineering Srl, WSS Italia Srl, Yarix Srl, Adiacent Srl, Adacto Srl, Icos SpA, Digital Storm Srl, Citel Srl, IFM Infomaster SpA, P.M. Service Srl, A Plus Srl, NGS Srl.

INFORMATION SECURITY CERTIFICATION: ISO 27001

ISO 27001 is the international standard that describes the best practices for an Information Security Management System. The standard's main objective is to guarantee the protection of data and information from threats of all kinds, in order to ensure their integrity, confidentiality and availability, and to provide the requirements for implementing an Information Security Management System suitable for the proper management of the business-critical data. Certified Group companies: Computer Gross SpA, Var Group SpA, ABS Technology SpA, Elmas Srl, Kleis Srl, WSS Italia Srl, Yarix Srl, Digital Storm Srl, IFM Infomaster SpA, NGS Srl, Tecnike Srl.

CUPATIONAL HEALTH AND SAFETY CERTIFICATION: ISO 45001 (FORMER OHSAS 18001)

ISO 45001 (which replaces OHSAS 18001) establishes a framework for improving safety, reducing occupational risks and boosting employee health and wellbeing, thus enabling the health and safety performance of companies and organisations to be implemented. Certified Group companies: ICT Logistica Srl, ABS Technology SpA, Elmas Srl.

ADHESION TO THE UNITED NATIONS GLOBAL COMPACT

Adhesion to the UN Global Compact offers the opportunity to adopt a globally recognised framework for the development, implementation, and adoption of environmental, social and governance policies and practices. Adherent Group member companies: Sesa SpA, Var Group SpA, Computer Gross SpA (in the process of adhering by year-end 2022).

ECOVADIS CERTIFICATION

Sesa and the main Group companies were awarded the Silver Ecovadis medal, an important recognition that underlines our commitment to integrate ESG criteria into the company's business.

Corporate Responsibility Awards:

INTEGRATED GOVERNANCE INDEX (IGI)

The Integrated Governance Index[4] is a quantitative index developed by Eticnews that concisely expresses the positioning of companies in relation to key sustainability aspects. Sesa is ranked among the top 100 companies listed on the stock market to have acquired this recognition.

SUSTAINABILITY LEADERS 2022

The increasing focus on a more efficient use of resources and the energy transition towards less polluting sources has prompted Il Sole 24 Ore and Statista, the international market leader in data and trend analysis, to launch the Sustainability Leaders 2022[5] initiative. The survey examined more than 1,500 large companies based in Italy on the basis of their published sustainability reports and financial statements and focuses on the analysis of Corporate Social Responsibility in its three dimensions Economic, Environmental and Social. As a result of the survey, Sesa was selected among the 200 Italian companies considered most sustainable.

1.4.2. Business lines in support of sustainability

In 2021, the Sesa Group launched a business line dedicated to offering technologies and services supporting environmental sustainability, which as at 30 April 2022 developed revenues of approximately Euro 175 million and a customer set of 2,000 business partners. Sesa intends to further expand the scope of its activities in sectors where digital technologies converge with those of energy efficiency and environmental sustainability. Below are details of some of the main Group companies operating in the field of technologies for environmental sustainability and energy efficiency, thus proactively contributing to environmental protection.

- The **P.M. Service Srl** Group company that belongs to the VAD sector, is a reference operator in Italy in the offer of technological solutions for energy saving, e-mobility and environmental sustainability through partnerships with leading international vendors in the sector. Among other things, the company has its own photovoltaic plants with a total capacity of about 1 MW, which produced 600,000 kWh of electricity from renewable sources during the year;
- The **Service Technology Srl** Group company that belongs to the VAD sector offers solutions for the management and reconditioning of IT products and technology parks. In the financial year ended 30 April 2022, it remanufactured about 35,000 personal computers for about 60 tonnes of hardware, with a saving of about 3 tonnes of CO_2 equivalent to about 100 tall trees;
- During the financial year, the Group's **SSI sector** further strengthened its offer of digitisation and monitoring services for the consumption of natural resources, promoting the optimisation of production processes with a view to environmental sustainability.

NFS 1.4.3. Group Financial Strategy

Sesa adopts the observance of the principles of legality, in application of the legislation in force both in Italy and in the foreign countries in which it operates as an essential value of its activities. Furthermore, the Organisational, Management, and Audit Model incorporates details of tax offences, subject to the control of the Supervisory Board.

The updated risk assessment did not reveal any relevant issues in this area. Confirming the overall effectiveness of the integrity and compliance measures adopted by the Group, as at 30 April 2022, there have been **no episodes of corruption, conduct in breach of the law on competition or other applicable socio-economic and environmental regulations, nor had the Supervisory Board of Sesa received any reports of alleged unlawful conduct or conduct contrary to the provisions of the Code of Ethics.**

4. https://www.esgbusiness.it/.
5. https://lab24.ilsole24ore.com/leader-sostenibilita-2022.

Sesa's goal evolves in two directions:

(i) payment of all taxes due as well as the prompt and complete fulfilment of all obligations required by tax regulations.

(ii) compliance with international double taxation treaties as well as application of any beneficial tax provisions in full compliance with all regulations in the jurisdictions involved.

In view of the objectives described above, the Group's tax strategy is based on the following principles:

- Compliance: observance of tax laws, regulations and circulars issued by the Tax Authorities;
- Legality: compliance by all Group companies with tax obligations and payment of taxes;
- Sustainability: efficient, effective, and sustainable management of the tax variable in order to support Sesa's business;
- Fairness: diligent exercise of professional judgement in order to ensure that decisions made in tax matters are in line with national and international best practices, properly analysed and adequately documented;
- Transparency: a transparent approach to develop and sustain fair and honest relations.

TAX REPORTING:

As of 30 April 2022, Sesa recognised taxes in the amount of Euro 30,464 thousand. 99.7% of the recognised taxes are related to the EMEA (Europe, the Middle East and Africa) area and, in particular: Euro 29,829 thousand in Italy (97.92%), Euro 423 thousand in Germany (1.39%), Euro 30 thousand in France (0.10%), Euro 7 thousand in Spain (0.02%), Euro 38 thousand in Switzerland (0.12%) and Euro 53 thousand in Romania (0.17%). The remainder, amounting to Euro 82 thousand (0.27%), are located in China.

NFS

1.5. The Sesa Group and the Environment

Aware of the climate changes that are affecting our planet, the Group is sensitive to the issue of environmental protection as a resource for the wellbeing of mankind and is committed to operating in accordance with the principles of sustainable development. The environmental impacts of the Sesa Group are mainly due to:

- Energy Consumption of Group Company Offices. The electrical system installed in the companies' premises is connected to the public medium voltage energy distribution network;
- Consumption of natural gas by the Group companies for heating and hot water production;
- Fuel consumption for the fleet of cars and generator sets at the main sites;
- Waste generated at Group company sites.

1.5.1. Sesa's Environmental Policy

Sesa conducts its business with the objective of environmental protection and sustainable management of natural resources. The operational management of the Group refers to criteria of environmental protection and energy efficiency pursuing the continuous improvement of health and safety conditions at work and environmental protection. In order to realize and implement this commitment, Sesa has drawn up a Group Environmental Policy and was granted the environmental certification for its activities, introducing an Environmental Management System in accordance with the UNI ISO 14001:2015 standard.
In order to exploit all possible synergies, the definition of the Environmental Policy and its implementation are managed in a unified manner and are consistent with the Group's strategic goals. This management:

- defines environmental and sustainable industrial development policies;
- draws up guidelines for the implementation of the Group's environmental policy;

- identifies indicators and guarantees the monitoring and control of the trend of corporate actions in terms of environmental impact;
- follows the evolution of national and EU environmental legislation and prepares application guidelines for the subsidiaries;
- handles relations with organisations, institutes, and agencies in the environmental field.

ENVIRONMENTAL RISKS AND OPPORTUNITIES

Climate change is a risk factor of increasing impact. In light of the climate change and the energy crisis resulting from, among other things, the emergence of the Ukrainian war, companies and organisations are being called upon to proactively address.

The Sesa Group is involved in supporting the digital transformation and energy transition process of its stakeholders and intends to play a leading role in Italy and in the markets where it operates.

To this end, a new business line was developed with about Euro 175 million in revenues in the financial year and about 100 specialised resources, with the aim of developing new technologies, products, and services for the production of energy from renewable sources and the efficient consumption of natural resources. Investments also continued in the Group's main owned buildings: in particular, during the year, internal production of energy from renewable sources tripled (more than 1 million Kwh), and the main indicators relating to emissions and consumption improved.

1.5.2. Enhancement of natural capital and responsible use of resources

Thanks to the principles of protection and safeguard mentioned above, Sesa undertakes a series of initiatives aimed at reducing and preventing possible negative impacts on the environment deriving from the exercise of its activity. These include the choice of energy supply from renewable energy sources. Sesa constantly monitors its energy consumption and related emissions, promoting efficiency improvement programmes including those indicated below:

- Monitoring and streamlining of waste production and development of recovery activities (separate waste collection). **Improvement actions:** Extension of the ISO 14001 environmental certification to all major Group companies and dissemination of the Environmental Policy;
- Hybrid working and digital collaboration modes adopted by the Group, maintaining a predominantly physical work organisation model for all human resources and Group locations;
- Improving the awareness levels of personnel working in or for the Group by implementing information and training programmes. Improvement actions: HR training;
- Sensitisation of its suppliers and contractors on environmental management principles. **Improvement actions:** Awareness-raising activities towards employees and suppliers;
- Commitment to actions to maximise energy savings in their offices or premises, in vehicle fleet management, favouring more efficient and less polluting technologies. **Improvement actions:** Efficient lighting (LED), controlled processes and energy-efficient materials, Green building projects and certifications (Leed);
- Reduction in the use of energy resources per unit of gas fed into the grid. **Improvement actions:** plant maintenance and improvement;
- Optimisation of the use of automotive fuels. **Improvement actions:** renewal of the vehicle fleet and innovative mobility management systems.

1.5.3. Low-carbon transition: urban innovation projects

TRANSITION TO CARBON NEUTRALITY

The Group continues with determination on the path of integrating ESG criteria into its business, implementing an environmental sustainability strategy focused on achieving carbon neutrality, in line with the UN 2030 Agenda. There are several areas of intervention that will lead the Group to neutralise its carbon footprint by 2030, through a plan that envisages three lines of action: monitoring and quantification of emissions; continuous processes of efficiency and impact reduction; and offsetting residual and non-reducible emissions.

To this end, an articulated and far-reaching project is related to the implementation of environmental impact reduction programmes for the Empoli technology hub. The project, in addition to allowing the expansion of the activities present in support of the business, will allow the area to be reorganised in terms of road functionality, public parking, public green spaces, and services for employees and citizens. The project will also reduce emissions pollutants caused by traffic, through sustainable mobility measures: free public parking spaces in connection with a bike-sharing station, public transport connections and the creation of cycle paths.

The project is divided into three distinct stages of progress and envisages the construction of infrastructures and buildings using eco-sustainable and energy-saving materials, techniques, and technologies (green building and related certifications). The aim of the project is to enhance the Technological hub, through the regeneration of community relations, the protection of the wellbeing and health of citizens, the improvement of the quality of the environment and mobility, and the enhancement of social and cultural activities.

SELF-PRODUCTION OF ENERGY FROM RENEWABLE SOURCES

The Sesa Group directly produces a significant part of the electricity used through its own photovoltaic plants. Specifically, 1.04 million kWh were produced in the financial year ended 30 April 2022, an increase of 314% compared to the previous year. Since the financial year 2022, the Group's total electricity needs have in any case been covered, according to the company policy, by certified green energy for more than 90%.

Photovoltaic installations at the Empoli technology centre

ENERGY EFFICIENCY

Every year, the Group promotes investments for the modernisation of its plants, steering its choices towards technologies that optimise yields and reduce energy consumption. Sesa uses LED lighting, with controlled processes and energy-efficient material, in compliance with the EC "Ecodesign" Directive 2009/125/EC for energy saving. In addition, all air-conditioning systems have been replaced with more energy-efficient systems, using refrigerant gases with a low environmental impact and lower noise impact.

NFS

1.6. Value and supply chain

RELATIONS WITH SUPPLIERS AND CUSTOMERS

The Sesa Group intends to establish a relationship of trust with its customers and suppliers, based on principles of fairness and transparency. The creation of sustainable value by the Sesa Group is expressed in the relationships with customers and suppliers, based on continuous processes of collaborative dialogue. Supply chain risks are carefully monitored and mitigated through preliminary analyses and documentary requests that enable the thorough assessment of customers and suppliers in observance of the rules of compliance.

80% of environmental impacts are generated within corporate supply chains, and part of the advancement goals on human and labour rights, health and safety, and anti-corruption are closely linked to the supply chain management, starting with the selection of suppliers, through their involvement, and ending with the measurement of supply chain sustainability performance.

Sesa is committed to the ethical and reputational assessment and verification of the company's main counterparties by means of an assessment of the most significant third parties, carried out by the Compliance department and aimed at identifying initiated investigations, judgments or orders issued against the companies or their directors. The ascertained violation of the principles contained in these documents leads to the cancellation of ongoing evaluation and award processes and any existing contracts.

THE SUPPLY CHAIN AND THE SELECTION OF NEW SUPPLIERS

In its relationship with its suppliers, the Sesa Group applies the principles of fairness and transparency, adopting selection procedures carried out without bias and according to rules that include the verification of quality, technical-professional suitability, ethical-behavioural aspects, compliance with applicable regulatory standards and cost-effectiveness of the supply of goods, services and works. The contractual standards in force in the Group's strategic supplies require suppliers to comply with the rules set out in Decree 231/01 and the Group's ethical principles. The Group's Code of Ethics includes a specific section dedicated to relations with Suppliers, which must be managed according to principles of maximum collaboration, willingness, professionalism, as well as respect for the principles of transparency, equality, fairness, and competition. Each supplier's compliance respect of the principles set forth in the Group's Code of Ethics is decisive for the establishment of the contractual relationship.

The selection of new Suppliers must be based on criteria of transparency and fairness and aimed at identifying counterparties capable of reconciling the company's needs in the best way possible, from a cost/performance point of view, limiting, as far as possible, the company's potential exposure to any risks. As part of the process of selecting reference Suppliers, the companies of the Sesa Group appropriately assess, on the basis of business relations, the characteristics, also by means of specific self-certification, of economic-financial soundness and reliability of the counterparty, through the interrogation of public and/or system databases or the use of special certified information services.

Supplier selection activities must also mandatorily take into account the supplier's commitment to comply with the Organisational Model pursuant to Legislative Decree 231/2001 adopted by the Group or, that it has its own Code of Ethics with principles consistent with those of the Sesa Group. Health, safety, environment and ESG issues in general are binding for the award of contracts at our sites, regardless of the amount.

Here, we analyse existing processes and procedures and the existence of management systems, or the holding of certifications, that guarantee adherence to the highest international standards. We acquire and evaluate, also in line with SA 8000, information and data on the protection of human rights, use of child labour, and equal treatment.

Suppliers with inadequate performance are subject to corrective measures, but may also be suspended or blacklisted in the event of negative performance and/or information, or following significant events, including: unethical behaviour; serious environmental or occupational safety incidents; serious non-conformities detected during audits or field inspections; failure to maintain the necessary documentation for the purposes of legal obligations in the field of occupational safety; documented irregular position towards legal obligations.

The audits carried out revealed an increasing attention to ESG aspects by the suppliers of the Sesa Group. As a result of the analysis conducted, the system is rated as “Favourable” with adequate risk management and a good control environment level.

CUSTOMER RELATIONS

The changing competitive environment, which IT companies have to face in order to support digital transformation and the resulting changes in customer behaviour and expectations, is of increasing strategic importance.

The creation of sustainable value by the Sesa Group finds its first and immediate expression in the pursuit of maximum customer/user satisfaction, also formalised in the policy of quality management systems. It remains a primary objective of the Group to constantly improve quality standards, through periodic monitoring of the quality of the service provided combined with appropriate and timely communication of information regarding any changes and variations in service provision. Sesa encourages interaction with customers through the management and rapid resolution of any claims through appropriate communication systems, preferring dialogue based on the utmost professionalism and respect for its key values.

The achievement of ISO 9001 certification for the main Group companies has allowed the adoption of a management system focusing on customer satisfaction, through dedicated surveys. At 30 April 2022, there were no significant customer complaints.

Summary of supply chain verification activities as at 30 April 2022

% strategic suppliers subject to verification	65%
% strategic suppliers at high sustainability risk subject to verification	55%
% total suppliers subject to verification	75%

Strategy and Risk Management

2.1. Group Strategy and Sustainable Development Goals (SDGs)

SUSTAINABILITY AS A VALUE AND STRATEGIC DRIVER

Sustainability is both a value and a strategic driver for Sesa. A value, first of all, because, based on the principles of corporate social responsibility, the company intends to contribute to environmental protection and social progress. A strategic choice because innovating business models, improving efficiency in the use of resources, and reducing environmental impacts are crucial from the point of view of economic competitiveness and productivity.

Sesa has progressively focused energy and commitment on improving its sustainability profile. Through a process of continuous and proactive involvement of management, employees, the Sustainability Team, as well as analysts and institutional stakeholders, Sesa has analysed the ESG issues in depth and identified priorities for the coming years.

In order to make them an important strategic and operational lever, Sesa has decided to link part of the management's variable remuneration to their achievement. Sesa, in line with the amendments to the Articles of Association of 27 January 2021, aimed at orienting the Directors' commitment to pursuing sustainable success, has embarked on a process of enhancing and focusing on sustainability issues, with the aim of including the key ESG drivers in the variable components of the monetary remuneration of top management, with an incidence of non-financial parameters of around 50%.

Consistent with this path of generating shared value, in 2022 Sesa renewed its participation in the United Nations Global Compact, as a Participant, confirming its formal and substantial commitment to promoting a healthy, inclusive, and sustainable global economy, respectful of human and labour rights, capable of safeguarding the environment and being actively involved in the integrity of business, in all its aspects.

2.1.1. The Sustainable Development Goals

Sustainability is an essential reference value in Sesa's strategy. For this reason, in this Annual Integrated Report, the Group's activities are reported with reference also to the sustainability goals set out in the UN "2030 Agenda". This section describes the Group's key issues. In determining its sustainability strategy, Sesa considers the targets identified with respect to the achievement of the 17 SDGs (Sustainable Development Goals) of the UN Agenda 2030, to define the company's strategic priorities, on which to develop policies, objectives, and actions to create value.

THE UNITED NATIONS 2030 AGENDA

In 2015, the United Nations approved the Global Agenda for Sustainable Development, containing 17 goals (Sustainable Development Goals - SDGs) to be achieved by 2030.

Aware of its social role, Sesa has embarked on a path to orient the organisation and its business activities in the direction defined by the 17 SDGs. In support of its adhesion to the UN Global Compact, it has been prepared a specific in-depth study on the interrelation between material aspects and Sustainable Development Goals (SDGs).

The Group's sustainable strategy mainly targets the following seven SDGs.

ACHIEVING GENDER EQUALITY AND EMPOWERING ALL WOMEN AND GIRLS

This is the Goal of operational and social efficiency through equal opportunities, women's empowerment, inclusiveness, and equity for social and economic development. **What Sesa intends to do:** strengthen its Group procedures and structures in order to contribute to an organisational climate in which women and men have equal opportunities to realise themselves and can, in equal measure, contribute to Sesa's economic and social growth. The main objectives are to prevent any form of gender-based violence, to close the gender gap in the labour market, to achieve full equality in participation in the different business sectors, to address and mitigate the pay gap where it exists, to close the gap and to achieve gender balance in decision-making.

STIMULATE LASTING, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

This is the Goal that sums up the meaning of sustainable business. Economic productivity through innovation, inclusion, and diversity management. Human and labour rights, decent, safe, and secure working environments, social and professional growth. **What Sesa intends to do:** support economic growth through the creation of jobs with fair remuneration that allow the employees of the Sesa Group to live satisfactorily and in accordance with work-life balance criteria. Improving the well-being of people, businesses and organisations through technological innovation and digital transformation. Promoting development-oriented policies that support productive activities. Protect the right to work and promote a healthy working environment with maximum safety for all workers.

PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND SUPPORT INNOVATION

This is the Goal related to investments in sustainable infrastructure and technological innovation, aimed at fostering economic growth, creating sustainable jobs, and promoting the well-being of human resources. Goal 9 aims at building a resilient infrastructure, promoting inclusive development and supporting innovation by deploying resources effectively and efficiently and at promoting environmentally sustainable technologies and production processes. **What Sesa intends to do:** develop quality, reliable, sustainable and resilient infrastructure to support economic development and the well-being of individuals; promote inclusive and sustainable economic development by sustainably increasing employment.

REDUCE INEQUALITIES WITHIN AND BETWEEN COUNTRIES

This is the goal focused on reducing inequalities within and between states. By 2030, equal opportunities must be ensured by eliminating discriminatory laws, policies, and practices. **What Sesa intends to do:** Strengthen and promote the social and economic inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic or other status. Ensure equal opportunities and reduce inequalities in outcomes, also by removing discriminatory policies and practices of any kind.

TAKE URGENT MEASURES TO COMBAT CLIMATE CHANGE AND ITS CONSEQUENCES

This is the Goal of combating climate change, the primary global emergency. Monitoring, mitigation, and adaptation for resilient value chains. **What Sesa intends to do:** integrate climate change measures into policies, strategies, and planning. Raise stakeholder awareness of climate change issues. Promote technologies to increase the effective planning and management capacity for climate change and environmental management, promoting the saving of natural resources and the use of green energy sources.

STRENGTHEN THE MEANS OF IMPLEMENTATION AND RENEW THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

This is the Goal of sharing efforts towards sustainability through partnerships and investments aimed at creating shared value. **What Sesa intends to do:** define and strengthen partnerships and alliances for sustainable development with companies, trade associations, universities, and organisations, including non-profit organisations.

PROMOTE PEACEFUL AND MORE INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT; PROVIDE ACCESS TO JUSTICE FOR ALL AND CREATE EFFECTIVE, ACCOUNTABLE, AND INCLUSIVE BODIES AT ALL LEVELS

This is the Goal of business integrity and sustainable governance. The promotion and observance of laws, standards and governance principles, external and internal by adopting virtuous behaviour in internal relations and with all stakeholders, business or non-business. **What Sesa intends to do:** Support initiatives to combat abuse and exploitation, ensure public access to information, in accordance with national legislation and international agreements, promote and enforce non-discriminatory laws.

2.2. Stakeholder engagement and materiality matrix

The Sesa Group has conducted a "Materiality Analysis" process in order to identify the non-financial issues that are most relevant both from the point of view of the Group's internal and external stakeholders; to this end, a process has been launched to identify the most important issues on which to focus attention, in line with the GRI Sustainability Reporting Standards (GRI Standards). This activity made it possible to define the Materiality Matrix, which identifies the relevant issues understood as those aspects that can generate significant economic, social, and environmental impacts on the Group's activities and that, by influencing stakeholders' expectations, decisions, and actions, are perceived as relevant by them.

Attention to human resources is a core value of the Sesa Group

2.2.1. Creating value by involving stakeholders

In Sesa, the systematic involvement of key stakeholders on material issues (i.e., the relevant elements for both the organisation and the stakeholders themselves) represents the main lever for monitoring and managing the quality of relations and is fundamental in the formulation of the Group's organisational policies and strategies. It is also crucial to understand in depth the emerging trends (criticalities and opportunities) in the reference context in which the organisation lives and operates, and to identify the issues on which to invest as a priority, in response to the expectations of key stakeholders. In particular, the quality of relations (so-called capital relationship) established with the different stakeholders and the (present and past) experience as they perceive it, influences the alignment between promises (value proposition), expectations, actions and perceptions.

For the Group, value creation is a long-term issue, that benefits all stakeholders, among which human resources, the communities in which the Group operates, customers and the environment (key elements for the "creation of shared value").

To this end, the Group considers all subjects that are stakeholders - implicit or explicit - insofar as they are affected by its activities. Below we have identified the main categories of stakeholders, internal and external to the Group, considering their degree of proximity, representativeness, and authority.

Stakeholder overview

People	Customers	Community
Collaborators Family units Community	Business Partners Companies Organisations	Institutes Media Local Communities Non-profit organisations
Financial Community	**Contractual Partners**	**Environment**
Shareholders Investors Analysts Proxy advisor	Vendor Suppliers Strategic Partners	Ecosystem Working Environment Territory

The identification of stakeholders with respect to non-financial issues is an activity conducted by the Group's management and is part of the more general path of sustainability undertaken by the Sesa Group.
In the table below, there is a list of the identified stakeholders and of the main listening and discussion channels set up by the Group. In the sustainability journey undertaken, the stakeholder engagement and discussion activities developed in this fourth year of reporting did not lead to the identification of any particular critical issues.

Stakeholder	Method of dialogue
Employees	Group welfare programmes HR
	Support and communication platforms
	Work-life balance programmes
	Engagement initiatives on issues of ethics and organisational culture
	Skills development and career development programmes
	Organisational climate enhancement and improvement programmes
Financial Community	Regular and transparent financial reporting
	Investor Relations platform dedicated to investor relations
	Best practices in drafting and publishing reports
	Shareholders' Meetings
	Regular meetings with analysts and investors
	Dedicated bilingual section on the website
Contractual Partners	Roadshows with sales networks and operators
	National and local meetings and conventions
	Workshop
	Dedicated communication channels (web, mailing, social networks)
	Qualification and assessment process
Customers	Monitoring the level of satisfaction
	Communication channels dedicated to customers (web, mailing)
	Social network
	Newsletter
Community	Participation in multi-stakeholder tables
	Meetings with representatives of institutions and associations
	Corporate contact points dedicated to media and institutional relations (Head of institutional relations)
	Organisation of events
	Partnerships with local authorities for the organisation of sports and philanthropic events
Environment	Meetings with Human Resources
	Dedicated communication channels (web, mailing)
	Workshop
	Engagement initiatives on environmental issues
	Meetings with stakeholders
	Sustainability Team
	ESG Rating Agencies

2.2.2. Material issues related to business activities

By analysing materiality, we have identified a number of relevant issues in relation to which we undertake to develop tangible actions and coherent initiatives. The main international sustainability guidelines (ISO 26000, GRI- Standards, Global Compact, UN Sustainable Development Goals and ESG rating agencies) were taken into consideration, and a sector and benchmark analysis was carried out, analysing the material issues identified by large groups operating in the IT sector and companies from other sectors with relevant experience in IT consulting. On the one hand, this analysis took into account the Group's strategy, mission, and values (which we will highlight in the following Chapters) and, on the other hand, the perception of the importance of the same issues by stakeholders.

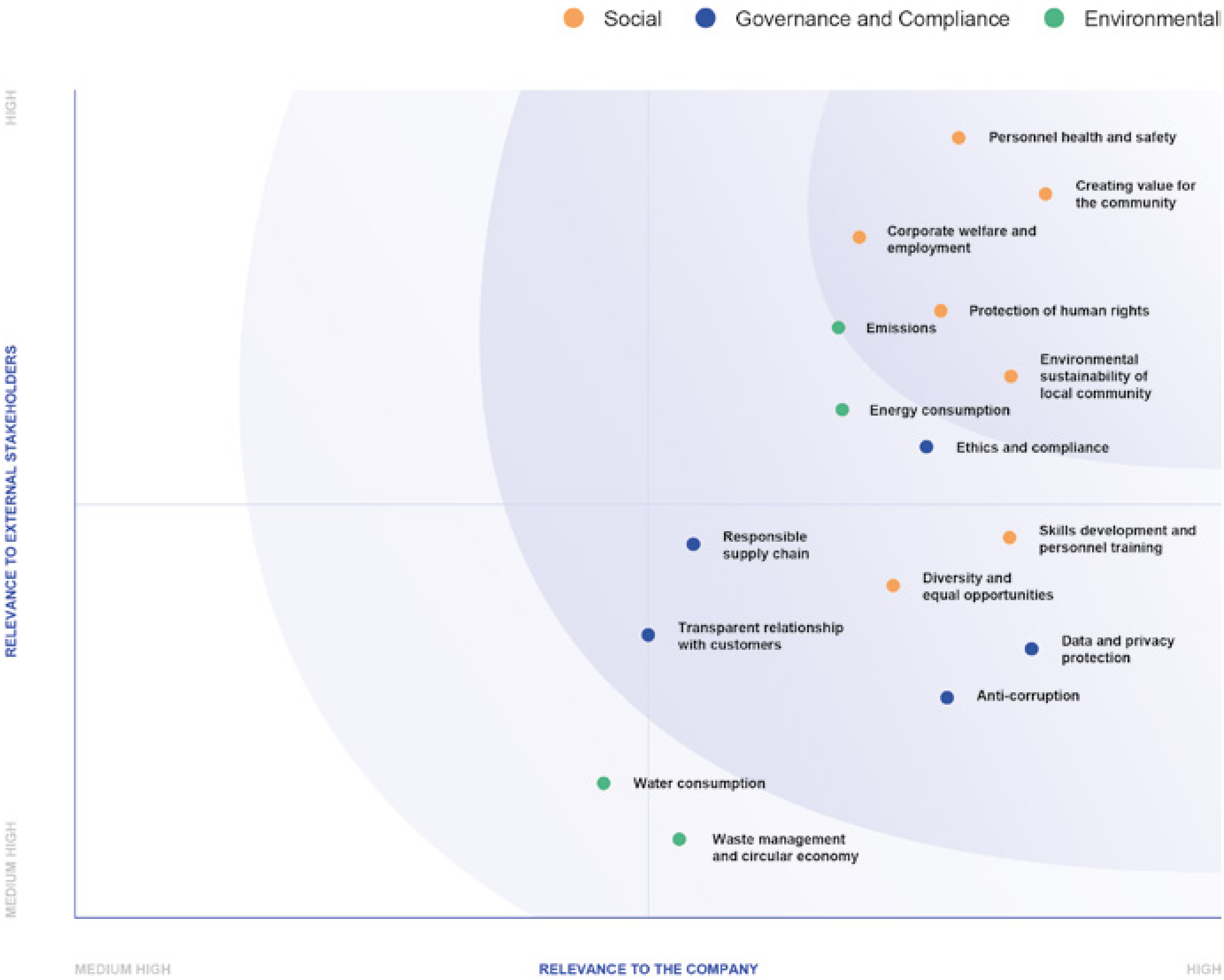
Significant issues for the Group were identified and validated by key figures in corporate management (corporate figures with policy-making and operational responsibilities regarding sustainability issues), who were asked to assess the degree of importance of each topic from the point of view of internal and external stakeholders. The result of the analysis process is reflected in the positioning of the issues, further information on which will be provided in the rest of the document.

Below is the list of material issues identified for the Sesa Group and the related materiality matrix:

Material issues

Scope of Legislative Decree 254/2016	Material issue	KPI
Environmental	Energy consumption	Yearly consumption in GJ and kWh
	Emissions	Annual CO_2
	Water consumption	Yearly consumption in litres
	Waste management and circular economy	Detail by type and weight (Kg)
Social	Responsible supply chain	% suppliers assessed on ESG issues
	Customer relations	Number of complaints
	Creating value for the community	Economic value generated and distributed to stakeholders
	Environmental sustainability of local community	Specifics comunications and initiatives
Employees' Management and Human Rights	Corporate welfare and employment	HR, growth rerate, hires
	Skills development and HR training	Number and type of training hours
	Equal opportunities and diversity	Gender representation and diversity
	Staff health and safety	Number and type of accidents
	Protection of human rights	Nr. sanctions and whistleblowing
Combating active and passive corruption	Anti-corruption	Number of sanctions and whistleblowing reports, number of sessions/hours specific training
	Ethics and compliance	
	Data and privacy protection	

Materiality matrix



In particular, the following results should be noted:

- Among the most relevant topics for both stakeholders and the company are “Corporate Welfare and Employment” and “Staff Health and Safety”, consistent with the sector in which Sesa operates and the importance of know-how and human capital for the business;
- “Ethics & Compliance” and “Data e Privacy Protection” are among the most relevant topics for Sesa, especially by virtue of the business it conducts and the importance of these topics for its long-term success;
- Issues related to “Energy consumption”, “Waste management and circular economy” and “Diversity and equal opportunities” are relevant to stakeholders and reflect the growing awareness of these issues globally.

2.2.3. Evolution of our sustainability profile

In the financial year ended 30 April 2021, Sesa established an **Operational Corporate Sustainability Committee** reporting to the Chief Executive Officer and consisting of the heads of the main corporate functions of Sesa with the identification of a dedicated Sustainability Officer. The Committee, which meets periodically during the year, takes care of sustainability aspects by monitoring actions and programmes for the reduction of environmental and social impacts related to the Group's activities.

Among the main actions carried out by the Operational Committee, the following can be identified:

- monitoring and implementation of the environmental management system from a risk assessment and management perspective, identifying the main KPIs relevant to the stakeholders;
- amendment to the Articles of Association by incorporating the target of sustainable success among the tasks of the directors (resolution of the Extraordinary General Meeting of January 2021);
- monitoring governance and transparency in supply chain management;
- communication to ESG rating companies;
- communication and initial ESG-related training activities within the organization;
- implementation of the sustainability report, improving content and focus.

The Operational Corporate Sustainability Committee was also involved in measuring the Group's environmental and social impacts through the **B Impact Assessment (BIA)**.
The internationally recognised tool for measuring the value produced by a company, considering not only economic but also environmental and social aspects, showed an overall score well above the average of companies that have tested it internationally.

The Operational Committee also measured the environmental and social impact and initiated a programme of **actions to be carried out in the short, medium, and long term to further improve the sustainability profile of the Sesa Group, identifying a virtuous path for the benefit of all stakeholders.**

Among the main objectives of the sustainability programme, the following can be identified:

- use of 100% renewable, low-impact energy (effectively achieved in the financial year ended 30 April 2022);
- increased energy production from renewable sources;
- extension of ISO 14001 certification to major Group companies;
- inclusion of sustainability programmes in the training of key personnel and the majority of employees;
- establishment of the Internal Sustainability Committee (formalised at the July 2022 Board of Directors meeting);
- strengthening gender inclusion and diversity management programmes at the human resources level (including the appointment of the Diversity Manager);
- reinforcement of Group-wide programmes to reduce the consumption of natural resources, including a sustainable mobility programme;
- strengthening ESG monitoring programmes of the supply chain.

It should be noted that **all the main objectives were achieved** during the year and that the decision was taken to prepare for the first time an Annual Integrated Report incorporating the analysis of ESG performance with financial performance, demonstrating the increased sensitivity of stakeholders to this performance.

To this end, training and implementation of the financial control structure with tools and reporting methodologies with ESG logic was also initiated.

NFS

2.3. The creation of long-term sustainable value for all Stakeholders

Sesa's business model is based on sustainable growth, transparency, valorisation of talent and diversity, protecting the environment and generating value for stakeholders. The industrial development plan and ESG objectives coexist and are interconnected in order to bring a concrete contribution to the achievement of the Sustainable Development Goals defined by the United Nations.

Sesa's business model aims at creating sustainable and shared value for all stakeholders over time. Underlying the business model are the six capitals pillars (financial, infrastructural, organisational, human, relational, social, and environmental) on which the organisation depends to guarantee the quality of the services provided.

In line with this evolution, Sesa is implementing an integrated value creation approach by developing a virtuous circle between corporate mission and value generation for stakeholders.

In particular, the commitment to articulate an innovative and distinctive offer led Sesa to the development of an integrated model of shared value creation, achieved by valorising:

- **the human capital** by enabling people to constantly improve their skills and understanding within the Group's strategy;
- **the social and environmental capital** by monitoring and minimising the impact of its activities on environmental resources and on the communities in which the Group operates;
- **the relational capital** by sharing behavioural and relational values with partners, suppliers and stakeholders;
- **the organisational and financial capital** by enhancing the development of its services through research and innovation processes along the entire chain.

Sesa's business model is based on this strategic orientation, which aims at the creation and distribution of sustainable value in the short, medium and long term in all areas related to the International <IR> Framework and in response to the global challenges defined by the 17 UN Sustainable Development Goals to which the company concretely contributes. The SDGs identified by the Group have been traced back to the material issues for Sesa and the innovative and socio-environmental projects implemented by the Group.

2.3.1. Value distributed to Stakeholders

The Sesa Group pursues the sustainable generation of value for its stakeholders, with whom it intends to develop long-term and transparent relationships.

As shown in the table below, as of 30 April 2022, out of a generated net added value of Euro 314.9 million, the distributed net economic value was Euro 250.2 million (79.5% of the total), an increase of 20.3% compared to the previous year. The net economic value retained to support investments and future growth increased from Euro 42.1 million at 30 April 2021 to Euro 64.7 million at 30 April 2022.

Value distributed to Stakeholders

(in thousands of Euros)	30/04/2022	30/04/2021	30/04/2020
Net added value	314,898	250,180	181,126
Distributed net economic value	250,225	208,042	138,938
Retained net economic value	64,674	42,138	42,188

Our capital pillars

Financial capital
The economic resources necessary to realize the investments needed for the sustainable growth of the Group.

Infrastructure capital
The capillary network present throughout the national territory and the strong presence abroad.

Intellectual capital
The information systems, internal procedures and processes, the practices developed and consolidated in time, the approach to innovation.

Human capital
The abilities, expertise and experience of the human resources that belong to the Group, the tool to reach the strategic goals.

Relational capital
The Stakeholders' trust in the Group.

Social capital
The relationship with the communities throughout the territory in which the Group operates.

ESG scorecard

E
- Emission reduction
- Sustainable mobility
- Energy efficiency

S
- Diversity and inclusion
- Health and security
- Sustainable supply chain
- Relationship with local communities

G
- Reliability
- Quality
- Compliance
- Risk management

THE 2030 Vision
- Focus ESG Strategy
- Human organization development
- Aggregation of digital skills
- Implementation of sustainable economic models
- Reference player in the digital industry
- Sustainable growth for all Stakeholders

Revenues and values
- Revenues up to 2.4 billion at 30 April 2022
- Distributed economic value 250 million
- 10 countries
- Over 150 locations and offices

Strategy

- Distribution of value to Stakeholders
- Sustainable development

WE CREATE VALUE FOR ALL STAKEHOLDERS

- Development of people
- Well-being of human resources
- Enhance diversity
- Inclusion

WE PROMOTE THE WELLBEING OF PEOPLE

- Value increase of assets
- Quality of services
- Consolidation of relationship with Stakeholders

WE SUPPORT A RESPONSIBLE CHANGE

- Efficiency of processes
- Innovative partnership
- Mitigation of climate change
- BU Digital Green

WE BUILD A DIGITA AND SUSTAINABLE FUTURE

The following economic value statement is a reclassification of the consolidated income statement representing the wealth produced and distributed by the Group to its stakeholders in the financial year ended 30 April 2022. In particular, this reclassification indicates the organisation's "quantitative capacity to create value for its stakeholders".

The Sesa Group's net added value as at 30 April 2022 amounted to Euro 314.9 million, distributed as follows:

- • employees' remuneration amounted to Euro 197.7 million (+21.3% Y/Y), as a result of the increase in the organisation, due to company acquisitions and the Group's plan to bring in new resources;
- remuneration of the public administration amounted to Euro 31.7 million (+20.4% compared to the previous year) and related mainly to current taxes, which increased due to the growth in profitability;
- the remuneration of shareholders, through the distribution of dividends for the financial year ending 30 April 2022, is defined in the amount of approximately Euro 13.9 million (Euro 0.90 per share compared to Euro 0.85 in the previous year).

With regard to the distribution percentage of Net Added Value, it is noted that Human Resources is the Stakeholder that continues to benefit most from the wealth creation achieved by the Group, accounting for 62.8% of the total.

Economic value generated and distributed

(in thousands of Euros)	30/04/2022	%	30/04/2021	%	Variation 22/21
Net revenue	2,362,603	98.8%	2,022,454	99.2%	16.8%
Other Income	27,220	1.1%	14,769	0.7%	84.3%
Profit of companies valued at equity	1,744	0.1%	2,345	0.1%	-25.6%
Economic value generated	**2,391,567**	**100.0%**	**2,039,568**	**100.0%**	**17.3%**
Reclassified operating costs (purchases, services, etc.)	(2,023,167)	-84.6%	(1,747,385)	-85.7%	15.8%
Amortisation, depreciation, write-downs and other non-monetary costs	(53,502)	-2.2%	(42,003)	-2.1%	27.4%
Net added value	**314,898**	**13.2%**	**250,180**	**12.3%**	**25.9%**
Remuneration of human resources	197,673	62.8%	162,972	65.1%	21.3%
Remuneration of lenders*	6,856	2.2%	5,521	2.2%	24.2%
Remuneration of shareholders**	13,946	4.4%	13,171	5.3%	5.9%
Remuneration of Public Administration	31,750	10.1%	26,378	10.5%	20.4%
Distributed net economic value	**250,225**	**79.5%**	**208,042**	**83.2%**	**20.3%**
Self-financing	64,674	20.5%	42,138	16.8%	53.5%
Retained economic value	**64,674**	**20.5%**	**42,138**	**16.8%**	**53.5%**

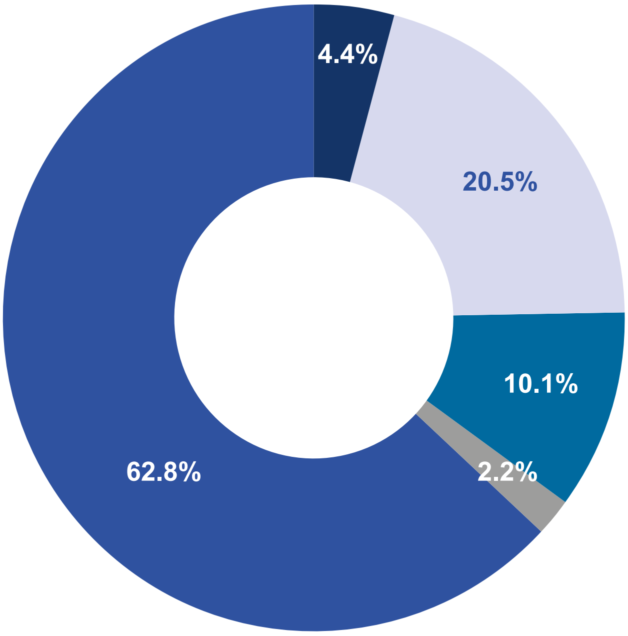
*Equal to the balance of net financial income and expenses gross of profits and losses of companies valued at equity

**Determined on the basis of the proposal of the Board of Directors of 12 July 2022 (figure as at 30 April 2022) and the Shareholders' Meeting of 26 August 2021 (figure as at 30 April 2021)

The retained economic value amounted to Euro 64.7 million, up 53.5% compared to 30 April 2021, supporting the Group's investments for long-term growth.

The retained economic value amounted to Euro 64.7 million, up 53.5% compared to 30 April 2021, supporting the Group's investments for long-term growth. Below, a graphical breakdown of the Sesa Group's 2022 Added Value of approximately Euro 314.9 million, of which Euro 64.7 million is retained economic value (self-financing) and Euro 250.2 million is distributed economic value.

Distribution of the net value generated



- 197.67 Mn Remuneration of human resources
- 64.67 Mn Self-financing
- 31.75 Mn Remuneration of PA
- 13.95 Mn Remuneration of Shareholders
- 6.86 Mn Remuneration of Lenders

NFS

2.4. Responsible business management: ethics, compliance and risk and opportunity management

2.4.1. System of Internal Controls and Risk Management

The development of the Sesa Group has made it necessary to progressively strengthen and further integrate the components of the internal control system.

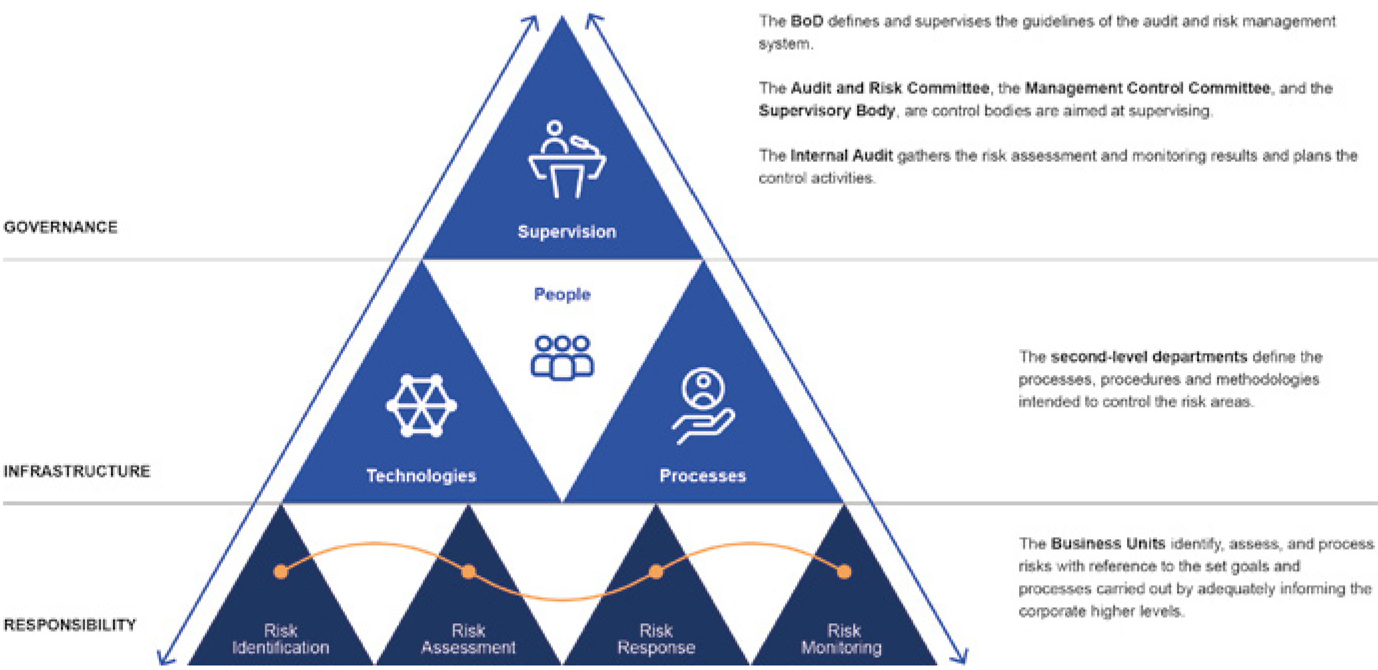
The **risk governance model** was developed in line with the best practice and in compliance with the Corporate Governance Code for Listed Companies and the Group's Model 231. It is structured on three levels, identifies distinct roles and responsibilities for the various organisational structures and provides for an adequate exchange of information flows to ensure its effectiveness. In order to cope with the risks to which it is exposed, the Group has equipped itself with suitable corporate governance devices and adequate management and control mechanisms. Specifically, the Company's **System of Internal Controls and Risk Management** ("SCIGR") consists of the set of rules, procedures and organisational structures aimed at an effective and efficient **identification, measurement, management, and monitoring of the main corporate risks** in order to contribute to the Company's sustainable success.
The Enterprise Risk Management processes, integrated into business processes, are continuously improved to innovate and disseminate an effective organisational culture of management and mitigation.

Specifically, the organisational structure aimed at managing corporate risks is structured as follows:

- **the Audit and Risk Committee,** whose task is to support the assessments and decisions of the Board of Directors concerning the internal control and risk management system;

- **the Board of Directors,** which, as a whole, plays a role in guiding and assessing the adequacy of the SCIGR. In particular, in relation to the non-financial issues covered in this Annual Integrated Report, it should be noted that the Board of Directors is first and foremost responsible for defining the SCIGR's guidelines, in line with the strategic objectives and risk profile of the SCIGR, with a view to its sustainability in the medium-long term;
- **the Compliance Officer,** as a second-level control body, carries out periodic checks on the companies' compliance with regulations, by verifying, in accordance with industry best practices, the compliance of the activities carried out with the statutory provisions, the provisions of the Supervisory Authorities, the self-regulatory rules and regulations, as well as the contractual commitments undertaken with customers;
- **the Internal Audit,** which systematically verifies the effectiveness and efficiency of the Internal Control and Risk Management System as a whole (third-level control body), reporting the results of its activities to top management and coordinating with the other corporate control bodies;
- **the Management Control Committee:** which, by virtue of its control activities on the adequacy of the organisational, administrative and accounting structure adopted by the company, monitors the effectiveness of the SCIGR as the "apex" of the company's supervisory system;
- **the Supervisory Board pursuant to Legislative Decree No. 231/2001,** which checks the adequacy of the 231 Model, paying particular attention to its effectiveness in preventing unlawful conduct and carries out constant supervision of the application of and compliance with the 231 Model.

Risk governance model



2.4.2. Risk Management and Mitigation Matrix

The Sesa Group adopts specific procedures to **manage risk factors** that may affect its economic, asset and financial situation.

These procedures are the result of a company management guided by the values of the Group's Code of Ethics (integrity, fairness and transparency, professionalism, sustainability and business continuity, attention to people and stakeholders) focused on pursuing sustainable growth objectives for stakeholders.

MAIN RISKS AND UNCERTAINTIES:

- **EXTERNAL RISKS**

Risks associated with the macroeconomic environment and the IT market. Unfavourable trends in the economy and the IT sector are possible. An unfavourable economic trend at a national and/or international level could negatively affect the growth in demand for IT, with consequent repercussions on the Group's business and financial situation. The IT market is also characterised by a high degree of competition where, in addition to national operators, the Group faces multinational competitors.
To face these risks, the Group pursues a strategy of expanding its value-added offer through the provision of competitive, efficient, and innovative services. Finally, the IT market is subject to a high level of technological evolution with a constant transformation of professionalism and the skills required. Operating with a competitive advantage in the IT market requires continuous development of skills, product offerings and the strategic management of relationships with international vendors. The Group carries out a continuous and important analysis of market trends and opportunities in order to anticipate future evolutions of its customers' needs through the development of internal skills, the aggregation of external specialisations and investments in research and development activities.

- **INTERNAL RISKS**

Risks related to dependence on key personnel: the future development of Sesa significantly depends on certain key management employees. The possible loss of these employees, should it not be possible to replace them in an adequate and timely manner with people of equal experience and competence, could lead to a reduction in the Group's competitive ability. The inability to attract and retain new and qualified resources could also negatively impact the Group's economic and financial prospects and results. To deal with this risk, the Group has put in place retention strategies and long-term incentive plans that are also based on medium-term equity-based remuneration plans. The management believes, in any case, that Sesa SpA and the Group are equipped with an operational structure capable of ensuring continuity in the management of corporate affairs.

Risks associated with the non-fulfilment of contractual and compliance commitments.
The Group offers IT solutions and services with a high technological content and enters into contracts that may impose penalties for non-compliance with the agreed time, performance (SLA) and quality standards. These penalties could adversely affect the Group's economic and financial situation. To mitigate this risk, the Group has adopted procedures intended to manage and monitor the services provided and has taken out adequate insurance policies. In relation to compliance risks, the Group has adopted policies and procedures, including the adoption of Model 231/2001 for the parent company and main subsidiaries, aimed at minimising compliance risks (particularly tax and legal).

Reporting risk. It is related to the reliability of periodic financial reporting. It represents the possibility that an individual area of the financial statements or a set of transactions may contain material errors, regardless of the internal controls established by the company.
To deal with this risk, the Company has identified and formalised, in a special database, the internal controls functional to the prevention of reporting risk.
The database is kept constantly updated and controls are tested for effectiveness on a six-monthly basis and on a sample basis.

- **MARKET AND FINANCIAL RISKS**

Credit risk. It deals with the potential losses that may arise from customers' failure to meet their obligations. This risk is constantly monitored and mitigated through the use of information, customer assessment procedures and credit risk hedging instruments (insurance and non-recourse factoring transactions). The Group also allocates and periodically monitors a specific provision for bad debts.

Liquidity risk. The core business of the Sesa Group companies generates a working capital requirement and consequent financial exposure. The liquidity risk is covered through the periodic planning of cash requirements and the relative financing through loans and credit lines mainly centralised at the three main operating and holding companies of the Group, namely Computer Gross SpA, Var Group SpA and Base Digitale Group Srl. The Group closed the consolidated financial statements as of 30 April 2022 with a Net Financial Position (net liquidity) of Euro 245,292 thousand.

Interest rate risk: Group companies carry out a business activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets). At certain times of the year, the companies have a financial exposure to the banking system, generated by the need to finance their working capital requirements. This requirement is covered by variable-rate loans and credit lines, the cost of which is exposed to changes in interest rates. As of 30 April 2022, the Group had no derivative instruments relating to interest rates. In light of the moderate level of average annual debt, the Group's risk management policy does not provide for the use of derivative contracts to hedge interest rate risk. In relation to the Group's low level of indebtedness, the sensitivity analyses performed did not reveal significant results.

Exchange rate risk: Group companies do not operate on foreign markets to any significant extent and essentially use the Euro as the currency for managing commercial and financial transactions. There are also transactions for the purchase of goods and IT products in foreign currencies, mainly with the Computer Gross SpA company and relating exclusively to the US dollar. There are no transactions in derivative instruments in foreign currencies, but only forward currency purchase transactions to hedge exchange rate risks. In relation to the limited foreign exchange transactions of the Group and to the hedging of the risk itself (forward transactions), the Group reported insignificant results in the sensitivity analyses aimed at assessing a hypothetical appreciation or depreciation of the euro.

Price risk: the Group held no financial instruments or equities listed on securities markets as of 30 April 2022, with the exception of treasury shares deducted from shareholders' equity and capitalisation policies issued by major financial institutions. With regard to the risk of inventory obsolescence, the Group companies active in the marketing of IT products monitor this management profile through periodic surveys and analyses in relation to the possible existence of a risk of obsolescence of goods.

- **ESG RISKS**

Environmental risk. This is related to the use of energy resources, greenhouse gas emissions, waste production and its disposal. The absence of an emissions management programme and the lack of energy efficiency measures could expose the Group to potential environmental and reputational risk. Due to climate change, companies face a number of significant challenges: increased operating costs, reduced asset value (so-called asset impairment) and reduced demand for goods and services. Sesa can gain a competitive advantage by looking at the development of new technologies and the development of energy-efficient products and services.

Personnel risk. This is related to the management of employees and assimilated persons, including actions taken to protect health and safety in the workplace, to ensure gender equality and proactive dialogue with social partners.

Risk in the fight against active and passive corruption: relating to the possible occurrence of events and/or circumstances related to the fight against active and passive corruption.

The Group is committed to systematically updating its social and environmental policies and periodically monitors risks. **As of 30 April 2022 (as in the previous year), no sanctions have been imposed for environmental, human rights or discriminatory acts.**

2.4.3. Compliance and anti-corruption

MITIGATION MATRIX

The following table shows the risks described above and how they are managed (mitigation tools).

Compliance and risk monitoring

Areas	Risks	Mitigation actions
External risks	Risks related to the macroeconomic environment and IT market	Monitoring macroeconomic trends and scenarios Investments in new technologies and skills HR selection, training and retention policies
	Risks associated with unfair competition	Procedures for sharing and accepting the Sesa Code of Ethics
Internal Risks	Risks related to dependence on key personnel	Retention and loyalty plans for key personnel of the Group
	Risks associated with breach of contract and compliance	Policies and procedures for managing and monitoring the services provided Adoption of a Model 231 and a Code of Ethics Insurance cover
	Reporting risk	Administrative-accounting procedures Testing the effectiveness of controls
	Risk related to Privacy and GDPR	Policies and procedures to ensure privacy and security
Market and financial risks	Credit risk	Credit monitoring Customer assessment procedures Insurance and non-recourse assignment instruments Creation of specific cover funds
	Liquidity risk	Cash flow planning Cash pooling tools Recourse to external financing sources
	Interest rate risk	Recourse to variable-rate financing
	Exchange rate risk	Currency forward transactions
	Price risk	Monitoring price dynamics Monitoring obsolescence of goods in stock
ESG risks	Environmental risk (consumption, emissions, waste)	ESG policies and waste management procedures Green procurement policies Monitoring of environmental regulations and ESG ratings ISO 14001 Certified Management System Appointment Mobility Manager
	Risk related to personnel and the working environment	Worker health and safety policies and procedures SA 8000 Certified Management System
	Risk in the fight against active and passive corruption[6]	Code of Ethics Model 231 Approval and verification policies and procedures

6. As regards relations with the Public Administration, examples of activities at risk are the submission of untruthful declarations to national or local public institutions in order to obtain public grants or the awarding of contracts, or the use of public funds for purposes other than those for which they were granted. With respect to relations with the Public Administration, specifically, the risk of occurrence of episodes of corruption is also linked to participation in tenders for the allocation of funding, direct or indirect, for Research and Development activities. To date, these loans are of an insignificant amount compared to the Group's business volume.

Sesa pays particular attention to the issue of compliance and the fight against corruption, developing numerous activities to verify compliance with the regulatory context, both external and internal, aimed at preventing the risks of non- conformity, whose non-compliance could lead to sanctions, economic losses, harmful administrative measures, and reputational consequences. The fight against corruption is also the subject of the Company's Internal Control System, the main instrument of which is the 231 Organisational Model.

INTERNAL COMPLIANCE

THE 231 MODEL

The Organisational and Management Model pursuant to Legislative Decree 231/2001 regulates the administrative liability of collective entities, i.e., the principle that companies can be held liable, and consequently financially penalised, in relation to certain offences committed or attempted, in their interest or to their advantage, by their directors or employees.

Sesa's 231 Model fits into the broader context of the company's internal control system, constituting one of its characteristic components. The adoption of the Model, in addition to representing a deterrent to the realisation of any unlawful activities, intends to support a culture oriented towards correctness and transparency of behaviour in the conduct of business.

The Model represents the connecting tool between the various areas of the Internal Control and Risk Management System (SCIGR) adopted by the main Group companies. The SCIGR is defined as the set of rules, procedures and organisational mechanisms put in place by top management to identify, measure, manage and monitor the main corporate risks.

SUPERVISORY BODY

Pursuant to the provisions of Legislative Decree 231/2001 and in line with the provisions of the Articles of Association, the Board of Directors appointed a **Supervisory Board** ("SB"), which is entrusted with the task of supervising the operation of and compliance with the 231 Model and ensuring that it is updated. The Supervisory Board supervises the operation of and compliance with the 231 Model and monitors and evaluates the state of implementation of prevention measures, reporting periodically to the Board of Directors and the Management Control Committee. Consistent with the principles of Legislative Decree 231/2001, the 231 Model of the Group provides for a channel for reporting violations, also in anonymous form (so-called **Whistleblowing**), with protection of the authors of reports and total confidentiality of their identity.

CODE OF ETHICS

In 2012, Sesa adopted its own Code of Ethics for the first time. To date, this Code has been extended and implemented by all major Group companies.

The Group's Code of Ethics describes a set of values and principles of conduct to which the Directors, Management and human resources of Sesa and its subsidiaries, as well as all those who work for it, are inspired by and comply with in the pursuit of the company's objectives.

For further details, please refer to the document published on the company website in the Governance section (https://www.sesa.it/governance/modello-231-e-codice-etico/).

CODE OF CONDUCT

The Group has also adopted its own Code of Conduct containing guidelines on legal and professional obligations, customer and other business relations, organisational and administrative provisions as well as on personal conduct.
It is based on values and principles of professional and personal behaviour, generally required by our organisation. The Code of Conduct adopted by the Group defines, together with and in support of the Code of Ethics, the fundamental principles underlying the Group's reputation and the values that inspire its daily operations, describing also the standard of conduct required of all employees and collaborators of Sesa.

REGULATORY COMPLIANCE

The Group is committed to constantly ensuring maximum compliance with all regulations to which it is subject through the activation and monitoring of specific control measures. Below are the main reference regulations and active control measures:

Compliance and risk monitoring

Scope	Reference legislation	Integrated control structures
Safety at work	Legislative Decree 81/2008 Consolidated Act on safety in the workplace	Activation of legal safeguards
		Regular information flow from RSPP
Data Security	Legislative Decree 196/2003 on protection of personal data (GDPR)	Alignment of existing controls with the European Regulation GDPR
		Regular DPO information flow
		Adoption of a certified management system according to the ISO 27001 standard
Financial disclosure	Law 262\2005 concerning the regulation for the protection of savings and financial markets	Adoption of specific controls on administrative procedures of the annual and consolidated financial statements and other financial communications
		Regular exchange of information between corporate bodies and control functions and the auditing firm
Social Responsibility	Law 300/1970 Workers' Charter Law on employment	Adoption of an SA 8000 Certified Management System
		Periodic flow of information from the Health and Safety at Work Committee to company control bodies and departments
		Adoption of Group policies
Administrative Responsibility	Legislative Decree 231/2001 - Administrative Criminal Liability of Legal Entities	Adoption of Group Code of Ethics and the 231 Model
		Exchange of information between corporate control bodies and departments
Quality Management System	Standard ISO 9001	Adoption of management procedures
		Adoption of an ISO 9001 Certified Management System
Environmental Responsibility	Standard ISO 14001	Adoption of management procedures
		Adoption of an ISO 14001 Certified Environmental Management System

FIGHT AGAINST CORRUPTION

The Group is active in the fight against active (offer) and passive (acceptance) corruption. The issue is managed by an extensive body of internal regulations: the Code of Ethics, the 231 Model, whistleblowing, internal policies and procedures, careful management of Human Resources. With reference to Whistleblowing, it should be noted that during the year to 30 April 2022, **no reports were received** through ordinary communication channels (mail, e-mail). On a half-yearly basis, the Board of Directors and the Management Control Committee receive information on the whistleblowing reports received, as part of the activities carried out by the Supervisory Board. The Group has adopted a "**Gifts and Gratuities Policy**", valid for all Group companies, where the guidelines to be complied with in order to avoid conduct not in line with legal provisions and internal rules of conduct are defined. During the financial year to 30 April 2022, **all operations were monitored with respect to corruption risk.**

As in the previous year, **no cases of corruption, unfair competition, monopolistic practices, or antitrust involvement were reported.** At 30 April 2022 (as was also the case in the previous year), **no sanctions were imposed for non-compliance with social and economic laws and regulations.**

2.4.4. Data Protection and Cyber Security

Creating value for stakeholders also means protecting the information of all stakeholders and providing operational arrangements that preserve and enhance the value of information assets. In a rapidly evolving world where information has an increasingly significant value and there is a growing connection between networks, systems, and applications, it is becoming more and more complex to manage and protect information assets while ensuring regulatory compliance. This increased complexity - combined with the growth and evolution of cyber threats - exposes companies to new types of risks, the damaging effects of which can have serious economic, legal, reputational, compliance or competitive advantage repercussions through loss of information, intellectual property, or business interruption.

That said, the Sesa Group has identified the **protection of personal data and the security of information** as a primary area of its interest both as business development and as a condition for proper internal management.
The Group also operates on the basis of established data security management procedures, based on **industry best practices and in line with the international ISO 27001 standard on information security.**
Sesa has adopted and maintains a specific procedure for the proper and adequate management of incidents, data breaches, and in general has established and developed its own operational strategy to restore business continuity in the event of disruptive events affecting both IT systems and business activities as a whole. The implementation of specific **Business Continuity and Disaster Recovery plans** guarantees secure and effective data management even in the event of incidents or other extraordinary events that may directly affect data and information security, in full compliance with the requirements prescribed by the General Data Protection Regulation no. 2016/619 (the so-called GDPR) and by the Italian Data Protection Authority, as well as with the commitments made to Data Controllers and in general in respect of stakeholders' rights.

The Group also devotes particular attention to staff training on the processing of personal data, delivered through e-learning. **As at 30 April 2022, approximately 2,000 hours of specific training on the topics in question (Privacy, GDPR and Cyber Security) had been provided.**

In order to comply with regulatory provisions on privacy and the security of sensitive data, the Group has defined its own data protection model. Through it, the Group aims to ensure respect for the rights of those affected by processing, fulfil obligations, prevent possible violations by monitoring and controlling all compliance and implementing appropriate security measures. **As at 30 April 2022, the Group's companies have not received any complaints and/or reports regarding breaches of customer privacy, nor have they suffered any loss or leakage of data.**

Group Security Operation Centre (SOC)

Performance as of April 30, 2022

GENERAL ECONOMIC PERFORMANCE

The gradual exit from the health crisis and the economic and monetary stimulus measures of governments and central banks have favoured the strong acceleration of global GDP in 2021 (+6.1% Y/Y) compared to 2020 (-3.1% Y/Y) and the return to expected growth in the 2022-2023 period (+3.6% Y/Y) at a pre-pandemic level. In view of this improvement in growth prospects, supported by the progressive orientation of the most developed economies towards digitisation, elements of uncertainty emerge related to the shortage of the factors of production and the increase in energy prices, with the related inflationary pressures, also as a consequence of the current conflict in Ukraine.
Rising commodity prices and price pressures push up inflation projections in 2022 to a level of about 6 per cent in advanced economies (source IMF - WEO, April 2022).
In Italy, after a GDP reduction of 8.9% in 2020, there was a strong recovery in 2021 (+6.6% Y/Y) thanks to economic stimulus policies and the gradual containment of the pandemic emergency.

Projections for the development of the Italian economy in 2022 and 2023 show growth of around 2 per cent, higher than pre-pandemic averages, thanks also to government stimulus measures and the Next Generation EU programmes, aimed at promoting technological innovation, competitiveness, and digitisation 4.0 (source IMF - WEO, April 2022).

The table below represents the final results for 2017- 2021 and the forecasts of GDP developments for the year 2022 and 2023 (source IMF - WEO, April 2022).

Final results

Percentage values	Variation GDP 2017	Variation GDP 2018	Variation GDP 2019	Variation GDP 2020	Variation GDP 2021	Variation GDP 2022 (E)	Variation GDP 2023 (E)
World	+3.8%	+3.6%	+2.8%	-3.1%	+6.1%	+3.6%	+3.6%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.5%	+5.2%	+3.3%	+2.4%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.1%	+6.8%	+3.8%	+4.4%
USA	+2.3%	+2.9%	+2.2%	-3.4%	+5.7%	+3.7%	+2.3%
Japan	+1.7%	+0.3%	+0.7%	-4.6%	+1.6%	+2.4%	+2.3%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.1%	+4.4%	+5.1%
Great Britain	+1.8%	+1.3%	+1.4%	-9.8%	+7.4%	+3.7%	+1.2%
Euro Area	+2.3%	+1.9%	+1.3%	-6.3%	+5.3%	+2.8%	+2.3%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+6.6%	+2.3%	+1.7%

DEVELOPMENT OF DEMAND AND TRENDS IN THE SECTOR

The Italian Information Technology ("IT") market continues its acceleration trend with average annual growth rates well above those of the pre-pandemic period. In 2021, IT demand closed with strong growth (+8.0%), with positive dynamics in all business segments, as a result of the increasingly strategic role of technological innovation in the management of businesses and organisations. The main technology drivers of the recovery continue to be Digital Enablers such as cloud, security, analytics, cognitive-A.I. (Source: Sirmi, May 2022).

The growth expectations for the IT market in the three-year period 2022-2024 are also very positive; after the year 2022 with an expected IT demand growth of +6.0%, in 2023 and 2024 a further acceleration is expected (+8.3% in 2023 and +9.5% in 2024), supported among other things by the programmes of the National Recovery and Resilience Plan ("NRRP").
Demand will be supported in particular by the Management Services segment (with annual growth of more than 10%), which includes digital transformation services and solutions and reflects the evolution of how technology is used as well as the progressive penetration of Cloud Computing solutions (Source: Sirmi, May 2022).

The following table shows the development of the Italian IT market in the period 2017-2021 and forecasts for the years 2022, 2023 and 2024 (Source: Sirmi, May 2022).

Italian IT market trend

IT Market Italian (Mn EUR)	2018	2019	2020	2021	2022 E	2023 E	2024 E	Var. 18/17	Var. 19/18	Var. 20/19	Var. 21/20	Var. 22/21	Var. 23/22	Var. 24/23
Hardware	6,025	6,172	6,266	6,770	7,044	7,405	7,853	-0.3%	2.4%	1.5%	8.1%	4.0%	5.1%	6.1%
Software	3,845	3,861	3,792	3,922	3,999	4,149	4,347	0.3%	0.4%	-1.8%	3.4%	2.0%	3.8%	4.8%
Project Services	3,500	3,588	3,640	3,854	4,003	4,310	4,681	1.9%	2.5%	1.5%	5.9%	3.9%	7.7%	8.6%
Management Services	5,900	6,350	6,797	7,597	8,435	9,568	10,979	7.2%	7.6%	7.0%	11.8%	11.0%	13.4%	14.8%
Total IT Market	**19,270**	**19,971**	**20,496**	**22,143**	**23,480**	**25,431**	**27,860**	**2.4%**	**3.6%**	**2.6%**	**8.0%**	**6.0%**	**8.3%**	**9.5%**
Cloud Computing	2,296	2,830	3,409	4,240	5,237	6,473	7,985	23.6%	23.0%	20.4%	24.4%	23.5%	23.6%	23.4%
Cloud (SaaS, PaaS, IaaS) Adoption%	23.3%	28.2%	33.9%	39.7%	47.4%	56.0%	65.5%							

For the IT distribution segment, growth is expected to continue in the coming years due to the acceleration in demand required to meet the changing needs of work organisation, security, big data, and infrastructure evolution. Expectations for the IT distribution segment remain positive for 2022 with demand growth in line with the historical average of the last two years (Source: Sirmi, May 2022).

The System Integration segment, after experiencing a growth contraction in 2020 (+1.3%) due to the pandemic crisis, closed 2021 with a strong acceleration (+8%), thanks to the contribution of the most innovative areas such as cloud, security, cognitive-A.I. and digital transformation. Expectations for the segment remain positive with average growth in the period 2022- 2024 of between 5% and 7%. (Source: Sirmi, May 2022).

3.1. Economic and Financial Results of the Sesa Group

The financial year ended 30 April 2022 confirms an acceleration of the Sesa Group's growth path with performance significantly above the long-term track record (CAGR revenue 2011-22 +11.2%, CAGR Ebitda 2011-22 +15.5%). Group Revenue and Other Income increased by 17.3% Y/Y, with operating profitability (Ebitda) growing by 33.0% Y/Y and an Ebitda margin of 7.0% compared to 6.2% as at 30 April 2021 (+83 bps Y/Y). The adjusted net profit attributable to the Group amounted to Euro 81.8 million, up 41.5% Y/Y. There was also a significant improvement in the Group's Net Financial Position from a surplus of Euro 197.4 million as at 30 April 2021 to a surplus of Euro 245.3 million as at 30 April 2022, boosted by the improvement in operating cash flow and increasing efficiency in the management of net working capital, against investments in corporate acquisitions and technological infrastructure, amounting to approximately Euro 120 million.

The positive dynamics in consolidated revenues and profitability were supported by the increasing focus on business segments that enable technological innovation (security, business applications, digital green, cloud, digital platforms) and that polarise the demand for digitalisation, which is characterised by a progressive acceleration with a growth in the Information Technology market in 2021 of 8.0% (source: Sirmi, May 2022). Industrial business combinations contribute to the favourable performance of the Sesa Group's results. In 2021, 15 M&A deals were carried out, 10 from the beginning of 2022.

3.1.1. Alternative Performance Indicators

In order to better assess the performance and financial position of the Group and its business segments, the management of Sesa SpA uses certain alternative performance indicators that are not identified as accounting measures under IFRS. These indicators facilitate the identification of operating trends and support business decisions; however, the determination criteria applied by the Group may not be homogeneous and therefore comparable with that adopted by other operators. The alternative performance indicators are made up exclusively of historical data of the Group and determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. They refer only to the performance of the accounting period in question and of the periods compared and not to the expected performance and must not be considered as a substitute for the indicators provided for by the reference accounting standards (IFRS). Finally, they are prepared by maintaining continuity and homogeneity of definition and representation for all periods for which financial information is included in this document.

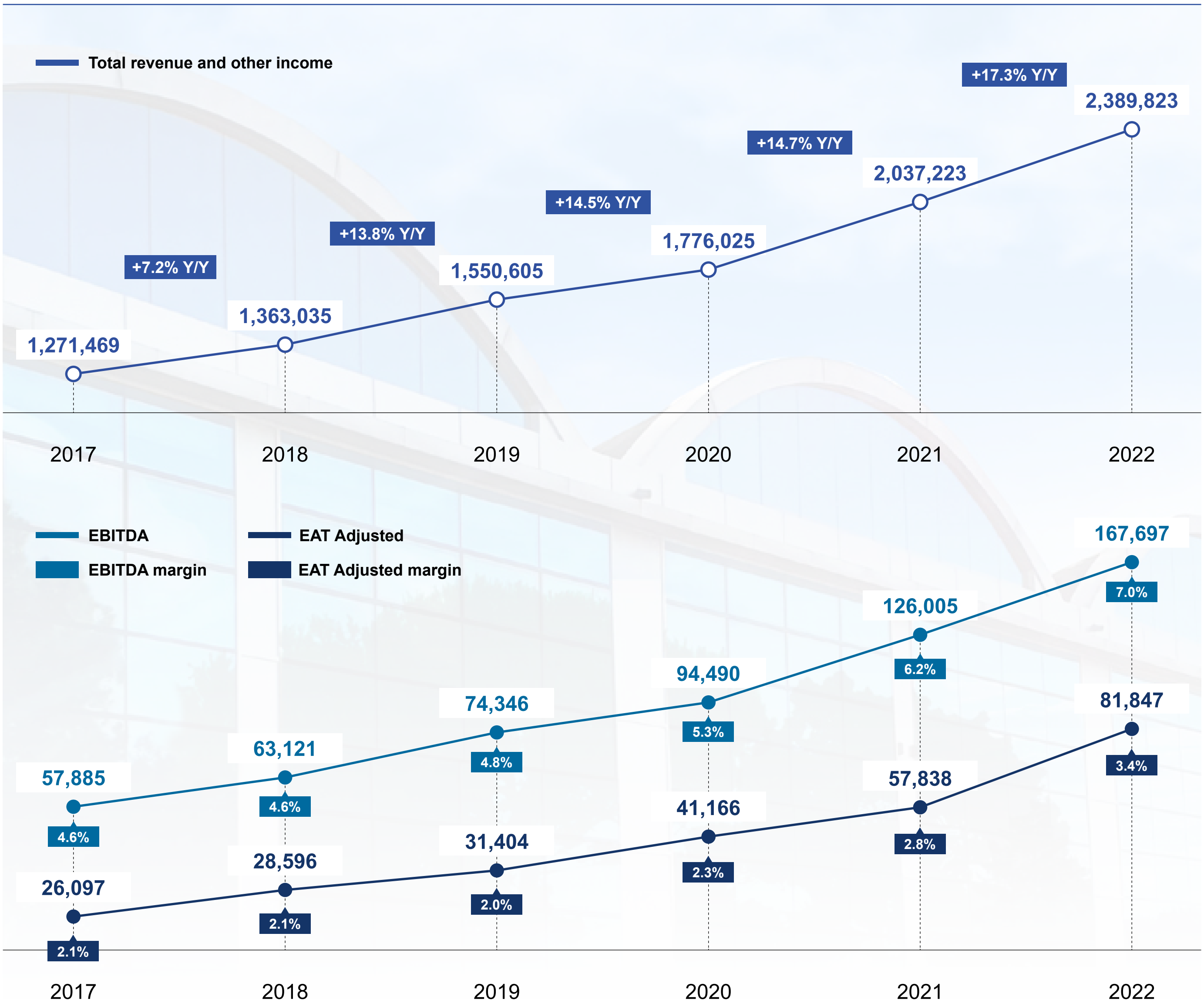
In line with the above-mentioned communications, the criteria used to construct these indicators are provided below.

- **Ebitda (Gross Operating Margin**) is defined as the profit for the year before depreciation and amortisation, provisions for bad debts, provisions for risks, notional costs relating to stock grant plans, financial income and expenses, profit (loss) of companies accounted for using the equity method, and taxes;
- **Adjusted Operating Result (Ebit)** defined as Ebitda net of amortisation and depreciation of tangible and intangible fixed assets (excluding amortisation and depreciation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation), provisions for bad debts, provisions for risks, notional costs relating to stock grant plans;
- **Operating Result (Ebit)** defined as Ebitda net of depreciation and amortisation, provisions for bad debts, provisions for risks, notional costs related to stock grant plans;
- **Adjusted result before taxes** defined as earnings before tax before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation;
- **Adjusted net result** defined as net profit before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, net of the related tax effect;
- **Group's adjusted net result** defined as the Group's net profit before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies

acquired and included in the scope of consolidation, net of the related tax effect;

- **Net working capital** is the algebraic sum of inventories, trade receivables, other current assets, trade payables and other current liabilities;
- **Net invested capital** is the algebraic sum of non-current assets, net working capital and net non-current liabilities;
- **Net Financial Position (NFP)** is the sum of cash and cash equivalents, other current financial assets, and current and non-current loans;
- **Total Net Financial Position Reported** is the algebraic sum of cash and cash equivalents, other current financial assets, current and non-current loans, current and non-current financial liabilities for rights of use, and payables and commitments for the purchase of equity investments from minority shareholders. It complies with the definition of Net Financial Debt as set forth in Consob Communication No. 6064293 of 28 July 2006 and in accordance with ESMA Recommendation/2013/319.

Track record in Euro thousands at 30/04 of each year



3.1.2. Economic Highlights of the Sesa Group

The reclassified income statement, balance sheet and financial position of the Group and the parent company Sesa SpA shown below have been prepared on the basis of the consolidated financial statements and statutory financial statements as of 30 April 2022, in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005.

In the Report on Operations, in addition to the financial measures provided for by IFRS, some alternative performance indicators derived from the latter are illustrated (Non-GAAP Measures). These measures are presented in order to allow for a better assessment of the Group's performance and are not to be considered as alternatives to those provided for by IFRS. The reclassified consolidated income statement (figures in Euro thousands) for the year ended 30 April 2022 compared to the previous year ended 30 April 2021 is provided below.

Reclassified profit and loss account

(in thousands of Euros)	30/04/2022	%	30/04/2021	%	Variation 22/21
Revenues	2,362,603		2,022,454		16.8%
Other Income	27,220		14,769		84.3%
Total Revenues and Other Income	**2,389,823**	**100.0%**	**2,037,223**	**100.0%**	**17.3%**
Costs for purchasing products	(1,818,391)	76.1%	(1,590,272)	78.1%	14.3%
Costs for services and for rent, leasing, and similar costs	(199,493)	8.3%	(153,774)	7.5%	29.7%
Personnel Costs	(197,673)	8.3%	(162,972)	8.0%	21.3%
Other operating charges	(6,569)	0.3%	(4,200)	0.2%	56.4%
Total Costs for purchasing products and Operating Cost	2,222,126	93.0%	1,911,218	93.8%	16.3%
Gross Operating Margin (Ebitda)	**167,697**	**7.0%**	**126,005**	**6.2%**	**33.1%**
Depreciation/Amortisation of tangible and intangible assets (software)	(30,006)		(24,664)		21.7%
Provisions and other non-monetary costs	(11,796)		(9,520)		23.9%
Adjusted Operating Result (Ebit)[7]	**125,895**	**5.3%**	**91,821**	**4.5%**	**37.1%**
Amortisation of client lists and know-how (PPA)	(11,700)		(7,819)		49.6%
Operating Result (EBIT)	**114,195**	**4.8%**	**84,002**	**4.1%**	**35.9%**
Net financial income and expenses	(5,112)		(3,176)		61.0%
Result before tax (EBT)	**109,083**	**4.6%**	**80,826**	**4.0%**	**35.0%**
Income Taxes	(30,464)		(24,040)		26.7%
Net Result	**78,619**	**3.3%**	**56,786**	**2.8%**	**38.4%**
Net Result attributable to the Group	73,519	3.1%	52,272	2.6%	40.6%
Net Result attributable to non-controlling interests	5,100		4,514		13.0%
Adjusted Results before tax[7]	**120,783**	**5.1%**	**88,645**	**4.4%**	**36.3%**
Adjusted Net Result[7]	**86,947**	**3.6%**	**62,352**	**3.1%**	**39.4%**
Adjusted Net Result attributable to the Group[7]	**81,847**	**3.4%**	**57,838**	**2.8%**	**41.5%**

7. Adjusted Operating Result and Adjusted Result Before Tax are defined before amortisation of intangible assets (client lists and know-how) recognised as a result of the Purchase Price Allocation (PPA) process. Adjusted Net Result and Adjusted Group Net Result are defined before amortisation of intangible assets (client lists and know-how) recognised as a result of the PPA process, net of the related tax effect.

Consolidated revenues and other income as at 30 April 2022 amounted to Euro 2,389.8 million (+17.3% Y/Y), thanks to the contribution of all Group segments:

- **VAD segment,** which achieved Revenues and Other Income of Euro 1,857.3 million (+16.0% Y/Y), boosted by the development of the Digital Green, Security and Enterprise Software business units;
- **SSI segment** achieving Revenues and Other Income of Euro 572.2 million (+18.7% Y/Y) due to the development of the main operating Business Units;
- **Business Services segment,** which posted Revenues and Other Income of Euro 58.9 million (+24.6% Y/Y), supported by the contribution of the recently established Digital Platform and Vertical Applications Business Units, also through M&A bolt-ons during the year;

Consolidated Ebitda increased by +33.1% Y/Y, reaching a total of Euro 167.7 million as at 30 April 2022, with the Ebitda margin increasing to 7.0% (vs. 6.2% as at 30 April 2021), thanks to the contribution of all Group segments:

- **VAD sector** achieving an Ebitda of Euro 90.6 million, up 41.0% Y/Y (Ebitda margin 4.9% vs. 4.0% Y/Y);
- **SSI sector** achieving an Ebitda of Euro 67.9 million, up +22.3% Y/Y (Ebitda margin 11.9% vs. 11.5% Y/Y) aided by the development of all operating business units;
- **Business Services segment** achieving an Ebitda of Euro 5.7 million, up 94.4% Y/Y (Ebitda margin 9.7%, compared to 6.2% Y/Y).

Adjusted Consolidated Operating Result (Ebit) amounted to Euro 125.9 million, up 37.1% Y/Y, after depreciation and amortisation totalling Euro 30.0 million (+21.7% Y/Y) and provisions and other non-cash expenses of Euro 11.8 million (+23.9% Y/Y).

The Consolidated Operating Result (Ebit) amounted to Euro 114.2 million, up 35.9% Y/Y, after amortisation of intangible assets Client lists and Know-how of Euro 11.7 million (+49.6% Y/Y due to the acceleration of investments in corporate acquisitions).

Adjusted Consolidated Result Before Tax increased by 36.3% Y/Y to a total of Euro 120.8 million as at 30 April 2022. Consolidated Result Before Tax as of 30 April 2022 amounted to Euro 109.1 million, up 35.0% Y/Y, after net financial expenses of Euro 5.1 million compared to Euro 3.2 million increase mainly due to higher notional financial costs related to IFRS payables and unfavourable foreign exchange performance.

Adjusted Net Result (excluding amortisation of client list and know-how net of the related tax effect) increased by +39.4% Y/Y, reaching Euro 86.9 million at 30 April 2022. Adjusted Net Result attributable to the Group at 30 April 2022 was Euro 81.8 million, up 41.5% Y/Y compared to Euro 57.8 million at 30 April 2021.

(in thousands of Euros)	30/04/2022	30/04/2021
Total financial item (A)	(6,715)	(6,475)
Foreign exchange items (B)	(141)	954
Share of profits of companies accounted for using the equity method (C)	1,774	2,345
Net financial income/(expenses) (A+B+C)	**(5,112)**	**(3,176)**

3.1.3. Highlights of the Group's Balance Sheet

Below is the reclassified balance sheet (figures in Euro thousands) as at 30 April 2022 compared to the previous year as at 30 April 2021.

Reclassified Balance Sheet

(in thousands of Euros)	30/04/2022	30/04/2021	Variation 22/21
Intangible fixed assets	228,280	142,826	85,454
Tangible fixed assets (including rights of use)	111,943	99,942	12,001
Investments carried at equity	14,593	13,850	743
Other non-current assets and deferred tax assets	32,855	27,921	4,934
Total non-current assets	**387,671**	**284,539**	**103,132**
Inventories	144,034	86,920	57,114
Trade receivables	434,579	355,781	78,798
Other current assets	90,775	63,395	27,380
Current assets for the year	**669,388**	**506,096**	**163,292**
Trade payables	525,879	366,101	159,778
Other current payables	176,031	142,690	33,341
Short-term liabilities for the year	**701,910**	**508,791**	**193,119**
Net working capital	**(32,522)**	**(2,695)**	**(29,827)**
Provisions and other non-current tax liabilities	67,573	38,273	29,300
Employee benefits	44,379	40,897	3,482
Net non-current liabilities	**111,952**	**79,170**	**32,782**
Net Invested Capital	**243,197**	**202,674**	**40,523**
Shareholders' Equity	**335,159**	**297,355**	**37,804**
Liquidity and other financial assets	(498,905)	(426,905)	(72,000)
Current and non-current financial debt	253,613	229,548	24,065
Net Financial Position	**(245,292)**	**(197,357)**	**(47,935)**
Financial liabilities rights of use IFRS 16	44,933	43,871	1,062
Liabilities to minority shareholders for equity investments[8]	108,397	58,805	49,592
Total Net Financial Position Reported	**(91,962)**	**(94,681)**	**2,719**

The balance sheet shows an increase in net invested capital from Euro 202.7 million as of 30 April 2021 to Euro 243.2 million as of 30 April 2022, mainly as a result of:

- increase in non-current assets from Euro 284.5 million as of 30 April 2021 to Euro 387.7 million as of 30 April 2022, mainly generated by investments in corporate acquisitions;

8. Deferred payables and commitments to minority shareholders for corporate acquisitions (Earn Out, Put Option, deferred prices) not bearing contractual interest and conditional on the achievement of long-term value generation targets.

- Further reduction in net working capital of Euro 32.5 million as of 30 April 2022 compared to Euro 2.7 million as of 30 April 2021, due to the increasing efficiency in the management of working capital generated by the evolution of the business model and the gradual adoption of as-a-service and cloud supply models.

On the side of sources of financing, we note:

- a significant improvement in the Net Financial Position, which amounted to a surplus (net liquidity) of Euro 245.3 million as of 30 April 2022, compared to a net liquidity of Euro 197.4 million as of 30 April 2021, due to the cash flow from operations net of investments for the period. The Reported Net Financial Position, net of (i) payables and commitments to minority shareholders for the purchase of equity investments in the amount of Euro 108.4 million as of 30 April 2022, up significantly compared to Euro 58.8 million as of 30 April 2021, following the acceleration of corporate acquisitions, and (ii) financial liabilities for IFRS 16 rights of use (Euro 44.9 million as of 30 April 2022 compared to Euro 43.9 million as of 30 April 2021), substantially balanced in the amount of Euro 92.0 million as of 30 April 2022 compared to Euro 94.7 million as of 30 April 2021;
- the increase in consolidated shareholders' equity of Euro 335.2 million as of 30 April 2022 compared to Euro 297.4 million as of 30 April 2021, due to profits generated in the period net of dividends of Euro 13.2 million (Euro 0.85 per share) distributed in September 2021.

Net Financial Position

(in thousands of Euros)	30/04/2022	30/04/2021	Variation 22/21
Liquidity	(496,311)	(426,665)	(69,646)
Current financial receivables and short-term securities	(2,594)	(240)	(2,354)
Current Financial debt	130,054	100,994	29,060
Current Net Financial Position	(368,851)	(325,911)	(42,940)
Non-current Financial debt	123,559	128,554	(4,995)
Non-current Net Financial Position	123,559	128,554	(4,995)
Net Financial Position	**(245,292)**	**(197,357)**	**(47,935)**
Financial liabilities rights of use IFRS 16	44,933	43,871	1,062
Liabilities to minority shareholders for equity investments	108,397	58,805	49,592
Total Net Financial Position Reported	**(91,962)**	**(94,681)**	**2,719**

The Net Financial Position as of 30 April 2022 shows a cash balance (net liquidity) in the amount of Euro 245.3 million, an improvement compared to Euro 197.4 million as of 30 April 2021, due to the operating cash flow of the financial year of about Euro 150 million and after investments in corporate acquisitions and technology infrastructure in the amount of about Euro 120 million in the financial year. The Group's Reported Net Financial Position as of 30 April 2022 was positive (net liquidity) in the amount of Euro 92.0 million, calculated net of IFRS payables in the amount of Euro 153.3 million, mainly related to deferred payments of corporate acquisitions and payables for share purchase options to minority shareholders.

3.2. Economic and Financial Results of Group Sectors

3.2.1. Results of the VAD sector

The Value-Added Distribution (VAD) sector, active in the offer of value-added technology solutions in the financial year, achieved a growth in Revenues and Other Income of 16.0%, Ebitda of 41.0% (Ebitda margin of 4.9% compared to 4.0% Y/Y) and Net Profit after Tax of 40.5%. Thanks to the development of demand for digital transformation and the strategy of focusing on the market's value-added business areas (Security, Cloud and Digital Green), the Sector consolidated its market share in Italy (48% of the total in the Data Centre, Networking, and Enterprise software categories, source: Sirmi, May 2022). The results benefit from the acquisition, from 1 May 2021, of the corporate control of P.M. Service (reference operator in the Digital green sector) and, from September 2021, of the majority of the capital of Kolme Srl, a company active in the offer of ICT solutions with a customer set of 2,500 business partners in the country. Investments in technology and expertise in the cloud and enterprise software segments continued, with the implementation of the proprietary marketplace platform. The reclassified income statement of the VAD Sector (figures in Euro thousands) as at 30 April 2022 is provided below, compared to the previous year ended 30 April 2021:

VAD sector

(Euro thousands)	30/04/2022	%	30/04/2021	%	Variation 22/21
Third-party revenues	**1,750,678**		**1,507,639**		**16.1%**
Inter-sector revenues	90,086		86,104		4.6%
Total Revenues	1,840,764		1,593,743		15.5%
Other income	16,515		7,543		118.9%
Total revenues and other income	**1,857,279**	**100.0%**	**1,601,286**	**100.0%**	**16.0%**
Cost for purchasing products	(1,697,189)	-91.4%	(1,481,941)	-92.5%	14.5%
Gross commercial margin	**160,090**	**8.6%**	**119,345**	**7.5%**	**34.1%**
Costs for services and for rent, leasing, and similar costs	(43,164)	-2.3%	(33,689)	-2.1%	28.1%
Personnel costs	(23,774)	-1.3%	(19,376)	-1.2%	22.7%
Other charges	(2,571)	-0.1%	(2,032)	-0.1%	26.5%
Ebitda	**90,581**	**4.9%**	**64,248**	**4.0%**	**41.0%**
Depreciation/Amortisation of tangible and intangible assets (software)	(4,509)	-0.2%	(4,164)	-0.3%	8.3%
Provisions and other non-monetary costs	(4,051)	-0.2%	(2,860)	-0.2%	41.6%
Adjusted operating result (Adjusted Ebit)	**82,021**	**4.4%**	**57,224**	**3.6%**	**43.3%**
Amortisation of client lists and know-how (PPA)	(1,332)	-0.1%	(533)	-0.0%	149.9%
Operating result (Ebit)	**80,689**	**4.3%**	**56,691**	**3.5%**	**42.3%**
Net financial income and expenses	(3,779)		(934)		304.6%
Profit before taxes	**76,910**	**4.1%**	**55,757**	**3.5%**	**37.9%**
Income Taxes	(20,355)		(15,504)		31.3%
Net Result	**56,555**	**3.0%**	**40,253**	**2.5%**	**40.5%**
Net Result attributable to non-controlling interests	841		548		53.5%
Net Result attributable to the Group	55,714	3.0%	39,705	2.5%	40.3%
Adjusted Net Result	**57,503**	**3.1%**	**40,632**	**2.5%**	**41.5%**
Adjusted Net Result attributable to the Group	**56,662**	**3.1%**	**40,084**	**2.5%**	**41.4%**

Total revenues and other income amounted to Euro 1,857.3 million as at 30 April 2022, an increase of 16.0% compared to 30 April 2021. Revenue growth benefits from the strategy of focusing on value-added business areas in the market and the expansion of the solutions offered to customers. Gross sales margin grew by 34.1% from Euro 119.3 million (7.5% of revenue and other income) as of 30 April 2021 to Euro 160.1 million (8.6% of revenue and other income) as of 30 April 2022, due to the development of sales revenue and a more favourable sales mix reflecting, among other things, the contribution of the companies belonging to the new Digital Green business unit. Ebitda for the period under review amounted to Euro 90.6 million (Ebitda margin 4.9%), a significant increase (+41.0%) compared to Euro 64.2 million (Ebitda margin 4.0%) as at 30 April 2021, achieved thanks to the development of the Gross Margin and the lower incidence of operating costs. P.M. Service Srl and Kolme Srl, companies recently included in the scope of consolidation, the former since May 2021 and the latter since September 2021, contributed approximately 66% to the growth in turnover and operating profitability in the financial year. Net profit for the period amounted to Euro 56.6 million, an increase of 40.5% compared to Euro 40.2 million as at 30 April 2021, due to the favourable development in operating profitability and a lower incidence of depreciation, amortisation and provisions. Before amortisation of intangible assets (client lists and know-how) recognised as a result of the PPA process, Adjusted Net Result attributable to the Group amounted to Euro 56.7 million (+41.4%) compared to Euro 40.1 million as at 30 April 2021.

Reclassified Balance Sheet

(Euros thousands)	30/04/2022	30/04/2021	Variation 22/21
Intangible fixed assets	26,380	7,800	18,580
Tangible fixed assets (right of use)	48,625	43,122	5,503
Investments carried at equity	10,953	10,981	(28)
Other non-current receivables and assets and deferred tax assets	9,322	9,784	(462)
Total non-current assets	**95,280**	**71,687**	**23,593**
Inventories	119,601	69,345	50,256
Trade receivables	289,826	243,969	45,857
Other current assets	34,449	18,691	15,758
Current assets for the year	**443,876**	**332,005**	**111,871**
Trade payables	420,799	280,653	140,146
Other current payables	33,554	30,916	2,638
Short-term liabilities for the year	**454,353**	**311,569**	**142,784**
Net working capital	**(10,477)**	**20,436**	**(30,913)**
Provisions and other non-current tax liabilities	11,432	4,894	6,538
Employee benefits	3,141	2,689	452
Net non-current liabilities	14,573	7,583	6,990
Net Invested Capital	**70,230**	**84,540**	**(14,310)**
Shareholders' Equity	**273,625**	**233,419**	**40,206**
Liquidity and other financial assets	(337,282)	(264,020)	(73,262)
Current and non-current financial debt	99,019	92,966	6,053
Net Financial Position	**(238,263)**	**(171,054)**	**(67,209)**
Financial liabilities rights of use IFRS 16	21,335	19,074	2,261
Liabilities to minority shareholders for equity investments	12,519	3,101	9,418
Net Financial Position Reported	**(204,409)**	**(148,879)**	**(55,530)**

The main balance sheet indicators improved. Net working capital shows a decrease of Euro 30.9 million from a positive balance of Euro 20.4 million as at 30 April 2021 to a negative balance of Euro 10.5 million as at 30 April 2022, due to the increasing efficiency in the management of working capital.

Thanks to the reduction in Net Working Capital and current cash generation, the Net Financial Position improved from a positive balance of Euro 171.1 million as of 30 April 2021 to a positive balance of Euro 238.3 million as of 30 April 2022. Shareholders' Equity further strengthened during the period under review, reaching a total of Euro 273.6 million as at 30 April 2022, compared to Euro 233.4 million to 30 April 2021.

3.2.2. Results of the SSI sector

The Software and System Integration (SSI) Sector, which is active in the provision of software solutions and technological innovation for the SME and Enterprise segments, achieved a growth of 18.7% in Revenues and Other Income, 22.3% in Ebitda (Ebitda margin of 11.9% compared to 11.5% Y/Y) and 20.2% in Net Profit in the period under review. In the financial year the growth was mainly organic, although the development strategy continued with bolt-on M&A transactions such as:

- Fen Wo Shanghai Ltd ("Fireworks"), based in Shan- ghai and active in digital marketing in the Chinese market (12 months of consolidation);
- Cadlog Group Srl and Cimtec Gmbh, expanding the European digital engineering services platform (12 months of consolidation);
- Datef SpA, headquartered in Bolzano, specialising in digital services, cloud and IT security, active in German-speaking areas where the expansion of the customer set is continuing (6 months of consolidation);
- Adacto Srl, a company specialising in Digital Mar- keting, further strengthens its competences in Customer & Business Experience, with a total of 50 additional specialised resources (1 month consolidation);
- NGS Srl, a company specialising in IT and network and edge security, for the protection of leading national and international enterprise customers, operating in the manufacturing and maritime sectors (1 month consolidation).

The following is the reclassified income statement of the SSI Sector (figures in Euro thousands) as at 30 April 2022, compared with the previous year ended 30 April 2021.

SSI sector

(Euros thousands)	30/04/2022	%	30/04/2021	%	Variation 22/21
Third-party revenues	**555,481**		**469,171**		**18.4%**
Inter-sector revenues	4,713		3,771		25.0%
Total Revenues	560,194		472,942		18.4%
Other income	11,974		8,910		34.4%
Total revenues and other income	**572,168**	**100.0%**	**481,852**	**100.0%**	**18.7%**
Costs for purchasing products	(200,870)	-35.1%	(181,850)	-37.7%	10.5%
Costs for services and for rent, leasing, and similar costs	(154,912)	-27.1%	(122,162)	-25.4%	26.8%
Personnel costs	(144,886)	-25.3%	(120,521)	-25.0%	20.2%
Other operating charges	(3,645)	-0.6%	(1,829)	-0.4%	99.3%
Ebitda	**67,855**	**11.9%**	**55,490**	**11.5%**	**22.3%**
Depreciation/Amortisation of tangible and intangible assets (software)	(22,227)	-3.9%	(18,120)	-3.8%	22.7%
Provisions and other non-monetary costs	(3,091)	-0.5%	(3,200)	-0.7%	-3.4%
Adjusted operating result (Adjusted Ebit)	**42,537**	**7.4%**	**34,170**	**7.1%**	**24.5%**
Amortisation of client lists and know-how (PPA)	(8,376)	-1.5%	(6,825)	-1.4%	22.7%
Operating result (EBIT)	**34,161**	**6.0%**	**27,345**	**5.7%**	**24.9%**
Net financial income and expenses	(1,439)		(95)		1,414.7%
Result gross of taxes	**32,722**	**5.7%**	**27,250**	**5.7%**	**20.1%**
Income Taxes	(9,864)		(8,229)		19.9%
Net Result for the year	**22,858**	**4.0%**	**19,021**	**3.9%**	**20.2%**
Net Result attributable to non-controlling interests	4,403		3,890		13.2%
Net Result attributable to the Group	18,455	3.2%	15,131	3.1%	22.0%
Adjusted Net Result	**28,820**	**5.0%**	**23,879**	**5.0%**	**20.7%**
Adjusted Net Result attributable to the Group	**24,417**	**4.3%**	**19,989**	**4.1%**	**22.2%**

Total Revenues and Other Income as at 30 April 2022 amounted to Euro 572.2 million with a growth of 18.7% Y/Y, while Ebitda reached a total of Euro 67.9 million, an increase of 22.3% Y/Y.

The increase in operating profitability was driven by the development of all major business units, thanks to predominantly organic growth in the year under review. The use of external leverage contributed about 30% to the growth in revenue and operating profitability. The changes in the scope of consolidation resulting from corporate acquisitions affected the following Business Units in particular:

- Customer & Business Experience: Fen Wo Ltd (China) and Superresolution Srl from 1 May 2021, Adacto Srl from 1 April 2022;
- Cloud Technology Services and Security: Datef SpA from 1 November 2021, NGS Srl from 1 April 2022;
- Digital Engineering: Cadlog Group Srl from 1 May 2021;

- ERP and Vertical Applications: Polymatic Srl from 1 May 2021, Pegaso Srl from 1 August 2021, Pal IFM Srl from 1 November 2021 and Z3 engineering Srl from 1 January 2022.

Net Profit for the Sector as of 30 April 2022 amounted to Euro 22.9 million, an improvement of 20.2% compared to Euro 19.0 million as of 30 April 2021, thanks to the favourable trend in revenues and operating profitability. Before amortisation of intangible assets (Client Lists and Know-how) recognised as a result of the PPA process in the amount of Euro 8.4 million, net of the related tax effect, the Adjusted Net Result attributable to the Group amounted to Euro 24.4 million, up 22.2% compared to Euro 20.0 million as of 30 April 2021.

Below is the reclassified balance sheet of the SSI Sector (figures in Euro thousands) as at 30 April 2022, compared with the previous year ended 30 April 2021.

Reclassified Balance Sheet

	30/04/2022	30/04/2021	Variation 22/21
Intangible fixed assets	156,158	114,329	41,829
Tangible fixed assets (right of use)	54,466	47,699	6,767
Investments carried at equity	3,691	3,050	641
Other non-current receivables and assets and deferred tax assets	13,322	10,807	2,515
Total non-current assets	**227,637**	**175,885**	**51,752**
Inventories	22,259	16,105	6,154
Trade receivables	159,176	137,081	22,095
Other current assets	53,596	42,465	11,131
Current Assets for the year	**235,031**	**195,651**	**39,380**
Trade payables	131,758	115,920	15,838
Other current payables	121,979	97,655	24,324
Short-term liabilities for the year	**253,737**	**213,575**	**40,162**
Net working capital	**(18,706)**	**(17,924)**	**(782)**
Provisions and other non-current tax liabilities	43,224	27,994	15,230
Employee benefits	34,293	33,329	964
Net non-current liabilities	77,517	61,323	16,194
Net Invested Capital	**131,414**	**96,638**	**34,776**
Shareholders' Equity	**35,611**	**36,988**	**(1,377)**
Liquidity and other financial assets	(141,999)	(136,160)	(5,839)
Current and non-current financial debt	141,555	125,098	16,457
Net Financial Position	**(444)**	**(11,062)**	**10,618**
Financial liabilities rights of use IFRS 16	18,548	17,752	796
Liabilities to minority shareholders for equity investments	77,699	52,960	24,739
Net Financial Position Reported	**95,803**	**59,650**	**36,153**

The Net Financial Position as of 30 April 2022 was positive in the amount of Euro 444 thousand, down from a positive balance of Euro 11.1 million as of 30 April 2021, and mainly reflects the investments in corporate acquisitions and technological infrastructures realised in the last 12 months for over Euro 70 million, net of the positive Operating Cash Flow in the year of about Euro 60 million.

The Reported Net Financial Position (calculated net of future commitments for the purchase of equity investments in the amount of Euro 77.7 million and IFRS 16 liabilities in the amount of Euro 18.5 million) as of 30 April 2022 was negative in the amount of Euro 95.8 million compared to Euro 59.7 million and reflects the increase in payables and commitments for the purchase of equity investments from shareholders in the amount of Euro 24.7 million, following the investments in corporate acquisitions made during the year that include medium- and long-term involvement components of key people. The consolidated shareholders' equity of the SSI segment as at 30 April 2022 amounted to Euro 35.6 million and reflected the profit for the period net of changes in consolidation reserves.

3.2.3. Results of the Business Services Sector

The Business Services Sector, active in the provision of security solutions, digital platform, and vertical banking application services for the Financial Services segment, accelerates its growth path, contributing to consolidated results with higher margins than the Group average. As at 30 April 2022, the Sector achieved revenue of Euro 58.9 million, up 24.6%, an Ebitda increase of 94.4% (Ebitda margin of at 9.7% compared to 6.2% Y/Y), thanks to the organic development of the business and the contribution of the recent acquisitions in the Digital Platform Business Unit (companies IFM Infomaster SpA and Digital Storm Srl), in the Security Business Unit and in the recently established Applications BU. The year ended 30 April 2022 was marked, in fact, by the completion of acquisitions of control of Citel Srl, a company specialising in integrated security management through digital platforms in the finance and utilities sectors, of A Plus Srl, a company active in the design of access control systems, attendance detection and building automation, and of Omigrade Srl, a company specialising in IT consulting and development of software platforms for the financial services market, were completed. The operations to develop expertise in the Digital Platform Business Unit continued after the year-end with the purchase of 72% of Digital Voice Recording Italia Srl ("DVR"), 51% of Emmedi Srl and 52% of Ever Green Mobility Rent Srl, all companies dedicated to the development of digital platforms and process automation for the Financial Services segment.

The reclassified income statementof the Business Services sector (figures in Euro thousands) for the year ended 30 April 2022, compared with the previous year ended 30 April 2021, is provided below.

Business Services Sector

(Euros thousands)	2022	%	2021	%	Variation 22/21
Third-party revenues	**55,696**		**44,253**		**25.9%**
Inter-sector revenues	2,116		2,479		-14.6%
Total Revenues	57,812		46,732		23.7%
Other income	1,090		528		106.4%
Total revenue and other income	**58,902**	**100.0%**	**47,260**	**100.0%**	**24.6%**
Costs for purchasing products	(5,711)	-9.7%	(8,362)	-17.7%	-31.7%
Costs for services and for rent, leasing, and similar costs	(25,077)	-42.6%	(21,793)	-46.1%	15.1%
Personnel costs	(22,121)	-37.6%	(13,992)	-29.6%	58.1%
Other operating charges	(276)	-0.5%	(172)	-0.4%	60.5%
Ebitda	**5,717**	**9.7%**	**2,941**	**6.2%**	**94.4%**
Depreciation/Amortisation of tangible and intangible assets (software)	(2,858)	-4.9%	(1,930)	-4.1%	48.1%
Provisions and other non-monetary costs	(343)	-0.6%	(197)	-0.4%	74.1%
Adjusted operating result (Adjusted Ebit)	**2,516**	**4.3%**	**814**	**1.7%**	**209.1%**
Amortisation of acquired client lists and technological know-how	(1,991)	-3.4%	(353)	-0.8%	464.0%
Operating result (EBIT)	**525**	**0.9%**	**461**	**1.0%**	**13.9%**

Business Services Sector

(Euros thousands)	2022	%	2021	%	Variation 22/21
Net financial income and expenses	(445)		(340)		30.9%
Result gross of taxes	**80**	**0.1%**	**121**	**0.3%**	**-33.9%**
Income Taxes	(170)		(96)		77.1%
Net Result	**(90)**	**-0.2%**	**25**	**0.1%**	**-460.0%**
Net Result attributable to non-controlling interests	140		72		94.4%
Net Result attributable to the Group	(230)	-0.4%	(47)	-0.1%	389.4%
Adjusted net result	**1,327**	**2.3%**	**276**	**0.6%**	**380.4%**
Adjusted Net Result attributable to the Group	**1,187**	**2.0%**	**204**	**0.4%**	**481.2%**

Revenues and other income of the Business Services sector amounted to Euro 58.9 million as at 30 April 2022, up 24.6% Y/Y, with an Ebitda result of Euro 5.7 million (+94.4% Y/Y). The Ebitda margin increased from 6.2% as at 30 April 2021 to 9.7% as at 30 April 2022, thanks to the contribution of the companies that entered the scope in the year under review, in particular those of the Digital Platform Business Unit.

The Sector posted a loss at 30 April 2022 for Euro 90 thousand; the result was significantly influenced by amortisation and depreciation of Euro 5.2 million, of which Euro 1.9 million was attributable to the amortisation of client lists and know-how recognised following the acquisitions of equity investments made during the year. Before amortisation and depreciation of intangible assets (client lists and know-how) recognised following the PPA process, the Group's Adjusted Net Result was a positive Euro 1.2 million (+481.2%), compared to Euro 204 thousand at 30 April 2022.

Below is the reclassified balance sheet of the Sector (figures in Euro thousands) as at 30 April 2022, compared with the previous year ended 30 April 2021.

Reclassified balance sheet

(Euros thousands)	30/04/2022	30/04/2021	Variation 22/21
Intangible fixed assets	43,941	18,894	25,047
Tangible fixed assets (including rights of use)	8,183	7,991	192
Investments carried at equity	130		130
Other non-current receivables and assets and deferred tax assets	3,830	2,145	1,685
Total non-current assets	**56,084**	**29,030**	**27,054**
Inventories	2,413	1,767	646
Trade receivables	22,457	14,593	7,864
Other current assets	4,277	3,125	1,152
Current Assets for the year	**29,147**	**19,485**	**9,662**
Trade payables	14,541	15,018	(477)
Other current payables	17,035	10,222	6,813
Short-term liabilities for the year	**31,576**	**25,240**	**6,336**
Net working capital	**(2,429)**	**(5,755)**	**3,326**
Provisions and other non-current tax liabilities	12,537	5,028	7,509

Reclassified balance sheet

(Euros thousands)	30/04/2022	30/04/2021	Variation 22/21
Employee benefits	5,024	2,623	2,401
Net non-current liabilities	17,561	7,651	9,910
Net Invested Capital	**36,094**	**15,624**	**20,470**
Shareholders' Equity	**16,250**	**14,140**	**2,110**
Current and non-current financial debt	12,997	11,440	1,557
Net Financial Position	**(3,072)**	**(7,719)**	**4,647**
Financial liabilities rights of use IFRS 16	4,782	6,720	(1,938)
Liabilities to minority shareholders for equity investments	18,134	2,483	15,651
Net Financial Position Reported	**19,844**	**1,484**	**18,360**

The Net Financial Position as of 30 April 2022 was positive for Euro 3.1 million, compared to a positive balance of Euro 7.7 million as of 30 April 2021, mainly as a result of the investments in equity investments carried out during the year for over Euro 7 million, net of a positive cash flow of about Euro 3 million. The Reported Net Financial Position (calculated net of future commitments for the purchase of equity investments in the amount of Euro 18.1 million and IFRS 16 liabilities in the amount of Euro 4.8 million) as of 30 April 2022 was negative in the amount of Euro 19.8 million compared to Euro 1.5 million and mainly reflects the increase in payables and commitments for the purchase of equity investments from shareholders in the amount of Euro 15.7 million, as a result of the investments in company acquisitions made during the year.

The Sector Shareholders' Equity was further strengthened, reaching a total of Euro 16.3 million as at 30 April 2022, compared to Euro 14.1 million as at 30 April 2021.

3.2.4. Results of the Corporate Sector

The Corporate Sector is active in strategic governance and the provision of administration, finance, control, human resources management, information systems and operating platforms for Group companies. During the year under review, the Sector expanded its range of services and its staff to support the expansion of the consolidation area and the integration process following the acceleration of corporate acquisitions.

Below is the reclassified income statement of the Corporate Sector (figures in Euro thousands) as at 30 April 2022, compared to the previous year ended 30 April 2021.

Corporate Sector

(Euro thousands)	2022	%	2021	%	Variation 22/21
Third-party revenues	**748**		**1,391**		**-46.2%**
Inter-sector revenues	12,037		17,953		-33.0%
Total Revenues	12,785		19,344		-33.9%
Other income	3,084		3,412		-9.6%
Total revenues and other income	**15,869**	**100.0%**	**22,756**	**100.0%**	**-30.3%**
Costs for purchasing products	(61)	-0.4%	(233)	-1.0%	-73.8%
Costs for services, and for rent, leasing, and similar costs	(5,129)	-32.3%	(9,419)	-41.4%	-45.5%
Personnel costs	(6,999)	-44.1%	(9,083)	-39.9%	-22.9%
Other operating charges	(193)	-1.2%	(315)	-1.4%	-38.7%
Ebitda	**3,487**	**22.0%**	**3,706**	**16.3%**	**-5.9%**
Depreciation/Amortisation of tangible and intangible assets (software)	(413)	-2.6%	(477)	-2.1%	-13.4%
Provisions and other non-monetary costs	**(4,312)**	**-27.2%**	**(3,262)**	**-14.3%**	**32.2%**
Adjusted operating result (Ebit Adjusted)	(1,238)	-7.8%	(33)	-0.1%	3,651.5%
Amortisation of client lists and technological know-how (PPA)			(108)		-100.0%
Operating result (EBIT)	(1,238)	-7.8%	(141)	-0.6%	778.0%
Net financial income and expenses	**551**		**(27)**		**-2,140.7%**
Result gross of taxes	(687)	-4.3%	(168)	-0.7%	308.9%
Income Taxes	(58)		(211)		-72.5%
Net Result	**(745)**	**-4.7%**	**(379)**	**-1.7%**	**96.6%**
Net Result attributable to non-controlling interests					
Net Result attributable to the Group	(745)	-4.7%	(379)	-1.7%	96.6%
Adjusted Net Result	**(745)**	**-4.7%**	**(302)**	**-1.3%**	**146.6%**
Adjusted Net Result attributable to the Group	**(745)**	**-4.7%**	**(302)**	**-1.3%**	**146.6%**

Total revenues and other income of the Sector, equal to Euro 15.9 million, showed a decrease compared to the previous year (-30.7% Y/Y) due mainly to the reallocation during the year of the logistics activities to the VAD Sector, a consequence of the almost complete concentration of services in favour of Computer Gross SpA. Neutralising the effect of the change in the perimeter of the Corporate Sector, the volume of business as at 30 April 2022 of the Corporate Sector would have grown by 6.7% thanks to the development of organisation, administrative and financial management, planning and control, human resources management and IT consultancy services provided by Sesa SpA in favour of Group companies, which during the year saw a further enlargement of the number of user companies.

Gross margins (EBITDA) as at 30 April 2022 amounted to Euro 3.4 million, substantially in line with Euro 3.7 million (-5.9%) as at 30 April 2021.
Depreciation, amortisation, provisions and other non-monetary costs mainly include the notional cost of Euro 4.3 million related to the accrued annual portion of stock grants as of 30 April 2022 and a component of the three-year portion of stock grants to be assigned in the next financial year to the parent company's executive directors. As of 30 April 2021, the notional cost of the stock grant plan amounted to Euro 3.3 million.
After depreciation, amortisation and provisions totalling Euro 4.7 million, net financial income of Euro 551 thousand and taxes of Euro 58 thousand, the result for the year was a loss of Euro 745 thousand as of 30 April 2022, compared to a loss of Euro 379 thousand as of 30 April 2021.

Reclassified Balance Sheet

(Euro thousands)	30/04/2022	30/04/2021	Variation 22/21
Intangible fixed assets	2,159	2,161	(2)
Tangible fixed assets (including rights of use)	678	1,139	(461)
Investments carried at equity	768	768	
Other non-current receivables and assets and deferred tax assets	94,081	88,898	5,183
Total non-current assets	**97,686**	**92,966**	**4,720**
Inventories			
Trade receivables	6,796	9,533	(2,737)
Other current assets	709	868	(159)
Current Assets for the year	**7,505**	**10,401**	**(2,896)**
Trade payables	3,158	3,803	(645)
Other current payables	4,561	5,915	(1,354)
Short-term liabilities for the year	**7,719**	**9,718**	**(1,999)**
Net working capital	**(214)**	**683**	**(897)**
Provisions and other non-current tax liabilities	620	597	23
Employee benefits	1,921	2,256	(335)
Net non-current liabilities	2,541	2,853	(312)
Net Invested Capital	**94,931**	**90,796**	**4,135**
Shareholders' Equity	98,131	97,732	399
Liquidity and other financial assets	(3,555)	(7,566)	4,011
Current and non-current financial debt	42	44	(2)
Net Financial Position	(3,513)	(7,522)	4,009
Financial liabilities rights of use IFRS 16	268	325	(57)
Liabilities to minority shareholders for equity investments	45	261	(216)
Net Financial Position Reported	**(3,200)**	**(6,936)**	**3,736**

From a balance sheet and financial point of view, the main indicators were aligned with the previous year.
The Corporate Sector ended the year with Shareholders' Equity equal to Euro 98.1 million, compared to Euro 97.7 million as at 30 April 2021, mainly due to the result for the year net of the dividend distribution of Euro 13.2 million made in September 2021. The Net Financial Position as at 30 April 2022 was positive (net liquidity) in the amount of Euro 3.5 million, down from a cash balance of Euro 7.5 million as at 30 April 2021, mainly as a result of the dividend distribution of Euro 13.2 million (Euro 0.85 per share) made in September 2021 and the investments made in the year under review.

3.3. Economic and financial results of the parent company Sesa SpA

Below is, the reclassified income statement (figures in Euro thousands) as at 30 April 2022, compared to the previous year ended 30 April 2021.

Reclassified income statement

	30/04/2022	%	30/04/2021	%	Variation 22/21
Net revenues	12,273		11,242		9.2%
Other Income	3,074		2,695		14.1%
Total Revenues and Other Income	**15,347**	**100.0%**	**13,937**	**100.0%**	**10.1%**
Purchase of goods	(57)	0.4%	(32)	0.2%	78.1%
Costs of purchasing products	(4,824)	31.4%	(4,202)	30.1%	14.8%
Personnel costs	(6,858)	44.7%	(6,057)	43.5%	13.2%
Other operating charges	(204)	1.3%	(147)	1.1%	38.8%
Total Operating Costs	(11,943)	77.8%	(10,438)	74.9%	14.4%
Gross Operating Margin (Ebitda)	**3,404**	**22.2%**	**3,499**	**25.1%**	**-2.7%**
Amortisation and Depreciation	(413)		(399)		3.5%
Provisions and other non-monetary costs	(4,312)		(3,257)		32.4%
Operating Result (EBIT)	**(1,321)**	**-8.6%**	**(157)**	**-1.1%**	**741.4%**
Financial income and expenses	18,552		11,992		54.7%
Result before tax (EBT)	**17,231**	**112.3%**	**11,835**	**84.9%**	**45.6%**
Income Taxes	(35)		(208)		-83.2%
Net Result	**17,196**	**112.0%**	**11,627**	**83.4%**	**47.9%**

Total revenues and other income amounted to Euro 15,347 thousand as of 30 April 2022, up by Euro 1,410 thousand (+10.1% Y/Y) compared to the previous year, as a result of the development of administrative and financial management, organisation, planning and control, information systems management, human resources, general, corporate and legal affairs, compliance and services provided to Group companies.

Total operating costs as of 30 April 2022 amounted to Euro 11,943 thousand, an increase of Euro 1,505 thousand (+14.4%) compared to Euro 10,438 thousand as of 30 April 2021, as a result of the greater need for resources related to the increase in the scope of the companies subject to services. The most significant changes refer to higher costs for services (+14.8% Y/Y), related to the provision of professional services to client companies, and to labour costs (+13.2% Y/Y) as a result of the reinforcement of the workforce required to cope with the increase in the scope of activities performed. The workforce increased from 114 resources to 132 resources as at 30 April 2022. EBITDA amounted to Euro 3,404 thousand as of 30 April 2022 and was in line with the previous year. The workforce of Sesa SpA increased from 114 resources as of 30 April 2021 to 132 resources as of 30 April 2022. The gross operating margin (Ebitda), amounting to Euro 3,404 thousand as of 30 April 2022 (Ebitda margin 22.2%) remained substantially stable compared to the previous year.

Provisions and other non-monetary costs included the notional cost of Euro 4,312 thousand related to the annual stock grant portion, to be assigned in September 2022, and a portion of the three-year 2021-2023 stock grant portion, to be assigned in September 2023. In the financial year as at 30 April 2021, non-monetary costs of Euro 3,257 thousand refer only to the portion of the annual stock grant allocated in September 2021.

Financial items and investments increased from Euro 11,992 thousand at 30 April 2021 to Euro 18,552 thousand at 30 April 2022 due to higher dividends distributed by subsidiaries.

Net result after tax was Euro 17,196 thousand as of 30 April 2022, an increase of 47.9% compared to the net profit of Euro 11,627 thousand as of 30 April 2021.

Below is, the reclassified balance sheet (figures in Euro thousands) for the financial year ending 30 April 2022 compared to the previous year ended 30 April 2021.

Reclassified Balance Sheet

(Euro thousands)	**30/04/2022**	**30/04/2021**	**Variation 22/21**
Intangible fixed assets	197	197	
Tangible fixed assets (including rights of use)	671	889	(218)
Investments and Other non-current receivables	96,519	91,307	5,212
Total non-current assets	**97,387**	**92,393**	**4,994**
Inventories			
Trade receivables	1,659	1,895	(236)
Other current assets	4,632	4,846	(214)
Other current assets	**6,291**	**6,741**	**(450)**
Trade payables	1,154	886	268
Other current payables	5,749	6,180	(431)
Short-term liabilities for the year	**6,903**	**7,066**	**(163)**
Net working capital	**(612)**	**(325)**	**(287)**
Provisions and other non-current tax liabilities	41	60	(19)
Employee benefits	1,947	1,870	77
Net non-current liabilities	1,988	1,930	58
Net Invested Capital	**94,787**	**90,138**	**4,649**
Shareholders' Equity	**97,650**	**95,208**	**2,442**
Liquidity and other financial assets	(3,217)	(5,689)	2,472
Current and non-current financial debt	42	251	(209)
Total Net Financial Position	**(3,175)**	**(5,438)**	**2,263**
Financial liabilities rights of use IFRS 16	267	314	(47)
Liabilities and commitments to minority shareholders for equity investments	45	54	(9)
Total Net Financial Position Reported	**(2,863)**	**(5,070)**	**2,207**

The balance sheet as at 30 April 2022 shows an increase in net invested capital of Euro 4,649 thousand, referring to the equity segment.

From the point of view of financial sources, the Net Financial Position was positive for Euro 2,863 thousand at 30 April 2022 compared to Euro 5,070 thousand at 30 April 2021. The financial requirements for investments in fixed assets were covered by the operating cash flow generated in the year and by the flow of dividends received from subsidiaries.

Shareholders' equity as of 30 April 2022 amounted to Euro 97,650 thousand, an increase compared to Euro 95,208 thousand as of 30 April 2021, mainly due to the profit for the year, net of dividends distributed in September 2021 in the amount of Euro 13.2 million and the purchase of treasury shares made during the year in the amount of approximately Euro 6 million.

Net Financial Position

(Euro thousands)	30/04/2022	30/04/2021	Variation 22/21
Liquidity	(3,217)	(5,689)	2,472
Current financial receivables			
Current financial debt	42	251	(209)
Current financial debt	**(3,175)**	**(5,438)**	**2,263**
Non-current financial debt			
Non-current financial debt			
Net Financial Position	**(3,175)**	**(5,438)**	**2,263**
Liabilities IFRS 16	267	314	(47)
Liabilities and commitments to minority shareholders for equity investments (Earn out, Put Option, deferred prices)	45	54	(9)
Net Financial Position reported	**(2,863)**	**(5,070)**	**2,207**

NFS 3.4. Key sustainability performance

Sustainability Indicators

Environmental Performance Indicators[9]	30/04/2022	30/04/2021	30/04/2020
Energy Consumption (GJ)	**39,265**	**35,500**	**32,514**
- Electricity purchased (GJ)	33,011	28,443	25,948
- Natural gas (GJ)	6,254	7,057	6,566
Scope 1 + Scope 2 GHG emissions (tCO_2)	**5,165**	**5,963**	**6,656**
Emissions per capita (tCO_2)[10]	**1.36**	**1.99**	**2.99**
Total Energy consumed (kWh)	**10,207,630**	**7,900,912**	**7,207,807**
o/w energy purchased from low-impact renewable sources (kWh)	7,921,934		
o/w self-produced energy from renewable sources (kWh)	1,037,902	250,773	273,187
Natural Gas (tCO_2)	**352**	**397**	**367**
- smc	177,266	200,011	185,982
Diesel for generators (tCO_2)	**8**	**9**	**8**
- litres	2,890	3,280	2,800
- GJ	105	119	102
Water withdrawals (Megalitres[11])	**26.37**	**30.73**	**32.38**
- of which from water-stressed areas	18.28	22.09	23.31[12]
Fuel consumption (tCO_2)	**4,038**	**2,987**	**3,694**
Fuel consumption (GJ)	**54,711**	**40,617**	**50,224**
Total waste (t)	**157**	**326**	**364**
Total waste per capita (t)	**0.04**	**0.11**	**0.16**

Economic Value Generated	**314,898**	**250,180**	**181,126**
Net economic Value retained	**64,674**	**42,138**	**42,188**
Net economic value distributed	**250,255**	**208,042**	**138,938**
o/w remuneration of employees	197,163	162,972	114,763
o/w remuneration of the Public Administration	31,750	26,378	18,771
o/w remuneration of shareholders (*)	13,946	13,171	0

(*) determined on the basis of the proposed allocation of the 2022 annual result submitted to the Shareholders' Meeting on 25 August 2022 (26 August on second call).

9. Compared to the previous year, the group's HR perimeter as at 30 April 2022 increased by 21.0% and revenue increased by 17.3%
10. GHG emissions Scope 1 + Scope 2 market-based (tCO_2) / average.
11. 1 megalitre equals.1,000 cubic metres.
12. Data on water withdrawals from water-stressed areas as at 30 April 2020 have been restated in order to make the data more comparable over the three-year period.

3.4.1. Environment

The Sesa Group considers it important to provide complete and transparent information for the benefit of stakeholders regarding its environmental performance.

ENERGY, WATER AND NATURAL GAS CONSUMPTION

In the financial year to 30 April 2022, in which the Sesa Group increased its human resources by 21% and revenues by more than 17% compared to the previous year, with a considerable expansion of both domestic and European locations, electricity and natural gas consumption amounted to 39,265 GJ with an increase of 10.6%, recording a significant reduction in the consumption of natural gas (-11% Y/Y), water (-14% Y/Y) and waste production (-52% Y/Y) and a strong growth in self-generation of energy from renewable sources (+314% Y/Y).

The Group's greenhouse gas emissions are those of an office-based organisation, resulting from the use of fossil fuels for heating, the purchase of electricity produced by third parties, which are on the whole limited and related to traditional assets, such as electrical and thermal plants.
The main consumption arises from the use of electricity for offices and the data centre and IT equipment, building heating and fuel for company cars. The Group considers it important to monitor greenhouse gas and other emissions in order to pursue a progressive reduction of its carbon footprint.

ENERGIA ELETTRICA

As far as electricity consumption is concerned, a total of 10.2 million kWh was used as at 30 April 2022, with green and self-produced energy equal to approximately 90% of the total. The increase in electricity consumption compared to the previous year is a consequence of the increase in the workforce, the expansion of the premises used for office purposes, and of the companies included in the consolidation area.

At the Empoli Technological hub and at the plants of the companies P.M. Service, Di.Tech, Elmas and Base Digitale, in particular, photovoltaic systems are operating with an annual production of over 1 million kWh as of 30 April 2022 (+314 Y/Y). We calculate GHG emissions based on the GHG Protocol reporting standard by applying both methods envisaged: market-based and location-based. The market-based method provides for the attribution of emission factors equal to zero for purchases of electricity from renewable sources. The location-based method provides instead the application of emission factors equal to the national average ones.

Electricity consumption[13]

	30/04/2022	30/04/2021	30/04/2020
kWh	10,207,630	7,900,912	7,207,807
GJ	33,011	28,443	25,948
tCO_2 Scope 2 Location-based	3,430	2,570	2,588
tCO_2 Scope 2 Market-based	768		
Self-production of Electricity[14]			
tCO_2 evitate - Scope 2	349	85	102
Total (kWh)	1,037,902	250,773	273,187
Total (GJ)	3,736	903	983

Natural gas consumption[15]

	30/04/2022	30/04/2021	30/04/2020
tCO_2 - Scope 1	352	397	367
Smc	177,266	200,011	185,982
GJ	6,254	7,057	6,566

13. The calculation of indirect GHG emissions from energy consumption (scope 2) was carried out by means of an emission coefficient for electricity taken from the document "International comparisons" prepared by Terna, equal to 0.336 kg CO_2/kWh.
14. Self-generated electricity fed back into the market.
15. For greenhouse gas emissions (scope 1), resulting from the consumption of natural gas, diesel for generators and fuel for the vehicle fleet (methane, diesel, petrol, and LPG), the emission coefficients in the Ministry of the Environment's national standard parameter table, updated to 2021, were used.

NATURAL GAS

As regards the consumption of natural gas, used solely in heating systems, as of 30 April 2022, a total of 352 tonnes of CO_2 were produced, compared to 397 tonnes the previous year (-11.3% Y/Y) and 367 tonnes as of 30 April 2020, due to the effect of efficiency-boosting actions at the Group's sites and, in particular, the replacement of heat generators and chiller units at the Empoli Technological hub, which allowed for a significant reduction in gas consumption.

DIESEL FOR GENERATORS

Diesel consumption for generators decreased by about 12% from 3,280 litres as at 30 April 2021 to 2,890 litres as at 30 April 2022. This reduction is a consequence of the efficiency-boosting activities of the new multi-purpose generators, which ensured better management of peak activity in the proprietary data centre.

Diesel consumption for generators

	30/04/2022	30/04/2021	30/04/2020
tCO_2 - Scope 1	7.78	8.79	7.51
Litres	2,890	3,280	2,800
GJ	105.32	119.54	102.05

FUEL CONSUMPTION BY GROUP FLEET

During the year, work continued on modernising the Group's fleet on the basis of "green" criteria, with the progressive adoption of vehicles with a reduced environmental impact and the use of collaboration tools to reduce travel between Group offices. The installation of spaces for recharging electric cars at the Group's company headquarters continues. As of 30 April 2022, the Sesa Group used 54,711 GJ of fuel, compared to 40,617 GJ in the previous year, with a growth that reflects the expansion of the perimeter and the comparison with the period as of 30 April 2021 heavily impacted by full lock-down measures. Fuel consumption was substantially stable compared to the Full Year at 30 April 2020, despite an increase in the perimeter of about 40%, due to the aforementioned progressive adoption of a fleet of cars with reduced environmental impact as well as sustainable mobility measures to encourage the use of public transport.

Fuel consumption by type (GJ)

	30/04/2022	30/04/2021	30/04/2020
Total consumption	**54,711.41**	**40,616.67**	**50,223.93**
PETROL	**3,284.92**	**1,776.03**	**1,928.81**
- Empoli hub	2,227.47	1,040.84	1,109.93
- Other Local Units	1,057.45	735.19	818.88
DIESEL	**51,218.10**	**38,722.12**	**48,128.33**
- Empoli hub	30,056.89	22,675.82	26,945.36
- Other Local Units	21,161.21	16,046.30	21,182.97
METHANE	**171.10**	**48.54**	**27.93**
- Empoli hub	41.58	24.48	12.69
- Other Local Units	129.51	24.06	15.24
LPG	**37.29**	**69.98**	**138.86**
- Empoli hub	21.86	40.97	48.48
- Other Local Units	15.42	29.02	90.38

Fuel consumption by type (tCO_2)

	30/04/2022	30/04/2021	30/04/2020
Total	**4,037.99**	**2,986.84**	**3,693.53**
PETROL	**240.08**	**130.25**	**141.45**
- Empoli hub	162.79	76.33	81.40
- Other Local Units	77.28	53.92	60.05
DIESEL	**3,785.84**	**2,849.27**	**3,541.41**
- Empoli hub	2,221.68	1,668.54	1,982.71
- Other Local Units	1,564.15	1,180.73	1,558.70
METHANE	**9.62**	**2.73**	**1.56**
- Empoli hub	2.34	1.38	0.71
- Other Local Units	7.28	1.35	0.85
LPG	**2.46**	**4.59**	**9.11**
- Empoli hub	1.44	2.69	3.18
- Other Local Units	1.02	1.90	5.93

WATER CONSUMPTION

The Group's water consumption refers exclusively to the hygienic and sanitary use of water by the various sites of the Group companies and to the technological uses by the same, such as air-conditioning and fire-fighting systems. Although the number of consolidated companies and the Group's turnover are growing, there has been a gradual reduction in water consumption compared to the previous year at 30 April 2021 (-14% Y/Y) and the pre-pandemic year at 30 April 2020 (-19% Y/Y), due to more efficient management of the cooling systems in the Group's data centres, strategies to minimise possible plant losses and the internal awareness campaign aimed at using less water. As regards the type of water withdrawn (100% of water withdrawals come from aqueducts), all water consumption falls into the fresh water category with ≤1,000 mg/l of total dissolved solids.

Water withdrawals

	30/04/2022	30/04/2021	30/04/2020
Total (Cubic Metres)	**26,374**	**30,729**[16]	**32,380**
Empoli hub	7,394	8,735	9,484
Other Local Units	18,980	21,994	22,896
Total (Mega Litres)	**26.4**	**30.7**	**32.4**
Empoli hub	7.4	8.7	9.5
Other Local Units	19.0	22.0	22.9
Withdrawal from water-stressed areas (Mega Litres)	**18.3**	**22.1**	**23.3**[15]
% of total withdrawals	**69%**	**72%**	**72%**

16. The data relating to water withdrawals and the corresponding quantities of withdrawals from water-stressed areas as of April 30, 2020 and as of April 30, 2021 have been restated for the purpose of greater comparability.

WATER STRESS

Water stress refers to the ability to meet the demand for water, both from humans and from ecosystems as a whole, and thus to the availability, quality, and accessibility of water. As a tool for assessing water stress areas, reference was made to the World Resources Institute's Aqueduct Water Risk Atlas (https://www.wri.org/aqueduct), which identifies the water stress level of Sesa's reference territory.

WASTE

Municipal solid waste is managed by the public collection service and the quantity and method of disposal cannot be measured. Waste of paper and cardboard, plastic, wood and discarded electronic equipment are considered "special" and therefore treated with specific methods and recorded. As of 30 April 2022, 157 tonnes of this waste were produced by the Group, a significant decrease compared to the previous year (-52% Y/Y). This decrease is due to the progressive adoption of management policies and procedures required by the ISO 14001 Environmental Certification, as well as the elimination of the consumption of sludge from septic tanks, which following regulatory changes (Law No. 108 of July 2021) are considered to be produced by the operator performing the maintenance cleaning activity and no longer by the company itself. Moreover, the Sesa Group has recently completed the structural works aimed at connecting the buildings of the Empoli Technological hub to the public sewage system, which, in any case, guarantee the zeroing of waste produced. In relation to the average number of human resources, the per capita consumption of waste is significantly reduced from 0.11 tonnes as at 30 April 2021 to 0.04 tonnes per employee as at 30 April 2022 (-32% Y/Y).

Waste generated by type (Tonnes)

	30/04/2022	30/04/2021	30/04/2020
Total	**157**	**326**	**364**
Paper and cardboard	75	68	68
Wood and pallets	41	27	50
Plastic	11	10	12
Other types:			
WEEE	29	41	44
Toner	1		
Septic tank sludge		119	138
Other waste[17]	1	61	52

Waste per capita in tonnes[18]

17. Mixed waste from construction and renovation activities belongs to this category
18. Total waste produced / average HRsworkforce.

3.4.2. People

Composition of Human Capital

	30/04/2022	30/04/2021	30/04/2020
Total Human Resources	**4,163**	**3,441**	**2,547**
- Men	2,821	2,374	1,725
- Women	1,342	1,067	822
Total recruitment	607	402	322
Total terminations	361	218	113
Incoming turnover	14.9%	11.7%	12.6%

Job classification and gender

	30/04/2022	30/04/2021	30/04/2020
Executives	46	35	22
Middle Managementrs	372	331	252
White collars	3,547	2,974	2,209
Blue collars	98	101	64
Trainees[19]	100		
Total	**4,163**	**3,441**	**2,547**

Other indicators

Average workforce in the year	3,802	2,994	2,224
Personnel costs	197,673	162,972	114,763
Average cost per employee	52.0	54.5	51.6
Percentage of permanent employees	99%	99%	99%

Human resources are a core value of the Sesa Group and the most relevant stakeholder in terms of value generation and distribution. 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 wellbeing and quality of working life of its human resources, applying distinctive values such as integrity, fairness, attention to people, inclusion and sustainability that guide the Group's strategy in human capital management. As at 30 April 2022, the number of Group employees totalled 4,163 (employees and trainees of the companies included in the scope of consolidation), with an increase of 722 units (+21% Y/Y) compared to the previous year, thus confirming the long-term growth and development trend that has characterised the Sesa Group since its establishment.

Human capital as a primary value of the Group constitutes a strategic resource to be retained and developed through long-term professional growth paths.

The Sesa Group is therefore pursuing a policy of hiring its resources on an open-ended basis, which as at 30 April 2022 accounted for 99% of the total workforce, implemented through targeted hiring plans for young graduates and university graduates, with development and retention tools (training, career plans, work-life balance initiatives and

19. The number of trainees was first reported from the period to 30 April 2022.

corporate welfare). During the financial year to 30 April 2022, an outgoing turnover rate of 7.74% was recorded in relation to Group companies operating in Italy, which compares with a national average[20] of 18%. Moreover, the sector in which the Group operates presents a structural situation of professional shortage and a mobility of human resources well above the national average. Moreover, the Group recorded a high incoming turnover during the year and an extremely positive ratio of 1.68 between new hires and terminations.

OCCUPATIONAL HEALTH AND SAFETY PROGRAMMES

Health and Safety

	30/04/2022	30/04/2021	30/04/2020
Total accidents	**17**	**8**	**4**
Men	10	4	2
Women	7	4	2
Rate of accidents at work*	2.71	1.38	1.24
Severity Index**	0.01	0.03	0.04
Absenteeism (accidents, illness, parental leave)			
- Absenteeism rate***	2.72%	2.30%	2.60%

* The rate of accidents at work is calculated as ratio (no. accidents/no. of work hours) x 1,000,000
** The severity index is calculated as ratio (no. of days lost due to accident /no. of work hours) x 1,000
*** Absenteeism rate is calculated by dividing the total number of hours of absence by the number of work hours

Maternity and paternity leave

	30/04/2022		30/04/2021		30/04/2020	
	Men	Women	Men	Women	Men	Women
Parental leave	80	98	78	61	59	42
Returns at the end of leave	80	98	78	58	56	42
Return rate	100%	100%	100%	95%	95%	100%
Post-parental leave retention rate[21]	**85%**	**97%**	**97%**	**93%**	**100%**	**100%**

One of the Sesa Group's top priorities is to guarantee maximum health and safety for its human resources. A team of specialised resources (Human Resources Management, RSPP [Responsabile del Servizio Prevenzione e Prevenzione, prevention and protection service manager], Medical Officer, RLS [Rappresentante dei Lavoratori per la Sicurezza, workers' health and safety representative]) is responsible for ensuring a safe working environment that complies with current regulations, defining guidelines, coordinating monitoring activities and, where necessary, programmes to improve safety conditions.

In the financial year 2022 there were very few accidents, all of them minor, consistent with previous years. The absenteeism rate is 2.72% (calculated by calculating the hours of absence excluding holiday and leave), which is very low despite the impact of the pandemic emergency.

Sesa has always been committed to supporting female colleagues facing the experience of parenthood by guaranteeing the use of parental leave in accordance with current regulations and local legislation. As of 30 April 2022, 178 Group employees had taken parental leave, 7.3% of the female workforce and 2.8% of the male workforce, respectively.

20. The outgoing turnover rate of Italian private sector companies in the year 2020 (latest available data) was about 18% (Source: Centro Studi Assolombarda).
21. The retention rate refers to the number of employees who continue to work at the company 12 months after taking parental leave.

COMPOSITION OF HUMAN CAPITAL

	30/04/2022		30/04/2021		30/04/2020	
Total Employees	**4,163**		**3,441**		**2,547**	
Gender	**n**	**%**	**n**	**%**	**n**	**%**
Men (%)	2,821	68%	2,374	69%	1,725	68%
Women (%)	1,342	32%	1,067	31%	822	32%
Geographic area						
Northern Italy	2,047	49%	1,294	38%	889	35%
Central Italy	1,766	42%	1,909	55%	1,577	62%
Southern Italy	69	2%	36	1%	32	1%
Abroad	281	7%	202	6%	49	2%
Age						
< 21-30 ≥	900	22%	605	18%	357	14%
≤ 31-50 >	2,165	52%	1,890	55%	1,454	57%
≥ 50	1,098	26%	946	27%	736	29%

The Group's strategy is based on developing the diversity of its human capital and a distributed territorial presence, with physical presence in major Italian cities and a strong presence in the Empoli technology hub, its main operational headquarters. There are also foreign branches in Germany, China, Spain, France, Switzerland, Austria, and Romania with approximately 300 employees.

The Group encourages the integration of different age groups: as at 30 April 2022, personnel under 50 years of age made up 74% of the workforce, and those under 30 years of age 21%, up from 18% as at 30 April 2021 and 14% as at 30 April 2020. The Group's average length of service is 9 years, an extremely positive figure when compared to the business segment in which the Group operates, which is subject to strong mobility and professional shortages.

As at 30 April 2022,female employment constituted a significant component, amounting to 32% of the total workforce, compared to 31% in the previous year, thanks to the Group's growing commitment to gender equality policies applied to a sector with technical-scientific professions that historically present a structural shortage of female resources. It should be noted that the Group's companies with the most recent date of incorporation have an extremely qualified female component, averaging over 40%. The Group also invests in welcoming disabled personnel into its work structures, mainly with permanent contracts. For the integration of workers belonging to protected categories, multi-year recruitment and integration programmes have been defined, through continuous collaboration with institutional bodies in charge of targeted employment. As of 30 April 2022, the number of protected categories employed by Group companies was 119, up by about 20% Y/Y.

HUMAN CAPITAL DIVERSITY

The Sesa Group considers the protection of diversity to be fundamental and is committed to offering equal opportunities for the development and growth of its human capital starting from the personnel selection phase. In addition, with the aim of making workers aware of these Diversity and Inclusion issues, training courses have been held for the entire workforce.

The Group's remuneration system is defined in such a way as to attract, motivate and retain people with the professional skills required by the business. It is based on the principles of ethics, equal opportunities, and meritocracy. The definition of remuneration takes into account specific criteria, including the characteristics of the role and responsibilities assigned, the distinctive skills of the people and the comparison with the external market.

The remuneration policy consists of four macro-groups: fixed remuneration, variable remuneration, benefits, and welfare.

The fixed component takes into account the breadth and strategic nature of the role held and is modulated on the trend of the reference markets, with periodic reviews aimed at ensuring the competitiveness of remuneration and staff retention. In this sense, multi-year career plans are also launched aimed at young people with high potential, with growth objectives correlated to the progressive development of professional skills.

Variable remuneration is linked to pre-determined qualitative and quantitative performance objectives that are measurable and consistent with the Group's strategic objectives, aimed at promoting sustainable growth with the inclusion from 2021, in the MBOs of the Group's key figures, of ESG objectives such as those of organisational climate, human capital satisfaction and environmental sustainability. There is also a comprehensive benefits and welfare plan that includes services, initiatives and work-life balance programmes for the benefit of the Group's employees and their families.

The Gender Pay Gap reported as of April 30, 2022 (difference in pay between genders expressed in points percentages with the same qualification) is equal to 8.74%, with an extremely positive figure for the category of managerial staff of 2.68%. This compares with a national figure (source: Eurostat index, 2020) of Gender Pay Gap of 16.5%.

HIRING PROGRAMMES

Recruitment by area and age bracket

	30/04/2022
Total new hires	
- Men	427
- Women	180
Age group (n)	
< 21-30 ≥	283
≤ 31-50 <	252
≥ 50	72

Incoming Turnover Rate

	30/04/2022	30/04/2021	30/04/2020
Total new hires	**607**	**402**	**322**
Total employees	4,163	3,441	2,547
Incoming turnover rate	14.94%	11.70%	12,60%
% Men	15.44%	13.40%	14,50%
% Women	13.88%	7.90%	8,80%
Age group (%)			
< 21-30 ≥	35.38%	32.60%	34.40%
≤ 31-50 <	11.64%	8.40%	10.90%
≥ 50	6.56%	4.90%	5.40%

The Sesa Group has always been strongly committed to attracting and identifying talented people who stand out for their technical skills, passion, dynamism and propensity for innovation in tune with the Group's values.

The strategic governance of human capital pursues the retention of permanent resources (99% of which are on permanent contracts) and the inclusion of young high school and university graduates undergoing training in the areas of greatest development potential.
The Group's ability to attract talented people is also reflected in the growth of the workforce recorded during the last fiscal year, with a positive balance of 607 new hires. Of these, about 50% are young resources under 30, mostly based in Central and Northern Italy.

The personnel recruitment and selection programme is implemented through:

- Partnerships with top vocational schools, universities and business schools, with which the Group has well-established relationships, including internships for students or recent graduates, project development and dissertations;
- Participation in Career Days and University events;
- Social communication plans using the main recruiting tools, including LinkedIn and leading recruitment sites;
- Hiring events at the Group's main locations, aimed at presenting placement and career development opportunities for young graduates;
- Academy with specific focus in the most specialised areas of the IT sector;
- Collaboration with local secondary education institutions by participating in School-Work Alternation programmes.

In December 2021, Sesa contributed to the establishment of the ITS Prodigi Foundation, which will manage the regional post-diploma training programmes mainly at the Empoli Technological hub, with the aim of meeting the need to develop technical skills in the digital sphere. For the educational year 2022/23, three specialisation courses have been planned to train a total of 75 resources for a duration of 2,000 hours (of which 1,100 in the classroom and 900 in internships at Group companies).

The Group offers numerous internship opportunities every year, giving young people with potential the chance to get to know the company and gain training experience, also through participation in school-work alternation schemes. As of 30 April 2022, 100 internships were place, including curricular and extra-curricular internships aimed at placement.

The total number of apprentices in vocational training and development courses increased to 340 units as at 30 April 2022.

Participants in the School-Work Alternation Programme 2022, Experience Lab Sesa meeting May 2022

HUMAN RESOURCES TRAINING

Training plays a key role in the process of enhancing the value of people, as well as being a fundamental tool for developing the professional skills of Group resources. Over the last two years, the main training programmes have been strengthened in relevant areas, also in light of market developments such as safety and sustainability. As at 30 April 2022, 60,907 hours of training were provided, an increase of 132% compared to the previous year, with a focus on technical, sustainability and soft skills.

Training

Number of trained employees	30/04/2022	30/04/2021	30/04/2020
Compulsory training	1,716	2,022	527
Training in basic and transversal skills	478	233	224
Technical training	1,247	503	355
Training hours			
Total	**60,907**	**26,302**	**20,017**
Compulsory training	11,225	11,539	4,631
Training in basic and transversal skills	16,262	2,409	6,891
Technical training	33,420	12,354	8,495

The training programmes include a significant component managed centrally by the Parent Company's training office with reference to specific topics on issues such as personal data protection (GDPR-General Data Protection Regulation), Cyber Security, Sustainability, Diversity and Compliance, and the use of e-learning platforms that have enabled an increasing number of resources to be involved.

CORPORATE WELFARE AS A MEANS FOR SUSTAINABILITY AND WORK-LIFE BALANCE

The Group has been committed for over 10 years to identifying concrete initiatives aimed at promoting and increasing the individual and family wellbeing of workers through an articulated Welfare Plan. The Welfare Plan perfectly combines Sesa's mission, principles and core values, enabling the use of services and programmes aimed at improving the quality of life, work-life balance and well-being of workers, their families and the communities in which they live.

Family work-life balance, wellbeing and environmental sustainability are the cornerstones of the new 2022-2023 welfare programme, which has been further strengthened compared to the previous year's programme and is structured along the following lines:

- Diversity and parenthood: support for the birth of children with financial assistance for childbirth and contributions for baby-sitting, pedagogy, and nursery services (at the Empoli site in the company nursery Sesa Baby); scholarships for the purchase of schoolbooks, for participation in summer centres for employees' children; contributions for the purchase of information tools for employees' children; and financial support for health and social assistance for disabled family members;
- Employees' welfare: flexible benefits to supplement employees' expenditure (food shopping, sports, wellness, culture, shopping and professional parenting services); support for housing mobility (contribution for employees who move their residence out of the family of origin); scholarships for employees' participation in part-time university degree or master courses;

- Environmental sustainability: support of sustainable mobility of employees for the use of public and electric transport and E-Car Sharing programmes; programmes aimed at reducing the consumption of natural resources within the Group's locations;
- Work-life balance: solidarity and people caring for the well-being and health of employees; company micro-credit programmes for employees access to subsidised loans; psychological and counselling desk available free of charge for employees.

All welfare programmes are available to the Group's resources through access to a digital and dedicated portal that allows the selection of initiatives.

Among the main welfare programmes are those in favour of employees' children up to three years of age: the Sesa Group protects maternity and return to work by supporting parents through the organisation of the Sesa Baby company crèche, within the Empoli Technological hub, with monthly contributions for the children of employees attending the crèche in all the Group's locations.

Sesa Group Welfare Plan

Number of interventions	30/04/2022	30/04/2021	30/04/2020
Total	**7,996**	**6,312**	**5,062**
- Provisions	1,965	1,553	1,405
- Flexible Benefits	5,951	4,700	3,584
- Nursery school	80	59	73

Significant support for the Group's welfare programmes is provided by the Sesa Foundation, a non-profit organisation set up by Sesa's founding partners in 2014 with the aim of creating a structure dedicated to social solidarity and philanthropy activities in the territories where the Sesa Group companies operate.

The following section of this report provides a detailed illustration of some of the main initiatives promoted by the Sesa Foundation in the financial year ended 30 April 2022.

Sesa Baby, company crèche inside the Empoli Technological hub

3.4.3. Community

SOCIAL RESPONSIBILITY

Sesa, partly through the Foundation that bears its name, has always promoted social initiatives and projects. For Sesa it is important to pay attention not only to economic and financial management but to the people and social needs of the communities in which it operates. The development of activities with social aims is the common heritage of the entire Group. Sesa contributes to the promotion and dissemination of digital skills, particularly in the economic sphere, through constant cooperation with local institutions: training institutes, universities, and business organisations.

THE SESA FOUNDATION

The Sesa Foundation is a non-profit organisation based in Empoli whose aim is to carry out social solidarity activities mainly in the field of education, scientific research, social and health care in the territory of the Region of Tuscany. Within the framework of its institutional aims, the Foundation:

- promotes and organises seminars, training courses, events, conferences, study meetings, round tables, and more generally scientific and educational initiatives;
- promotes and encourages the education and instruction of young people in particular in the region, also by means of scholarships and/or donations;
- carries out charitable activities for the benefit of economically disadvantaged social groups, including but not limited to the target area;
- promotes initiatives and activities of a charitable nature, including those of a medical nature, aimed in particular at contributing to the well-being of the Sesa Group's employees.

ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The initiatives and activities carried out in 2021 (reporting year January - December 2021) were many and in line with the institutional aims and concerned: (i) The Foundation's own projects; (ii) Projects carried out at the suggestion of local organisations or entities.

The Foundation's actions in the year ended 31 December 2021 reached a total value of about Euro 123 thousand (+55% Y/Y) with the goal of further growth in the year 2022.

The most significant donations made by the Sesa Foundation are briefly outlined below:

- **The "Sesa Vaccine hub" project:** support for the Local Health Unit in the Centre of Empoli vaccine hub by granting a loan for use of company premises to set up a Vaccine Centre with a capacity to administer approximately 1,000 doses per day. The Foundation also took care of the supply of computer equipment necessary to carry out the service;
- **"The Fucecchio Vaccine hub" project:** donation for the construction of the vaccine hub in Fucecchio (Florence);
- **The "ASD Off Road Crew" project:** contribution for the promotion of two-wheel sports by disabled persons;
- **"Il cuore di Empoli" (The Heart of Empoli) project:** donation to the cardiology department of the San Giuseppe Hospital in Empoli for the purchase of diagnostic instruments and the treatment of cardiac arrhythmias;
- **"Un passo per te" (One step for you) project:** donation to the University of Pisa's Muscular Disease Research Foundation for basic and clinical research projects;
- **The "Fibromyalgia Research Project":** donation to the Associazione Odv Algea - Fibromyalgia and Chronic Pain, for a scientific research project entitled "Study of T helper 1 and T helper 17 lymphocyte populations and subpopulations in patients with fibromyalgia" coordinated by Prof. Mario Milco D'Elios, of the Department of Experimental and Clinical Medicine, University of Florence;
- **The "Physiotherapy and Hydrokinesiotherapy for ALS sufferers" project:** donation to the Italian Association for Amyotrophic Lateral Sclerosis (AISLA), Florence section, for the care and treatment of 20 ALS sufferers in the Florentine metropolitan area.

PROGRAMMES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The 2022 business plan of the Sesa Foundation envisages the reinforcement of programmes in the areas of philanthropy, support to local communities and the Sesa Group's welfare plan. In particular, the following areas of intervention have been confirmed:

- Philanthropy and Charity: support for non-profit and local associations that increasingly turn to the Foundation with a focus on the social inclusion of disadvantaged groups such as the disabled and elderly;
- Art and cultural initiatives in the area: support for cultural activities and events in the area and enhancement of the historical, artistic and environmental heritage.

The following was confirmed also for the year 2022:

- the support for the management of the Local Health Unit Vaccine hub for the Covid-19 health emergency, also through the loan for use of the premise of over 500 square metres in Via Giuntini (Empoli), with the administration of over 400,000 vaccine doses from the beginning of the pandemic to date;
- contribution for the organisation and operation of the Sesa Baby company crèche located within the Empoli technological hub, Via del Pino, Via Piovola with about 30 children housed, offered as part of the Group's welfare plan for workers' children;
- support for micro-credit programmes made available to the group's employees.

Sesa Vaccine hub

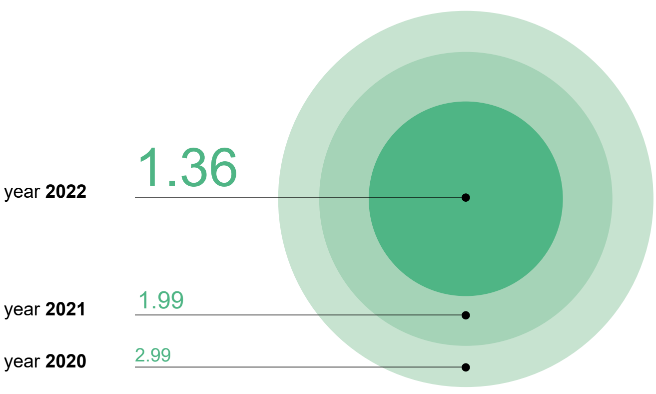
3.5. ESG indicators, objectives, and targets

The growing importance of extra-financial aspects in the definition of corporate strategies, the consideration that investors place on ESG issues in their investment choices, as well as the interest of all stakeholders in the Company's modus operandi in the context that surrounds it, drive Sesa to systematically and transparently measure its impact on the environment and communities. Already equipped with a sustainable development model for years and committed to reducing its impacts through sustainability projects and initiatives, Sesa has decided to strengthen and further integrate sustainability into its business through the definition of KPIs and specific targets belonging to the environmental sphere (natural gas emissions, energy savings, green innovation, soil and biodiversity protection), social sphere (welfare, employee engagement, safety, gender diversity, responsible and sustainable supply chain, local communities) and governance sphere (governance structure and its functioning, infrastructure reliability, anti-corruption, sustainable finance).

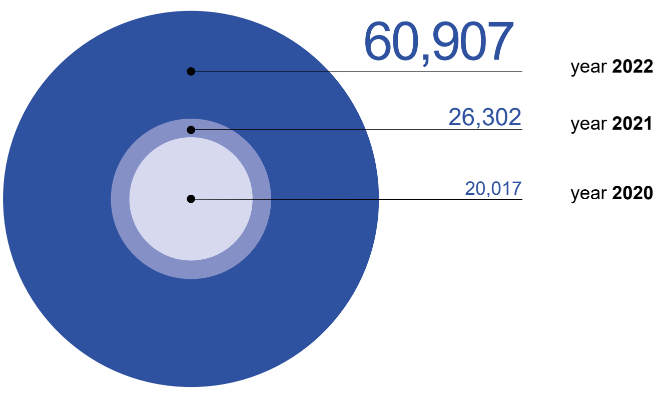
ESG indicators

	Unit of measure	30/04/2022	30/04/2021	30/04/2020	Var. 22/21	Var. 21/20	Var. 22/20
Energy intensity index [22]	GJ/€ million	16.43	17.43	18.31	-5.73%	-4.81%	-10.26%
Energy Intensity Index per capita[23]	GJ/HR	10.33	11.68	14.62	12.90%	18.91%	29.38%
Emissions per capita[24]	tCO_2/HR	1.36	1.99	2.99	-31.79%	-33.47%	-54.62%
Scope 1 emissions per capita[25]	tCO_2/HR	1.16	1.13	1.83	2.08%	-38.08%	-36.79%
Scope 2 market-based emissions per capita[26]	tCO_2/HR	0.20	0.86	1.16	-76.47%	-26.25%	-82.65%
Water withdrawals per capita[27]	liters/HR	6.94	10.26	14.56	-32.41%	-34.18%	-52.37%
Waste per capita[28]	tons/HR	0.04	0.11	0.16	-62.18%	-33.49%	-74.84%
Permanent contracts	HR	3,999	3,135	2,305	27.56%	36.01%	73.49%
Welfare interventions	Number of interventions	7,996	6,312	5,062	26.68%	24.69%	57.96%
Training	Training hours	60,907	26,302	20,017	131.57%	31.40%	204.28%

Emissions per capita (tCO_2)



Training hours



22. Energy consumption (electricity and natural gas) / Group revenues
23. Energy consumption (electricity and natural gas) in average GJ / Average HR
24. (Scope 1 + Scope 2 market-based GHG emissions) / Average HR
25. Scope 1 GHG emissions / Average HR
26. Scope 2 Market-based GHG emissions/ Average HR
27. Water withdrawals/Average HR
28. Waste produced/Average HR

To this end, in the financial year ended 30 April 2022, quantitative ESG targets were jointly defined, which will give greater consistency to the Group's commitment in the short and medium term by integrating ESG and Corporate Social Responsibility objectives into industrial and financial strategies.

The targets were defined with the contribution of the main corporate functions and with the guidance of the Group's management. A shared path that ended in their approval by the Sustainability Steering Committee and the Board of Directors on the occasion of the approval of this Integrated Annual Integrated Report. The targets cover the main ESG areas and thus refer to environmental, social and governance aspects.

Material topic	KPI	TARGET 2023 (Y/Y)
Energy consumption	Energy intensity index (consumption in GJ/turnover)	-2%
	100% renewable, low-impact energy supply	>90% (threshold)
	Per capita emissions (tCO_2)	-2%
Emissions	tonne emissions Scope 1	-2% of emissions
	tonne emissions Scope 2 market-based	0 by 2024
Water consumption	annual consumption in Litres/HR	-5%
Waste	kg waste produced/HR	-5%
Responsible supply chain	% suppliers subject to self-evaluation	>60% (threshold)
Relationship with local communities	Amount of donations in euro (Sesa Foundation)	+10%
Employment	Number of permanent human resources	+5%
	% incoming turnover	>10% (threshold)
	% outgoing turnover	<10% (threshold)
Corporate Welfare	Bonuses paid in Euro/HR	+5%
	Number of welfare/HR interventions	+5%
Development of skills and staff training	Hours devoted to training	+10%
	Number of Employees trained	+10%
Equal opportunities and diversity	% women of total HR	>30% (threshold)
Staff health and safety	Accident Severity Index	<0,05 (threshold)
Protection of Human Rights	Number of reports arising from the whistleblowing system	Maintain at 0
Ethics, compliance, anti-corruption	% HR trained on Code of Ethics/Anti-Corruption Programme	+10%

Our commitments focus on a number of priority areas, and have been broken down into qualitative and quantitative targets that can be measured over time, including:

- **Equal opportunities:** ensuring fair gender representation and equality of opportunity;
- **Reduction of direct environmental impact:** reduction of CO_2 emissions and waste generation;
- **Contribution to economic growth:** development of employment and generated value for all stakeholders;
- **Support for local communities:** responsible relationship with the local communities in which Group companies operate.

The Group's commitment to sustainability has been realised through the integration of qualitative and quantitative ESG targets into the incentive plans of the top management of Group companies.

3.6. European taxonomy for environmentally sustainable activities

INTRODUCTION

The European Commission has defined a specific classification system to identify environmentally sustainable economic activities as an enabling factor to support sustainable investments and to adopt the European Green Deal. By providing appropriate information about economic activities that can be considered environmentally sustainable, the aim is to strengthen investor security and transparency, protect private investors from greenwashing, support companies in planning the transition, mitigate market fragmentation and, finally, close the sustainable investment gap.
The European Taxonomy defines six environmental objectives to identify environmentally sustainable economic activities: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Thus, an economic activity is defined as environmentally sustainable if (i) it contributes substantially to the achievement of one or more of the six environmental objectives, (ii) it does not cause significant harm to any of the environmental objectives (Do No Significant Harm - DNSH), and (iii) it is carried out in compliance with minimum safeguards.

In July 2018, the European Commission set up a Technical Expert Group (TEG) on sustainable finance with the aim of developing recommendations for defining technical screening criteria

for economic activities that can contribute substantially to climate change mitigation or adaptation without creating significant damage to the other four environmental objectives. Based on input from the TEG and a wide range of stakeholders and institutions, the Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July of the same year.

As of January 2022, companies subject to the obligation to publish a consolidated non-financial statement (NFS) must disclose the proportion of their revenue, capital expenditure (Capex) and operating expenditure (Opex) that qualifies as environmentally sustainable. The Taxonomy Regulation also empowers the European Commission to adopt delegated acts and acts specifying how competent authorities and market operators are to comply with the requirements of the regulation.

Sesa welcomed the development of the EU Taxonomy, as it will provide a common language for all stakeholders, with a particular focus on the decarbonisation of the European economy by 2050.

Specifically, as required for the simplified disclosure for the first year of application, the analysis below focuses on the variables of Turnover, Capital Expenditure (CapEx) and Operating Expenditure (OpEx) related to business activities included in the Taxonomy to date, with reference to the first two environmental objectives indicated by the European Commission, such as “Climate Change Mitigation” and “Climate Change Adaptation”.

In subsequent publications, the Group’s analysis will be expanded to include the other objectives indicated by the European Commission.

HOW SESA ADOPTED THE EUROPEAN TAXONOMY

Following the recommendations of the TEG, we developed a five-step process through which we analysed the applicability of the Taxonomy along the entire value chain. The process focused exclusively on climate change mitigation and adaptation objectives, as these are the only two for which the European Commission has published criteria. Economic activities along the entire value chain were divided into the following three categories.

Eligible activity: an economic activity that simultaneously fulfils the following two conditions: (i) it has been explicitly included in the Taxonomy Regulation because it contributes substantially to climate change mitigation or adaptation; (ii) it satisfies the criteria in the Taxonomy Regulation for the two environmental objectives.

Non-eligible activity: an economic activity that simultaneously fulfils the following two conditions: (i) it has been explicitly included in the Taxonomy Regulation because it contributes substantially to climate change mitigation or adaptation; (ii) it does not meet the criteria in the Taxonomy Regulation for the two environmental objectives.

Activity not covered: an economic activity that has not been included in the Taxonomy Regulation because it does not make a substantial contribution to climate change mitigation or adaptation, so no specific technical criteria have been developed. The European Commission considers that this type of activity may not have a significant impact on climate change mitigation or adaptation, i.e., it could be included in the Taxonomy Regulation at a later stage.

The existence of this third category makes it impossible to achieve a business model fully aligned with the criteria of the Taxonomy, since currently most of the activities along Sesa's value chain were not considered to be substantial contributors to climate change mitigation.

The descriptions of the individual activities included in Annexes I and II of the Delegated Act of 04 June2021 (hereinafter referred to as the "Climate Change Delegated Act") were compared with the business activities of the Sesa Group.

The Group's activities that have been classified as eligible as meeting climate change mitigation or adaptation objectives are as follows:

- **Data processing, hosting and related activities.** Data processing, hosting and related activities, i.e., the storage, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing are a significant part of the Sesa Group's business. These include the sales of services, IT solutions and software for edge computing, security and collaboration of the VAD Sector and the SSI Sector, as well as activities related to the digital platforms of the Business Services Sector;
- **Production of electrical energy using photovoltaic solar technology.** The installation, maintenance and repair of renewable energy technologies were an integral part of the activities carried out by P.M. Service Srl, Sebic Srl and the photovoltaic systems installed on top of the Group's various locations;
- **Installation, maintenance, and repair of energy efficiency devices.** During the year, work was carried out to increase the energy efficiency of the Group's plants.

For the financial year as at 30 April 2022, Article 8 of the Delegated Act requires the indication of the share of economic activities eligible under the Taxonomy and not eligible in terms of turnover, capital expenditure (Capex) and operating expenditure (Opex). The financial statement data used to determine the shares are those extracted from the Sesa Group's Annual Integrated Report as at 30 April 2022:

Consolidated revenues

	Total (€/000)	Percentage of economic activities eligible for taxonomy (%)	Percentage of economic activities not eligible for taxonomy (%)
Revenues and Other Income	2,389,823	19.1%	80.9%
CapEx	18,525	30.0%	70.0%
OpEx	222,126	19.5%	80.5%

Below, some comments on the data presented in the table:

- The column "Total (€/000)" shows the values extracted from the consolidated financial statements as at 30 April 2022 for Revenues and Other Income, CapEx (investments in tangible assets) and OpEx (expenses for services);
- In the column "Percentage of economic activities eligible for taxonomy (%)" and in the complementary column "Percentage of economic activities not eligible for taxonomy (%)", the percentages of Taxonomy-eligible economic activities were considered for Turnover, CapEx and OpEx as the ratio between the share of these quantities associated with Taxonomy-eligible activities (numerator) and the Group's Turnover, CapEx and OpEx (denominator).

3.7. Significant events occurring after the end of the financial year

In the first months of the new financial year, the Sesa Group continued its operations and its development of business and competencies, also thanks to some further company acquisitions:

- in the period May-June 2022, Base Digitale Group's acquisition of three companies specialised in the sector of digital platforms for the Financial Services segment and in particular of: (i) 72% of Digital Voice Recording Italia Srl ("DVR"), a company operating in the design of robotization systems with a proprietary contact management platform, integrated with artificial intelligence solutions, (ii) 51% of Emmedi Srl, operating in the development of dematerialisation and process automation solutions for the banking world, and (iii) 52% of Ever Green Mobility Rent Srl ("Evergreen"), a company that has developed a proprietary platform for the management of fleet management and sustainable mobility company processes;
- in May 2022, Var Group SpA's acquisition of 51% of Durante SpA, a company with around 140 employees specialising in the design and offer of Digital Workspace solutions, Collaboration and integration of multimedia systems with over 500 leading national and international customers. Durante will expand the Var Group's offering by establishing the new Business Unit digital workspace;
- in June 2022, Var Group SpA's acquisition of 55% of Eurolab Srl, a long-standing partner in the IBM ecosystem, with a workforce of around 20 people, specialising in the design and offer of value-added services and solutions for the monitoring and control of systems and networks and the implementation of complex IT infrastructures;
- in July 2022, Var Group SpA's acquisition of the majority of the capital of YoctoIT Srl, a player specialising in Cloud and Security services and solutions with around 20 specialised resources.

The integration of digital competencies and the development of human capital continued on the basis of an organisational model focused on specialisation in vertical market areas and the generation of balanced value for stakeholders.

No further significant events occurred after the end of the financial year.

3.8. Business outlook

In light of the developments in the first few months of the new financial year, the Group confirms an expectation of business growth in line with its long-term growth track record, thanks to the success of its strategic positioning and benefiting from the strong demand for digitisation by companies and organisations.

In the new financial year, sustainability programmes will be further implemented in the areas of governance, human resources management, environmental protection and social responsibility, with a strong commitment to supporting the generation of sustainable value for all stakeholders.

Consolidated non-financial statement

NFS

4.1. Reporting principles and criteria

This Consolidated Non-Financial Statement as at 30 April 2022 is an integral part of the Sesa Group's Annual Integrated Report which, based on a framework issued by the IIRC (International Integrated Reporting Council), represents the most innovative reporting tool. Based on the analysis of the 6 key pillars - financial, infrastructural, organisational, human, relational, social and environmental - the Integrated Report allows for a sustainable and integrated strategic vision of all levels of the organisation, focusing not only on the dimension of sustainability but also on that of intangible capitals.

The Group has prepared this document by choosing a "GRI – Referenced" approach to the international "GRI Standards" Guidelines prepared by the Global Reporting Initiative, updated to the 2020 version.
To date, these Guidelines represent the most widespread and recognised European standard for non-financial reporting.

Compliance with the provisions of Legislative Decree 254/2016 is ensured not only by the information contained in this Chapter, but also by cross-referencing to other sections of the Annual Integrated Report and other corporate documents, if the information is already contained therein or to which reference is made for further details.

Specifically:

- The business model of management and organisation is illustrated in the sections "Business Model: Activities and Sectors", "Sustainability Governance" and "Responsible Business Management: Ethical Compliance and Risk and Opportunity Management", which describe the way in which the organisation generates results through its business activities, aiming to achieve strategic objectives and create value in the short, medium and long term;
- Risk management is described in the sections "Material Issues Related to Business Activities" and "Responsible Business Management: Ethical Compliance and Risk and Opportunity Management" which describe in greater detail the main non-financial risks associated with material issues, their possible impacts and how to manage them;
- The corporate policies are described in the section "Compliance and anti-corruption" that defines the principles and general rules of conduct that must inspire Sesa's activities. In addition, the chapter "Performance as at 30 April 2022" sets out, in correspondence with the relevant paragraphs related to each material issue, the strategic objectives and the operational methods to achieve them;
- Performance is illustrated in the sections of chapter "Performance as at 30 April 2022", which illustrates the main initiatives of the year and the results achieved over the past year.

PRINCIPLE OF MATERIALITY

The information was selected on the basis of a "materiality" (i.e., "relevance") principle that identifies those through which an understanding of the company's activities on non-financial issues can be ensured. The process led to the identification of the areas where the greatest risks and opportunities are concentrated in order to develop the company's business in a long-term perspective and create value for all stakeholders.

In order to facilitate the reader's understanding of the document, the report presents a correlation table between the areas referred to in Decree 254/16, the material issues of the Sesa Group, the policies practised, the risks identified, and the indicators reported within the NFS, with notes on the alignment between what is reported and what is referred to in the GRI Guidelines and the requirements of the Decree.

With regard to the data contained therein, the reporting scope is the same as that of the Sesa Group's Consolidated Financial Statements[29]. Any changes to this scope are appropriately reported in the document.

During the reporting process for the financial year to 30 April 2022, it was evaluated to revise the method of calculating some GRI indicators, as reported in the notes to the reference tables. In particular, we point out the updating of data on water withdrawals from water-stressed areas as of 30/04/2020 (Chapter "3.4 Key Sustainability Performance").

With reference to the changes in the consolidation perimeter during the period in question, relating to company

29. The Sesa Foundation is not included in the scope of consolidation but has been reported as a non-profit organisation of the Group that carries out philanthropic and welfare activities on behalf of Sesa SpA.

acquisitions, we report the following: in the Software and System Integration Sector, Adacto Srl, Cadlog France, Cadlog Gmbh, Cadlog Group Srl, Cadlog Spain, Cimtec GmbH, Datef SpA, Digital Security Srl, Digital Workspace Srl, FEN WO, ICOS Gmbh, NGS Srl, PAL IFL Srl, Pegaso Srl, Polymatic Srl, Superresolution Srl, Z3 Engineering Srl; in the Value Added Distribution Sector, Brainworks Gmbh, P.M. Service Srl Kolme Srl; in the Business Services Sector the companies A Plus Srl, Base Digitale Platform Srl, Base Digitale Security Solutions Srl, Citel SpA, Omigrade Srl, Omigrade Servizi Srl, STB Srl, T&O Srl.
The document was prepared by the Sustainability Operations Committee, which is in charge of coordinating the monitoring and improvement actions of the Sesa Group's overall sustainability profile and consists of the Team Leader, some of the main Corporate Governance functions as well as the Human Resources office in cooperation with the AFC and Group Financial Statements functions.

In order to allow for the comparability of data over time, a comparison was made for the financial years as at 30 April 2020, 30 April 2021 and 30 April 2022. In order to ensure the reliability of the data, the use of estimates was limited and, where present, these are appropriately reported in the document. Specifically: electricity: for companies that did not have the consumption value in kWh but only in Euro, this value was converted proportionally with respect to the actual consumption in kwh of the companies managed internally; natural gas: for companies that did not have the consumption value in smc but only in Euro, the value in smc was estimated through the average cost of natural gas relative to the actual gas consumption of the companies managed internally; fuel: for companies that did not have the value of consumption in a specific unit of measurement, the available value of fuel consumption in euros was converted considering the average price of diesel, petrol, LPG and methane incurred by the companies under internal management.

The water, electricity and natural gas consumption of the companies that entered in the scope of consolidation during the financial year as at April 30, 2022 (A Plus Srl, Adacto Srl, Brainworks Gmbh, Base Digitale Platform Srl, Base Digitale Security Solutions Srl, Citel SpA , Datef SpA, Digital Security Solutions Srl, Digital Workspace Srl, ICOS Gmbh, Kolme Srl, NGS Srl, Omigrade Srl, Omigrade Servizi Srl, PAL IFM Srl, Pegaso Srl, Sebic Srl, STB Srl, T&O Srl, Z3 Engineering Srl) are considered only for the portion pertaining to them, based on the number of months. Water consumption was promptly reported and, where not available, the data was estimated based on the number of HRs. With regard to the KPI "Total hours of training" we specify that for the companies that entered the scope of consolidation during the financial year as at April 30, 2022, a period of 12 months was considered, as it is not possible to use a precise estimate for the months of competence.

The gender pay gap was calculated by including the Italian companies of the Group. The coverage of the perimeter of the data is equal to 85%."

During the reporting process for the financial year to 30 April 2022, the method of calculating some GRI indicators was revised. In particular, the updated data relate to water withdrawals as of 30/04/2021 and water withdrawals from water-stressed areas as at 30/04/2020, reported in Chapter "3.4 Key Sustainability Performance".

The Sesa Group's Annual Integrated Report was approved by the Board of Directors of Sesa SpA on 12 July 2022 and, in accordance with the provisions of Legislative Decree 254/2016, subjected to an opinion of conformity by the auditing firm PricewaterhouseCoopers SpA ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) and published on the institutional website of Sesa SpA (www.sesa.it).

Chronologically, this document was:

- drafted by Sesa and, specifically, by the related working group, which coordinated and involved the main company functions in the phase of data collection, analysis and consolidation, with the task of checking and validating all the information reported in the Statement, each one for its own area of competence;
- approved by the Board of Directors, convened to approve the draft financial statements;
- audited by the PricewaterhouseCoopers SpA auditing company;
- made available to shareholders and the public within the same time limits and in the same manner as for the presentation of the draft financial statements;
- published and downloadable from the corporate website.

ACCOUNTING PRINCIPLES

Materiality	The document describes the main economic, social, and environmental impacts directly related to Sesa's activities that are of greatest significance both for the Group and for the internal and external stakeholders involved in the company's activities.
Stakeholder inclusiveness	Sesa takes into account the expectations and interests of all stakeholders who in various ways contribute to or are affected by the company's activities. The document offers a description of the Group's main stakeholders and the main document sources/channels of dialogue through which their interests and expectations are identified.
Context of sustainability	The reporting of non-financial results was carried out taking into consideration the socio-economic context in which the Group operates and the issues of greatest relevance for the Information and Communication Technology sector, also through the analysis of sustainability reports of national and international groups in the reference sector or related industries.
Completeness	The choices made regarding the subjects reported and the scope of the Statement allow stakeholders to make a comprehensive assessment of the Group's main economic, social, and environmental impacts.
Balance	The document presents the Group's key sustainability performance, reporting both aspects in which the Group shows positive results and trends, and areas where room for further improvement is identified.
Comparability	The indicators in the document are chosen to ensure the analysis of the Group's performance over the years. In order to ensure the comparison or contextualization of the information, data referring to the years 2020 and 2021 have been included and appropriately indicated.
Accuracy	In order to ensure the homogeneity and accuracy of the reported information, data were reported through direct observation, limiting the use of estimates as much as possible. Where necessary, such data are duly noted in the text.
Promptness	Sesa's Annual Integrated Report is prepared annually and made public on the institutional website following the Shareholders' meeting approval.
Reliability	All data and information reported have been validated by the head officers of the relevant corporate departments and are processed on the basis of documentary evidence proving their existence, completeness and accuracy.
Clarity	Sesa's Annual Integrated Report contains information presented in a way that is understandable and accessible to all stakeholders.

4.2. Correlation Table pursuant to Legislative Decree 254/2016

Table explaining the contents of the Non-financial Statement with reference to the adoption of the GRI Sustainability Reporting Standards and the requirements of Legislative Decree 254/16.

Topic Leg. Decree 254/2016	Material Topic	Risk identified	Practised policies	Topic specific standard disclosure	Cap./Par. of reference	Reporting perimeter	Notes
Transversal	Transversal	Cap. 3 Par. 2.4	Par. 1.4.3	207-1 Approach to taxation 207-2 Tax Governance, control and risk management 207-3 Involvement of stakeholder and management of tax concerns 207-4: Reporting country by country Reporting[30]	Cap. 3 Par. 2.4 Par. 1.4.3	Consolidated companies integrally to 30.04.2022	
Environmental	Energy consumption	Cap. 3 Par. 3.4.1	Cap. 3 Par. 3.4.1	302-1: Energy consumed 302-3: Energy intensity	Cap. 3 Par. 3.4.1	Consolidated companies integrally to 30.04.2022	1
	Emissions			305-1: Direct GHG emissions (Scope 1) 305-2: Indirect GHG emissions (Scope 2)[31] 305-4: GHG emissions intensity			2
	Waste management and circular economy			306-3: Waste produced			3
	Water consumption			303-3: Water withdrawals			4
Social	Responsible supply chain	Cap. 1 Par. 1.6	Cap. 1 Par. 1.6	N/A	Cap. 1 Par. 1.6	Consolidated companies integrally to 30.04.2022	5
	Value creation for the community	Cap. 3 Par. 3.4.3	Cap. 3 Par. 3.4.3	201-1: Economic value generated and distributed	Cap. 3 Par. 3.4.3		6
	Transparent relationship with customers	Cap. 1 Par. 1.6	Cap. 1 Par. 1.6	N/A	Cap. 1 Par. 1.6		
	Sustainability environmental of local community	Cap. 3 Par. 3.4.3	Cap. 3 Par. 3.4.3	N/A	Cap. 3 Par. 3.4.3		
HR and Human Rights	Corporate welfare and occupation	Cap. 3 Par. 3.4.2	Cap. 3 Par. 3.4.2	102-8: Information on employees and other workers 401-1: New hires and turonver 401-3: Parental Leave	Cap. 3 Par. 3.4.2	Consolidated companies integrally to 30.04.2022	7
	HR health & Safety			403-5: Worker training in occupational health and safety 403-9: Occupational Accidents			8
	HR skills development and training			404-1: Average hours of training per year and per employee			9
	Diversity & Inclusion			405-1: Diversity in governing bodies and employees			10
				405-2 Ratio of basic salary and remuneration of women to men		See note 11 for more details	11
	Protection of Human Rights	Cap. 2 Par. 2.4.2	Cap. 2 Par. 2.4.2	406-1: Discriminatory incidents and corrective measures taken	Cap. 2 Par. 2.4.2	Consolidated companies integrally to 30.04.2022	12
Prevention of active and passive corruption	Anti-corruption	Cap. 1 Par. 1.4.3 Cap. 2 Par. 2.4.3	Cap. 1 Par. 1.4.3 Cap. 2 Par. 2.4.3	419-1: Non-compliance with social and economic laws and regulations 205-3: Established incidents of corruption and intra- venous actions	Cap. 1 Par. 1.4.3 Cap. 2 Par. 2.4.3	Consolidated companies integrally to 30.04.2022	
	Ethics and compliance	Cap. 2 Par. 2.4.3	Cap. 2 Par. 2.4.3		Cap. 2 Par. 2.4.3		
	Data and privacy protection	Cap.2 Par. 2.4.4	Cap.2 Par. 2.4.4	418-1: Proven complaints regarding violations of the customer privacy and loss of customer data	Cap.2 Par. 2.4.4		

(1) Policies: Environmental Policy and ISO 14001 Certification. The Company reports energy consumption in GJ broken down by energy source. **(2)** Policies: The Group manages these issues according to a practice geared towards efficient environmental impacts. **(3)** Policies: Environmental Policy and ISO 14001 Certification. Indicators: With reference to the waste indicator, it was not possible report the tons of solid urban waste as they are managed by the public collection service. **(4)** Other (non-GRI) - Risks and Policies: water is only used for health services, there is no need to formalise policies and risks. **(5)** Risks and Policies: implemented a risk monitoring system and related management policies related to socio-environmental aspects. **(6)** Other (non-GRI): Total amount disbursed for social projects; Number of projects and students involved. The Group reports on the activities carried out by the Sesa Foundation. **(7)** GRI 102-8: The Group reports details of employees by contract type (full-time and part-time). GRI 401-1: The Group reports the recruitment rate and provides disclosure on the total number of new hires with details by gender, age group and geographic area. No detail of new hires by geographic area is reported. **(8)** Indicators: Part of the disclosure is not available, as the figure for non-employee workers is not monitored, given the absence of an obligation to collect this information in compliance with current regulations. In addition, the company does not report details of the type of accident for registered accidents and hours worked. **(9)** The Group reports training hours by gender and course type but does not report the average annual training per employee by gender and professional category. **(10)** The company reports the information required by the GRI indicator considering employees and trainees. **(11)** Indicator: the Group reports the overall Group gender pay gap indicator including only the Italian companies of the Group and excluding only the professional category of Executives, as it is not representative of the sample under examination. The Company does not report the percentage of the governing body by age group. **(12)** Indicator: the total number of incidents of discrimination during the reporting period is 0.

30. In 2022, the Group provided a partial disclosure of the indicator and set the goal of full disclosure in the coming years
31. The Group reports indirect GHG emissions (scope 2) for the following gas: CO_2

4.3. Global Compact Reconciliation Table

Principles	Sesa Non-financial reporting 2021	Pages
Principles 1, 2 - Businesses are required to promote and respect universally recognised human rights within their spheres of influence and to ensure that they do not collude in human rights abuses, even indirectly.	Human Rights Commitment to ensure and promote respect for human rights, a priority for the Group, in all business areas and among all stakeholders, whether they are Group employees or suppliers. Activities are carried out in accordance with the fundamental standards of human rights. The Group's policies and practices are aligned with the International Charter of Human Rights, including the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organisation (ILO) Core Conventions, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises as well as the UN Global Compact Ten Principles. Sesa promotes sustainability and business ethics in the supply chain, carrying out audits on matters of human rights, environment, occupational health, and safety on its suppliers. Sesa protects occupational health and safety by means of training, awareness, and information.	**52-58**
Principles 3, 4, 5, 6 - Businesses are required to uphold the freedom of association of employees and recognise the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective elimination of child labour; the elimination of all forms of discrimination in employment and occupation.	Work Sesa undertakes to respect the four fundamental labour standards of the ILO, as set out in the Declaration on Fundamental Principles and Rights at Work: freedom of association and the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of all forms of discrimination in relation to employment and occupation. Sesa rejects all forms of discrimination and undertakes to maintain a working environment free from all form of violence and harassment. Sesa regulates relations with political organisations and trade unions exclusively on the basis of the laws, regulations, and agreements/contracts in force, ensuring the highest principles of transparency and fairness. Sesa undertakes initiatives to reconcile life and work. Sesa ensures the provision of training and professional development to its employees. Sesa promotes sustainability and business ethics at the supply chain, carrying out audits on human rights, environment, health and safety at work on its suppliers. Sesa protects health and safety at work through training, awareness and information initiatives.	**52-58** **88-96**
Principles 7, 8, 9 - Businesses are required to support a precautionary approach to environmental challenges, to engage in initiatives that promote greater environmental responsibility, and to encourage the development and dissemination of environmentally friendly technologies.	Environment Sesa undertakes to: • reduce its direct impacts by reducing the consumption and the waste produced and choosing to favour the use of environmentally sustainable resources, such as energy from certified renewable sources; • protect the environment and identify environmental management systems as the tool for implementing and monitoring the actions taken to fulfil the commitments made; • follow all international best practices to minimise environmental impact and develop new technologies to save energy, reduce emissions and increase the performance and quality of the vehicles used; • raise awareness of environmental aspects among their suppliers.	**29-36**
Principle 10 - Businesses undertake to fight corruption in all its forms, including extortion and bribery.	Fighting against corruption Sesa disseminates ethical principles and corporate values and provides training on legality and anti-corruption. Sesa conducts reputational audits of suppliers and third parties. No corruption cases were reported in 2021. Sesa promotes sustainability and business ethics at the supply chain, carrying out audits on human rights, environment, occupational health and safety on its suppliers. Sesa protects occupational health and safety through training, awareness and information initiatives.	**52-58**
Support of Sustainable Development Goals.	Sesa also undertakes to contribute to the achievement of the Sustainable Development Goals defined by the United Nations. The Company is particularly active on goals 5, 8, 9, 10, 13, 16, 17	**40-42**

COMMUNICATION ON PROGRESS
UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Independent auditor’s report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Sesa SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the “Decree”) and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Sesa SpA and its subsidiaries (the “Group”) for the year ended 30 April 2022 prepared in accordance with article 4 of the Decree, presented in the Integrated Annual Report and approved by the Board of Directors on 12 July 2022 (the “NFS”).

Our review does not extend to the information set out in the paragraph *European taxonomy for environmentally sustainable activities* of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Management Control Committee for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the Global Reporting Initiative Sustainability Reporting Standards defined in 2016, and updated to 2020, by the GRI - Global Reporting Initiative (the “GRI Standards”), stated in the "Reporting Principles and Criteria" section of the NFS

NFS

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group’s activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

PricewaterhouseCoopers SpA

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The management control committee is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures*:*

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;

2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;

3. comparison of the financial information reported in the NFS with the information reported in the consolidated financial statements of the Sesa Group*;*

4. understanding of the following matters:

    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;

b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;

c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Sesa SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,

  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;

  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.

- for the technological hub located in Empoli (Florence), which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Sesa Group for the year ended 30 April 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with reference to a selection of GRI Standards therein contained.

Our conclusions on the NFS of the Sesa Group do not extend to the information set out in the paragraph *European taxonomy for environmentally sustainable activities* of the NSF, required by article 8 of European Regulation 2020/852.

Florence, 25 July 2022

PricewaterhouseCoopers SpA

Signed by *Signed by*

Francesco Forzoni
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation included in the Integrated Annual Report.

Consolidated financial statements as of April 30, 2022

CONSOLIDATED INCOME STATEMENT

Year ended 30 April

(Euro thousands)	Note	2022	2021
Revenues	7	2,362,603	2,022,454
Other income	8	27,220	14,769
Consumables and goods for resale	9	(1,818,391)	(1,590,272)
Costs for services and rent, leasing, and similar costs	10	(203,805)	(157,031)
Personnel costs	11	(197,673)	(162,972)
Other operating costs	12	(14,053)	(10,463)
Amortisation and Depreciation	13	(41,706)	(32,483)
Operating result		**114,195**	**84,002**
Share of profits of companies valued at equity	14	1,744	2,345
Financial income	15	9,054	8,578
Financial expenses	15	(15,910)	(14,099)
Profit before taxes		**109,083**	**80,826**
Income taxes	16	(30,464)	(24,040)
Profit for the year		78,619	56,786
of which:			
Profit attributable to non-controlling interests		5,100	4,514
Profit attributable to the Group		73,519	52,272
Earnings per share - basic (in Euro)	25	4.76	3.39
Earnings per share - diluted (in Euro)	25	4.74	3.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April

(Euro thousands)	Note	2022	2021
Profit for the year		**78,619**	**56,786**
Items that cannot be reclassified to the Income Statement			
Actuarial gain/loss for employee benefits - Gross effect	25	2,213	216
Actuarial gain/loss for employee benefits - Tax effect	25	(562)	(51)
Comprehensive income for the year		**80,270**	**56,951**
of which:			
Comprehensive income attributable to non-controlling interests		5,313	4,538
Comprehensive income attributable to the Group		74,957	52,413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April

(Euro thousands)	Note	2022	2021
Intangible assets	17	228,280	142,826
Rights of use		57,401	55,220
Property, plant and equipment	18	54,542	44,722
Investment property	19	290	290
Equity investments value at equity	14	14,593	13,850
Receivables for deferred tax assets	20	15,910	12,987
Other non-current receivables and assets	21	16,655	14,644
Total non-current assets		387,671	284,539
Inventory	22	144,034	86,920
Current trade receivables	23	434,579	355,781
Current tax receivables		6,651	6,001
Other current receivables and assets	21	86,718	57,634
Cash and cash equivalents	24	496,311	426,665
Total current assets		1,168,293	933,001
Total assets		**1,555,964**	**1,217,540**
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(44,978)	(19,421)
Profits carried forward		290,148	227,776
Total shareholders’ equity attributable to the Group		315,441	278,626
Shareholders' equity attributable to non-controlling interests		19,718	18,729
Total Shareholders' equity	25	335,159	297,355
Non-current loans	26	123,559	128,554
Financial liabilities for non-current rights of use		33,849	33,626
Non current financial liabilities and commitments for purchase of shares from non-controlling interests		76,808	47,838
Employee benefits	27	44,379	40,897
Non-current provisions	28	4,240	2,284
Deferred tax liabilities	20	63,333	35,989
Total non-current liabilities		346,168	289,188
Current loans	26	130,054	100,994
Financial liabilities for current rights of use		11,084	10,245
Current financial liabilities and commitments for purchase of shares from non-controlling interests		31,589	10,967
Trade payables		525,879	366,101
Current tax payables		10,940	7,403
Other current liabilities	29	165,091	135,287
Total current liabilities		874,637	630,997
Total liabilities		1,220,805	920,185
Total shareholders' equity and liabilities		**1,555,964**	**1,217,540**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 April

(Euro thousands)	Note	2022	2021
Profit before taxes		**109,083**	**80,826**
Adjustments for:			
Amortisation and Depreciation	13	41,706	32,483
Accruals to provisions relating to personnel and other provisions	12,11	12,235	10,411
Net financial (income) expense	15	3,344	3,309
Profit of companies valued using the equity method	14	(1,743)	(2,345)
Other non-monetary entries		829	2,403
Cash flows generated by operating activities before changes in net working capital		**165,454**	**127,087**
Change in inventory	22	(50,042)	6,149
Change in trade receivables	23	(46,860)	55,692
Change in payables to suppliers		120,232	(28,727)
Change in other assets	21	(9,960)	(2,231)
Change in other liabilities	29	868	19,168
Use of provisions for risks	28	(2,152)	(785)
Employee benefits	27	(2,538)	(1,769)
Change in deferred taxes	20	(5,217)	(3,373)
Change in receivables and payables for current taxes		2,600	977
Interest paid	15	(4,449)	(4,009)
Taxes paid		(22,460)	(20,291)
Net cash flow generated by operating activities		**145,476**	**147,888**
Investments in companies net of cash acquired	6	(25,381)	(10,322)
Investments in property, plant and equipment	18	(18,525)	(17,072)
Investments in intangible assets	17	(6,973)	(9,927)
Disposal of property, plant and equipment and intangible assets	17,18		296
Investments in associated companies	14	(810)	(28)
Non-current equity investments in other companies	21	(1,181)	(1,812)
Disposals of non-current equity investments in other companies	21		(163)
Dividends collected		1,367	690
Interest collected	15	588	581
Net cash flow generated by/(used in) by investment activity		**(50,915)**	**(37,757)**
Subscription of long-term loans	4,26	80,650	65,917
Repayment of long-term loans	4,26	(89,416)	(76,202)
(Reduction)/increase in short-term loans	4,26	18,289	(26,947)
Repayment of financial liabilities for rights of use		(13,555)	(11,561)
Investments/disinvestments in financial assets		(236)	478
Treasury shares	25	(6,005)	(3,107)
Dividends distributed	25	(14,642)	(510)
Net cash flow generated by/(used in) financial activities		**(24,915)**	**(51,932)**
Change in cash and cash equivalents		**69,646**	**58,199**
Opening balance of cash and cash equivalents		426,665	368,466
Closing balance of cash and cash equivalents		**496,311**	**426,665**

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 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 plans - 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**
Profit for the year				73,519	73,519	5,100	78,619
Actuarial gain/(loss) for employee benefits - gross			1,929		1,929	284	2,213
Actuarial gain/(loss) for employee benefits - tax effect			(491)		(491)	(71)	(562)
Comprehensive income for the year			1,438	73,519	74,957	5,313	80,270
Transactions with shareholders							
Purchase of treasury shares			(6,005)		(6,005)		(6,005)
Sale of treasury shares							
Distribution of dividends			(2,122)	(11,046)	(13,168)	(1,474)	(14,642)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plan - shares vesting in the period			4,312		4,312		4,312
Allocation of profit for the year			581	(581)			
Change in the scope of consolidation and other changes			(23,761)	480	(23,281)	(2,850)	(26,131)
At 30 April 2022	**37,127**	**33,144**	**(44,978)**	**290,148**	**315,441**	**19,718**	**335,159**

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 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 2022.

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 2022 (hereinafter the “Consolidated financial statements”) are illustrated below.

2.1. Basis of preparation

The Consolidated financial statements for the year ended 30 April 2022 have been prepared in accordance with the international accounting standards ("IFRSs") 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 IFRSs also include all revised international accounting standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC). The Consolidated financial statements have been prepared under the assumption that the company is a going concern, in that the Directors have verified that there are no financial, management or other indicators such as to indicate critical issues regarding the Group's ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Group manages financial risks is contained in note 3 on "Financial risk management".
The Consolidated financial statements have been prepared and presented in Euro, which is the currency of the prevailing economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are stated in Euro thousands.

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

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

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

2.2. Scope of Consolidation and Consolidation Criteria

The Consolidated financial statements include the financial statements of the Company as well as the financial statements of the subsidiaries approved by their respective administrative bodies. These financial statements have been suitably adjusted, where necessary, to bring them into line with IFRS and the Company's reporting date at 30 April. The companies included in the scope of consolidation at 30 April 2022 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 of 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 treatment 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.

2.4. 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 combinations 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 other 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 payroll costs in the period in which the work is performed.
Defined-benefit plans, which also include severance indemnities due to employees pursuant to Article 2120 of the Italian Civil Code ("TFR"), include the amount of benefits payable to employees that can only be quantified after termination of employment, and are linked to one or more factors such as age, years of service and remuneration; consequently, the relative cost is recorded in the income statement on the basis of actuarial calculations. The liability recognised in the financial statements for defined benefit plans corresponds to the current value of the obligation 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 comprehensive income.

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

STOCK GRANT PLAN

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

PROVISIONS FOR RISK 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 PAYABLES

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 SHARE

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.

REVENUE RECOGNITION

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 (performance obligation satisifed at a point in time versus over time.)

When the above requirements are met, the Group applies the recognition rules described below.
Revenues from the sale of products are 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.

COST RECOGNITION

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 taxe 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”.

2.5. 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 August 2020, the IASB issued amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement), IFRS 7 (Financial Instruments: Disclosure), IFRS 4 (Insurance Contracts); IFRS 16 (Leases) -'Interest Rate Benchmark Reform - Phase 2'. The new standard is applicable for annual periods beginning on or after 1 January 2021. The amendments modify requirements for hedge accounting application, providing for temporary exceptions and address the uncertainty arising from the implementation of the IBOR rate reform (still in progress) on the future cash flows in the period preceding the reform completion,. In addition the amendments require to provide additional information on hedging relationships that are directly affected by the uncertainties generated by the reform. These amendments had no significant effect on the consolidated financial statements as of 30 April 2022;
- In June 2020, the IASB published an amendment to "IFRS 4 Insurance Contracts - deferral of IFRS 9". The amendments extend 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 and had no significant effect on the consolidated financial statements as of 30 April 2022;
- In March 2021, the IASB published an amendment to IFRS 16 "Leases" Covid-19 related rent concessions that provides an optional practical expedient for the period from 30 June 2021 to 30 June 2022 for the valuation of leases where concessions relating to lease payment have been obtained as a result of the Covid-19 emergency. The amendment is applicable for annual periods beginning on or after 1 April 2021. 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 May 2017 the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2023;
- In May 2020, the IASB published amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets". Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples annexed to IFRS 16 "Leases" were also published. These changes will be applicable from 1 January 2022;
- 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.

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:

- On 23 January 2020, the IASB published an amendment to IAS 1 "Presentation of financial statements: Classification of Liabilities as Current or Non-Current" which provides for the classification of liabilities as current and non-current based on rights that are in existence at the end of the reporting period,. In addition it clarifies that classification is not impacted by expectations about whether the entitywill exercise its right to defer settlement of liability. Finally, it that settlement refers to the transfer to the counterparty for the transfer of cash, equity instruments, other activities or services. The amendment is applicable from 1 January 2023;

- 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;
- In December 2021 the IASB published the amendments IFRS 17 and IFRS 9 with the aim of indicating the transition options relating to comparative information on financial assets presented upon initial application of the IFRS 17. 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 2022 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 2022 there were 76 forward contracts in force, 2 of which had a negative fair value of Euro 11 thousand and 74 of which had a positive fair value of Euro 1.816 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 2022, 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 2022 and 30 April 2021, grouped by due date, net of the portion of the provision for bad debts.

Current Trade Receivables

(Euro thousands)	At 30 April 2022	At 30 April 2021
Yet to mature	378,552	321,741
Expired by 0-90 days	45,644	23,235
Expired by 90-180 days	4,191	2,810
Expired by 180-360 days	3,753	2,968
Expired by over 360 days	2,438	4,017
Total	**434,579**	**354,771**

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 2022 and 30 April 2021:

At 30 April 2022

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current loans	311,153	110,786	200,367	
Short-term loans	50,267	50,267		
Advances received from factoring companies	590	590		
Financial liabilities for rights of use	44,933	11,084	23,584	10,265
Exchange rate derivatives				
Trade payables	525,879	525,879		
Other current and non-current payables	165,091	165,091		

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	33,781		
Advances received from factoring companies	391	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		

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 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 2022 and 30 April 2021. 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 2022 and 30 April 2021:

At 30 April 2022

(Euro thousands)	Assets and liabilities at amortised cost	Asset of FVOCI	Assets and liabilities at FVPL	Derivative financial instruments	Total
Assets					
Current trade receivables	434,579				434,579
Other current and non-current assets	89,591		11,955	1,827	103,373
Cash and cash equivalents	496,311				496,311
Total assets	**1,020,481**		**11,955**	**1,827**	**1,034,263**
Liabilities					
Current and non-current loans	272,786		89,224		362,010
Financial liabilities for rights of use	44,933				44,933
Trade payables	525,879				525,879
Other current liabilities	165,080			11	165,091
Total liabilities	**1,008,678**		**89,224**	**11**	**1,097,913**

At 30 April 2021

(Euro thousands)	Assets and liabilities at amortised cost	Asset of 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					

At 30 April 2021

(Euro thousands)	Assets and liabilities at amortised cost	Asset of FVOCI	Assets and liabilities at FVPL	Derivative financial instruments	Total
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**		**41,661**	**365**	**833,612**

FAIR VALUE MEASUREMENT

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

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

The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:

- **Level 1:** Fair value determined 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 2022, were measured and recorded at fair value, indicating the hierarchical level of their fair value:

(Euro thousands)	Level 1	Level 2	Level 3
Asset measured at Fair Value			
Derivative financial instruments		1,827	
Assets available for sale			
Investments in other companies			11,955
Other Assets			
Total		**1,827**	**11,955**
Liabilities measured at Fair Value			
Derivative financial instruments		11	
Financial liabilities at fair value through profit or loss		20,229	
Other Liabilities		68,995	
Total		**89,235**	

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 2022.
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 2022:

(Euro thousands)	Level 1
Balance at 30 April 2021	
Profits and (losses) through profit or loss	
Increases/(Decreases)	
Balance at 30 April 2022	
Total	

(Euro thousands)	Level 2
Balance at 30 April 2021	(41,955)
Profits and (losses) through profit or loss	1,472
Increases/(Decreases)	(46,885)
Balance at 30 April 2022	(87,408)
Total	**(41,955)**

(Euro thousands)	Level 3
Balance at 30 April 2021	11,147
Profits and (losses) through profit or loss	410
Increases/(Decreases) and reclassifications	398
Balance at 30 April 2022	11,955
Total	**11,955**

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 IN 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 repor.

(E) EMPLOYEE BENEFITS

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

The current value is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and which takes into account the duration of the relative pension plan. For further information, see notes 26 Employee benefits and 10 Personnel costs.

(F) BUSINESS COMBINATION

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, we report the details of the most significant are provided below.

In the VAD Sector, there was the acquisition of the majority of the capital of PM Service Srl, based in Pontassevie (Florence) a company that offers technological solutions for energy efficiency and the production of energy from renewable sources.

Again in the VAD Sector, in September 2021 the Group acquired a majority stake in Kolme Srl, a leading operator in the provision of ICT solutions and telecommunications services on the Italian market, with a customer base of over 2,500 business partners throughout the country.
In the SSI Sector in November 2021 saw the conclusion of the acquisition of 51% of Datef SpA a company specialized in digital services, cloud and security, with over 100 enterprise customers mainly located in German-speaking areas.
In March 2022 two important business combination were finalised in the SSI Sector: (i) 100% stake of Adacto Srl, company specialized in end-to-end projects of Digital Communication and Customer Experience Management for major Enterprise customers, with a presence also iin LATAM region; and (ii) the acquisition of the majority stake in NGS Srl, company skilled in network and edge security, for the protection of major national and international enterprises, operating in the manufacturing and maritime industries.

In the Business Services Sector we note the business combination between Omigrade Srl, a company that operates together with STB Srl, Omigrade Servizi Srl and T&O Srl in IT consulting, ERP and digital platforms and digital transformation services for the financial services industry, with major national and international customers in central-northern Italy. The business combination started in February 2020 through the subscription of binding agreements and the arrangements for corporate - acquisitions. The business combination will be completed during the next fiscal year.

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 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 (SSI) Sector** 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 (BS) Sector** 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 IFRSs (Non-GAAP Measures), its quantitative determination might be fuzzy. 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.

Business combinations

(Euro thousands)	Fen Wo	PM Services	Cadlog Group	Cadlog GMBH	Cimtec	Kolme	Polymatic	Pegaso	Total
Intangible assets	5,414	12,148	6,228	1,340	165	5,814	943	32	32,084
Property, plant and equipment	1	294	10	65	31	123	68	178	770
Other current and non-current assets	29	2,849	4,346	193	1	3,951	82	22	11,473
Inventory		3,957	211	369		1,934	5		6,476
Trade receivables	446	13,262	5,093	213	293	4,152	706	261	24,426
Cash and cash equivalents	124	4,239	2,439	495	277	6,049	410	293	14,326
Assets purchased	**6,015**	**36,749**	**18,327**	**2,675**	**767**	**22,023**	**2,214**	**786**	**89,556**
Non-current loans		1,984	2,504			4,743	323		9,554
Employee benefits		196	18			214	491	126	1,045
Current loans		472	368		4	1,256		33	2,133
Deferred tax liabilities	1,560	3,491	1,762	434	48	1,676	266	8	9,245
Trade payables	169	18,451	2,443	183	188	4,729		73	26,236
Other liabilities	9	948	6,444	1,151	41	1,587	384	244	10,808
Provisions		53	50	57	67	989			1,216
Liabilities purchased	1,738	25,595	13,589	1,825	348	15,194	1,464	484	60,237
Non-controlling interests			(155)			(834)	(26)	(134)	(1,149)
Net assets purchased	**4,277**	**11,154**	**4,583**	**850**	**419**	**5,995**	**724**	**168**	**28,170**
Price	4,277	11,154	4,583	850	419	5,995	724	168	28,170
Cash and cash equivalents	124	4,239	2,439	495	277	6,049	410	293	14,326
Other non-monetary entries		(1,989)				(2,693)	(225)	(34)	(4,941)
Net Price	**4,153**	**4,926**	**2,144**	**355**	**142**	**-2,747**	**89**	**-159**	**8,903**

Business combinations

(Euro thousands)	Superresolution	Citel	A Plus	Datef	Z3 Engineering	Pal Ifm	Omigrade	Total
Intangible assets	205	612	1,250	16,269	830	520	8,480	28,166
Property, plant and equipment	41	128	395	1,362	7	3	31	1,967
Other current and non-current assets	5	1,763	147	826	113	28	2,500	5,382
Inventory		383	150				37	570
Trade receivables	77	2,973	274	3,255	363	481	1,887	9,310
Cash and cash equivalents	123	26	29	3,159	77	205	389	4,008
Assets purchased	**451**	**5,885**	**2,245**	**24,871**	**1,390**	**1,237**	**13,324**	**49,403**
Non-current loans		850	261		109		389	1,609
Employee benefits	2	400	32	444	65	13	755	1,711
Current loans		1,110	3				202	1,315

Business combinations

(Euro thousands)	Superresolution	Citel	A Plus	Datef	Z3 Engineering	Pal Ifm	Omigrade	Total
Deferred tax liabilities	57	365	383	4,496	258	69	2,410	8,038
Trade payables	75	1,354	186	5,597	129	233	431	8,005
Other liabilities		341	538	1,002	159	333	2,557	4,930
Provisions		244		195	11		132	582
Liabilities purchased	134	4,664	1,403	11,734	731	648	6,876	26,190
Non-controlling interests	(86)				(53)	(249)	(198)	(586)
Net assets purchased	**231**	**1,221**	**842**	**13,137**	**606**	**340**	**6,250**	**22,627**
Price	231	1,221	842	13,137	606	340	6,250	22,627
Cash and cash equivalents	123	26	29	3,159	77	205	389	4,008
Other non-monetary entries	(68)							(68)
Net Price	**40**	**1,195**	**813**	**9,978**	**529**	**135**	**5,861**	**18,551**

Business combinations

(Euro thousands)	Omigrade Servizi	T&O	STB	Adacto	NGS	Icos GMBH	Sebic	Brainworks	Total
Intangible assets	51	1	2,699	9,783	7,868	265	2	2,070	22,739
Property, plant and equipment		8		35	261		280	18	602
Other current and non-current assets	613	9	866	472	538	90	78	2,323	4,989
Inventory					26				26
Trade receivables	394	172	499	1,207	2,150		387	118	4,927
Cash and cash equivalents	136	50	237	2,170	1,364	219	97	550	4,823
Assets purchased	**1,194**	**240**	**4,301**	**13,667**	**12,207**	**574**	**844**	**5,079**	**38,106**
Non-current loans					1,010				1,010
Employee benefits	372	15	220	186	91				884
Current loans	1	55	0						56
Deferred tax liabilities	59	48	777	3,252	2,937	76	103	598	7,850
Trade payables	91	3	53	2,720	1,531	294	698	76	5,466
Other liabilities	171	39	498		569	104	33	3,005	4,419
Provisions				409					409
Liabilities purchased	694	160	1,548	6,567	6,138	474	834	3,679	20,094
Non-controlling interests		(30)	(253)		(127)				-410
Net assets purchased	**500**	**50**	**2,500**	**7,100**	**5,942**	**100**	**10**	**1,400**	**17,602**
Price	500	50	2,500	7,100	5,791	100	10	1,400	17,451
Cash and cash equivalents	136	50	237	2,170	1,364	219	97	550	4,823
Other non-monetary entries									
Net Price	**364**		**2,263**	**4,930**	**4,427**	**-119**	**-87**	**850**	**12,628**

The following table shows information about results of operations by operating sector for the years ended 30 April 2022 and 30 April 2021.

Year ended 30 April 2022

(Euro thousands)	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations	
Third-party revenues	**1,750,678**	**555,481**	**55,696**	**748**		**2,362,603**
Inter-sector revenues	90,086	4,713	2,116	12,037		108,952
Revenues	1,840,764	560,194	57,812	12,785	(108,952)	2,362,603
Other income	16,515	11,974	1,090	3,084	(5,443)	27,220
Total revenues and other income	1,857,279	572,168	58,902	15,869	(114,395)	2,389,823
Consumables and goods for resale	(1,697,189)	(200,870)	(5,711)	(61)	85,440	(1,818,391)
Costs for services and rent,	(43,164)	(154,912)	(25,077)	(5,129)	28,789	(199,493)
leasing, and similar costs	(23,774)	(144,886)	(22,121)	(6,999)	107	(197,673)
Personnel costs	(2,571)	(3,645)	(276)	(193)	117	(6,568)
Other operating costs	**90,581**	**67,855**	**5,717**	**3,487**	**58**	**167,698**
Ebitda	(9,892)	(33,694)	(5,192)	(4,725)		(53,503)
Amortisation, depreciation, write-downs and other non-monetary costs	80,689	34,161	525	(1,238)	58	114,195
Operating Result (Ebit)	(3,779)	(1,439)	(445)	551		(5,112)
Net financial income and expense	76,910	32,722	80	(687)	58	109,083
Profit before taxes	(20,355)	(9,864)	(170)	(58)	(17)	(30,464)
Income taxes	**56,555**	**22,858**	**(90)**	**(745)**	**41**	**78,619**
Profit for the year	841	4,403	140		(284)	5,100
Profit attributable to non-controlling interests	55,714	18,455	(230)	(745)	325	73,519
Profit attributable to the Group						

Year ended 30 April 2021

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Third-party revenues	**1,507,639**	**469,171**	**44,253**	**1,391**		**2,022,454**
Inter-sector revenues	86,104	3,771	2,479	17,953		110,307
Revenues	1,593,743	472,942	46,732	19,344	(110,307)	2,022,454
Other income	7,543	8,910	528	3,412	(5,624)	14,769
Total revenues and other income	1,601,286	481,852	47,260	22,756	(115,931)	2,037,223
Consumables and goods for resale	(1,481,941)	(181,850)	(8,362)	(233)	82,114	(1,590,272)
Costs for services and rent, leasing, and similar costs	(33,689)	(122,162)	(21,793)	(9,419)	33,289	(153,774)
Personnel costs	(19,376)	(120,521)	(13,992)	(9,083)		(162,972)
Other operating costs	(2,032)	(1,829)	(172)	(315)	148	(4,200)
Ebitda	**64,248**	**55,490**	**2,941**	**3,706**	**(380)**	**126,005**
Amortisation, depreciation, write-downs and other non-monetary costs	(7,557)	(28,145)	(2,480)	(3,847)	26	(42,003)
Operating Result (Ebit)	56,691	27,345	461	(141)	(354)	84,002
Net financial income and expense	(934)	(95)	(340)	(27)	(1,780)	(3,176)
Profit before taxes	55,757	27,250	121	(168)	(2,134)	80,826
Income taxes	(15,504)	(8,229)	(96)	(211)		(24,040)
Profit for the year	**40,253**	**19,021**	**25**	**(379)**	**(2,134)**	**56,786**
Profit attributable to non-controlling interests	548	3,890	72		4	4,514
Profit attributable to the Group	39,705	15,131	(47)	(379)	(2,138)	52,272

The following table shows the financial information by operating sector for the years ended 30 April 2022 and 30 April 2021.

Year ended 30 April 2022

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Intangible assets	26,380	156,158	43,941	2,159	(358)	228,280
Property, plant and equipment	33,427	17,995	5,716	263		57,401
Right of use	15,198	36,471	2,467	406		54,542
Investment property	281			9		290
Investments valued at equity	10,953	3,691	130	768	(949)	14,593
Receivables for deferred tax assets	6,573	6,150	2,085	1,187	(85)	15,910
Non-current receivables						
Other non-current receivables and assets	2,468	7,172	1,745	92,894	(87,624)	16,655
Total non-current assets	**95,280**	**227,637**	**56,084**	**97,686**	**(89,016)**	**387,671**
Inventory	119,601	22,259	2,413		(239)	144,034
Current trade receivables	289,826	159,176	22,457	6,796	(43,676)	434,579
Current tax receivables	2,562	3,556	475	58		6,651
Other current receivables and assets	31,887	51,361	4,061	651	(1,242)	86,718
Cash and cash equivalents	336,268	140,678	15,810	3,555		496,311
Total current assets	**780,144**	**377,030**	**45,216**	**11,060**	**(45,157)**	**1,168,293**
Total assets	**875,424**	**604,667**	**101,300**	**108,746**	**(134,173)**	**1,555,964**
Share capital	40,000	3,800	6,231	37,127	(50,031)	37,127
Share premium reserve		4,051	16,212	33,144	(20,263)	33,144
Other reserves and profits carried forward	229,988	12,803	(9,354)	27,860	(16,127)	245,170
Total shareholders' equity attributable to the group	**269,988**	**20,654**	**13,089**	**98,131**	**(86,421)**	**315,441**
Shareholders' equity attributable to non-controlling interests	3,637	14,957	3,161		(2,037)	19,718
Total shareholders' equity	**273,625**	**35,611**	**16,250**	**98,131**	**(88,458)**	**335,159**
Non-current loans	31,118	82,988	9,453			123,559
Financial liabilities for non-current rights of use	18,481	12,249	2,966	153		33,849
Non-current financial liabilities and commitments for purcha-se of shares from non-controlling interests	10,740	52,321	13,747			123,559
Employee benefits	3,141	34,293	5,024	1,921		44,379
Non-current provisions	594	3,011	635			4,240
Deferred tax liabilities	10,838	40,213	11,902	620	(240)	63,333
Total non-current liabilities	**74,912**	**225,075**	**43,727**	**2,694**	**(240)**	**346,168**
Current loans	67,901	58,567	3,544	42		130,054
Current financial liabilities for rights of use	2,854	6,299	1,816	115		11,084
Current financial liabilities and commitments for purchase of shares from non-controlling interests	1,779	25,378	4,387	45		31,589
Trade payables	420,799	131,758	14,541	3,158	(44,377)	525,879
Current tax payables	5,195	5,151	578	6	10	10,940
Other current liabilities	28,359	116,828	16,457	4,555	(1,108)	165,091
Total current liabilities	**526,887**	**343,981**	**41,323**	**7,921**	**(45,475)**	**874,637**
Total liabilities	**601,799**	**569,056**	**85,050**	**10,615**	**(45,715)**	**1,220,805**
Total shareholders' equity and liabilities	**875,424**	**604,667**	**101,300**	**108,746**	**(134,173)**	**1,555,964**

Year ended 30 April 2021

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Intangible assets	7,800	114,329	18,894	2,161	(358)	142,826
Property, plant and equipment	12,614	30,381	910	817		44,722
Right of use	30,508	17,318	7,081	313		55,220
Investment property	281			9		290
Investments valued at equity	10,981	3,050		768	(949)	13,850
Receivables for deferred tax assets	5,206	5,232	1,636	982	(69)	12,987
Other non-current receivables and assets	4,297	5,575	509	87,916	(83,653)	14,644
Total non-current assets	**71,687**	**175,885**	**29,030**	**92,966**	**(85,029)**	**284,539**
Inventory	69,345	16,105	1,767		-297	86,920
Current trade receivables	243,969	137,081	14,593	9,533	(49,395)	355,781
Current tax receivables	2,344	3,491	130	36		6,001
Other current receivables and assets	16,347	39,214	2,995	832	(1,754)	57,634
Cash and cash equivalents	264,020	135,920	19,159	7,566		426,665
Total current assets	**596,025**	**331,811**	**38,644**	**17,967**	**(51,446)**	**933,001**
Total assets	**667,712**	**507,696**	**67,674**	**110,933**	**(136,475)**	**1,217,540**
Share capital	40,000	3,800	5,435	37,127	(49,235)	37,127
Share premium reserve		4,051	7,682	33,144	(11,733)	33,144
Other reserves	191,348	16,759	-693	27,461	(26,553)	208,322
Total shareholders' equity attributable to the group	231,348	24,610	12,424	97,732	(87,521)	278,593
Shareholders' equity attributable to non-controlling interests	2,071	12,378	1,716		2,597	18,762
Total shareholders' equity	233,419	36,988	14,140	97,732	(84,924)	297,355
Non-current loans	40,679	79,502	8,376	(3)		128,554
Non-current financial liabilities for rights of use	16,695	12,211	4,632	88		33,626
Non-current financial liabilities and commitments for purchase of shares from non-controlling interests	3,056	44,254	483	45		47,838
Employee benefits	2,689	33,329	2,623	2,256		40,897
Non-current provisions	87	2,022	175			2,284
Deferred tax liabilities	4,807	25,972	4,853	597	(240)	35,989
Total non-current liabilities	68,013	197,290	21,142	2,983	(240)	289,188
Current loans	52,287	45,596	3,064	47		100,994
Current financial liabilities for rights of use	2,379	5,541	2,088	237		10,245
Current financial liabilities and commitments for purchase of shares from non-controlling interests	45	8,706	2,000	216		10,967
Trade payables	280,653	115,920	15,018	3,803	(49,293)	366,101
Current tax payables	1,241	3,600	255	2,297	10	7,403
Other current liabilities	29,675	94,055	9,967	3,618	(2,028)	135,287
Total current liabilities	366,280	273,418	32,392	10,218	(51,311)	630,997
Total liabilities	434,293	470,708	53,534	13,201	(51,551)	920,185
Total shareholders' equity and liabilities	**667,712**	**507,696**	**67,674**	**110,933**	**(136,475)**	**1,217,540**

7. Revenues

The Group's revenues are generated mainly in Italy. The component of sales consolidated abroad which at 30 April 2022 amounted to € 59,967 thousand compared to € 30,954 thousand at 30 April 2021, showed an increase (+ 93.7%) as a result of the greater presence of the Group in Europe. The revenues of the Group's foreign-based companies, such as PBU, Beenear, Wss It Sagl, Fen Wo, Cimtec, Icos Gmbh, Cadlog France, Cadlog Spain and Cadlog Gmbh contribute to the item Revenues for a total of Euro 29,213 thousand to which must be added those of Computer Gross SpA and Var Group SpA for Euro 30,764 thousand.

The revenues item is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Sale of solutions, software and accessories	1,943,101	1,692,674
Development of software and other services	215,245	167,138
Hardware and software assistance	168,518	120,981
Marketing activities	16,125	9,895
Other sales	19,614	31,766
Total	**2,362,603**	**2,022,454**

Group revenues equal to of Euro 2,363 thousand at 30 April 2022 recorded an increase of 16.8% compared to the previous year, favoured by (i) sales of IT solutions and software, up by 14.7% compared to 30 April 2021 , (ii) provision of services both in the field of IT projects (developments, consultancy and other services) and infrastructure (assistance, cloud computing, etc.), up by 28.8% compared to 30 April 2021.

8. Other Income

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Transport activities	2,231	956
Capital gains on disposals	3,812	1,259
Commission	2,083	1,667
Leases and rents	665	160
Training courses	30	103
Other income	18,399	10,624
Total	**27,220**	**14,769**

The Other income item refers mainly to marketing contributions from suppliers, recovery of expenses and other non-typical revenues.

9. Consumables and goods for resale

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Purchase of hardware	1,254,914	1,074,657
Purchase of software	562,329	513,147
Consumables and other purchases	1,148	2,468
Total	**1,818,391**	**1,590,272**

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

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Technical assistance for hardware and software maintenance	66,718	53,591
Consulting activities	49,355	40,302
Agents' commissions and contributions	11,321	9,421
Rentals and hires	4,769	3,200
Marketing	9,870	4,768
Transport	7,259	4,994
Insurance policies	3,700	3,255
Utilities	2,892	2,565
Logistics and warehouse storage	1,316	752
Support and training expenses	2,040	2,136
Maintenance	8,483	5,579
Other service expenses	36,082	26,468
Total	**203,805**	**157,031**

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 Business Services consistently with the Group's staff.

11. Personnel Costs

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Wages and salaries	139,405	115,548
Social security payments	38,484	32,009
Contributions to defined contribution pension funds	9,162	7,361
Contributions to pension funds for defined benefits	67	45
Reimbursements and other personnel costs	10,555	8,009
Total	**197,673**	**162,972**

The following table shows the precise number of Group employees:

	Precise number of employees at 30 April	
(in units)	**2022**	**2021**
Executives	46	35
Middle Management	372	331
Office Staff	3,547	2,974
Blue Collars	98	101
Interns*	100	
Total	**4,163**	**3,441**

*The number of trainees was entered and reported for the first time in the Group's indices. For a correct historical reporting of the correlated indices of the previous two years, no retroactive changes will be made.

The average number of employees for the financial year as at 30 April 2022 was 3,802 resources compared to 2,994 average resources in the previous year.

12. Other Operating Costs

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Accrual to the bad debt provision (net of recoveries)	5,663	5,883
Expenses and commissions for the assignment of receivables without recourse	1,226	1,509
Duties and taxes	1,286	861
Capital losses on disposals	73	53
Losses on receivables	223	121
Provisions for risks and charges	1,821	381

Year ended 30 April

(Euro thousands)	2022	2021
Other operating costs	3,761	1,655
Total	**14,053**	**10,463**

13. Amortisation and Depreciation

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Intangible assets	18,572	12,041
Amortisation of right of use	11,191	9,518
Property, plant and equipment	11,943	10,924
Total	**41,706**	**32,483**

14. Share of profits from companies valued at equity

A breakdown of the changes in the value of equity investments in associated companies measured using the equity method in the years ended 30 April 2022 and 30 April 2021 is provided below:

Year ended 30 April

(Euro thousands)	2022	2021
Opening balance	13,850	12,158
Acquisitions and capital increases	845	10
Sales and liquidations	(25)	
Dividends received	(518)	(288)
Profit/(loss) of companies evaluated at equity	1,744	2,345
Reclassifications	(1,303)	(375)
Closing balance	**14,593**	**13,850**

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	104,040	61,320	620,865	6,558	21,0%
M.K. Italia Srl	1,663	1,159	5,092	130	45,0%
Studio 81 Data System Srl	2,272	1,946	4,276	144	50,0%
Gendata Srl	2,130	1,959	2,382	52	20,0%

15. Financial Income and Expense

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	**2022**	**2021**
Interest expense on sales of receivables	(1,669)	(1,639)
Expenses and commissions for sales of receivables with recourse	(601)	(376)
Bank and loan interest expense	(425)	(240)
Other interest payable	(2,355)	(2,130)
Commissions and other financial expense	(4,001)	(2,786)
Financial expense related to severance indemnities	(332)	(284)
Total financial expense	(9,383)	(7,455)
Interest income on other short-term receivables	553	523
Other financial income.	1231	16
Bank interest income	35	39
Dividends from shareholdings	849	402
Total financial income	2,668	980
Total financial income and charges (a)	(6,715)	(6,475)
Losses on exchanges	(6,527)	(6,644)
Gains on exchanges	6,386	7,598
Total exchange gains and losses (b)	**(141)**	**954**
Net financial expense (a+b)	**(6,856)**	**(5,521)**

Net financial expenses present a net negative balance of Euro 6,856 thousand at 30 April 2022, an decrease compared to a negative balance of Euro 5,521 thousand at 30 April 2021, due to (i) exchange gains and losses (net balance of exchange losses and gains) which goes from a positive balance of Euro 954 thousand at 30 April 2021 to a negative balance of Euro 141 thousand at 30 April 2022, as a result of a less 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 6,475 thousand at 30 April 2021 to a negative balance of Euro 6,715 thousand at 30 April 2022.

16. Income Taxes

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	**2022**	**2021**
Current taxes	33,415	26,115
Deferred tax liabilities	(2,931)	(2,110)

Year ended 30 April

(Euro thousands)	2022	2021
Taxes relating to previous years	(20)	35
Total	**30,464**	**24,040**

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended 30 April 2022 and 30 April 2021.

Year ended 30 April

(Euro thousands)	2022	2021
Result before taxes	109,084	80,826
Theoretical taxes	26,180	19,398
Taxes relating to previous years	(20)	659
Subsidised taxation on dividends	251	170
Permanent differences	540	205
IRAP (regional tax on production); excluding other changes	3,513	3,608
Actual tax charge	30,464	24,040

17. Intangible Assets

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

(Euro thousands)	Client List	Software and other intangible assets	Technological know-how	Total
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)
Change in the scope of consolidation	20,829	2,480	73,563	96,872
Investments	3,136	3,854	164	7,154
Disinvestments				
Amortisation	(5,374)	(6,270)	(6,928)	(18,572)
Balance at 30 April 2022	65,343	12,924	150,013	228,280
Of which:				
- historical cost	*83,253*	*34,108*	*166,861*	*284,222*
- accumulated amortisation	*(17,910)*	*(21,184)*	*(16,848)*	*(55,942)*

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	Leashold Improvements	Other property, plant and equipment	Right of use	Total
Of which:	1,801	4,435	17,449	3,707	6,949	49,617	83,958
- historical cost							
- accumulated depreciation	1,801	5,395	40,718	8,668	15,755	60,787	133,124
Investments		(960)	(23,269)	(4,961)	(8,806)	(11,170)	(49,166)
Disinvestments	1,258	2,429	10,637	1,619	1,929	9,875	27,747
Change in the scope of consolidation			(296)				(296)
Depreciation	93	545	1,987	436	668	5,246	8,975
Other changes		(229)	(7,842)	(1,002)	(1,851)	(9,518)	(20,442)
Balance at 30 April 2021							
Of which:	3,152	7,180	21,935	4,760	7,695	55,220	99,942
- historical cost							
- accumulated depreciation	3,152	8,369	53,046	10,723	18,352	75,908	169,550
Investments		(1,189)	(31,111)	(5,963)	(10,657)	(20,688)	(69,608)
Disinvestments		131	12,020	3,440	2,934	9,457	27,982
Change in the scope of consolidation							
Depreciation	156	1,212	724	256	890	3,915	7,153
Other changes		(299)	(8,969)	(870)	(1,805)	(11,191)	(23,134)
Balance at 30 April 2022							
Of which:	3,308	8,224	25,710	7,586	9,714	57,401	111,943
- historical cost							
- accumulated depreciation	3,308	9,712	65,790	14,419	22,176	89,280	204,685
- fondo ammortamento		*(1,488)*	*(40,080)*	*(6,833)*	*(12,462)*	*(31,87)*	*(92,742)*

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 office of Var Group Spa in Milan. The difference in right of use is due to rents contract for building to support the growth of perimeter and the growth of the Group's workforce.

19. Investment Property

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

(Euro thousands)	Land	Buildings	Total
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)
Investments			
Disinvestments			
Depreciation			
Balance at 30 April 2022	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 liabilities can be broken down as follows:

At 30 April

(Euro thousands)	2022	2021
Receivables for deferred tax assets within 12 months	12,739	10,287
Receivables for deferred tax assets after 12 months	3,171	2,700
Total receivables for deferred tax assets	15,910	12,987
Deferred tax liabilities	63,333	35,989
Total deferred tax liabilities	63,333	35,989

Net changes in these items are detailed as follows:

At 30 April

(Euro thousands)	2022	2021
Opening balance	(23,002)	(8,984)
Of which:		
- receivables for deferred tax assets	12,987	9,901
- deferred tax liabilities	35,989	18,885
Change in the scope of consolidation	(25,205)	(16,077)
Impact on income statement	1,346	2,110
Impact on statement of comprehensive income	(562)	(51)
Closing balance	(47,423)	(23,002)
Of which:		
- receivables for deferred tax assets	15,910	12,987
- deferred tax liabilities	63,333	35,989

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 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
Change in the scope of consolidation	1,574				1,574
Impact on income statement	880	469			1,349
Impact on statement of comprehensive income					
Balance at 30 April 2022	8,333	7,110	198	269	15,910

Changes in deferred taxes 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 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)

Deferred tax liabilities

(Euro thousands)	Differences in value of property, plant and equipment and intangible assets	Employee benefits	Other Entries	Total
Impact on statement of comprehensive income		51		51
Balance at 30 April 2021	34,956	(567)	1,600	35,989
Change in the scope of consolidation	26,779			26,779
Impact on income statement	(2,369)	530	1,842	3
Impact on statement of comprehensive income		562		562
Balance at 30 April 2022	59,366	525	3,442	63,333

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

The item in question is detailed as follows:

At 30 April

(Euro thousands)	2022	2021
Non-current receivables from others	2,878	2,781
Non-current equity investments in other companies	11,955	11,147
Non-current securities	461	225
Other non-current tax receivables	1,311	441
Non-current receivables from associated companies	50	50
Total other non-current receivables and assets	16,655	14,644
Current receivables from others	25,788	18,999
Other current tax receivables	10,864	9,378
Accrued income and prepaid expenses	47,472	28,723
Other current securities	2,594	240
Current receivables from non-consolidated group companies		294
Total other current receivables and assets	86,718	57,634

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)	2022	2021
Opening balance	11,147	10,984
Acquisitions and revaluations	1,956	2,136
Sales, write-downs and impairment	(1,224)	(19)
Reclassifications	76	(1,954)
Closing balance	11,955	11,147

The increase in Non-current equity investments during the year includes the acquisition of 55% of Addfor Industriale Srl (Euro 1,143 thousand) and 19% of Essedi Consulting Srl (Euro 187 thousands). The reduction in this item is due mainly to the depreciation and to the exit from the perimeter of Cosesa Srl.

22. Inventory

The item in question is detailed as follows:

At 30 April

(Euro thousands)	2022	2021
Finished products and goods for resale	141,301	84,087
Work in progress and semi-finished products	2,733	2,833
Total	**144,034**	**86,920**

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

(Euro thousands)	Provision for obsolescence of finished products and goods
Balance at 30 April 2021	1,785
Net change	792
Balance at 30 April 2022	2,577

23. Current Trade Receivables

The item in question is detailed as follows:

At 30 April		
(Euro thousands)	**2022**	**2021**
Trade receivables	462,974	378,615
Provision for bad debts	(29,812)	(24,392)
Trade receivables net of the provision for bad debts	433,162	354,223
Receivable from associates	1,417	1,558
Total current trade receivables	**434,579**	**355,781**

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 2022, amounted to Euro 21,974 thousand, compared to Euro 23,178 thousand at 30 April 2021. 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 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
Accrual to provisions	5,898
Use and other changes	(2,880)
Change in the scope of consolidation	2,402
Balance at 30 April 2022	29,812

24. Cash and Cash Equivalents

The item in question is detailed as follows:

At 30 April		
(Euro thousands)	**2022**	**2021**
Bank and post office deposits	496,189	426,568
Cheques	26	7
Cash	96	90
Total cash and cash equivalents	**496,311**	**426,665**

The following table shows the Group's cash and cash equivalents by currency at 30 April 2022 and 30 April 2021:

At 30 April

(Euro thousands)	2022	2021
Cash and cash equivalents in Euro	487,390	423,463
Cash and cash equivalents in foreign currency	8,921	3,202
Total cash and cash equivalents	**496,311**	**426,665**

25. Shareholders' Equity

SHARE CAPITAL

At 30 April 2022, 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 40,862 shares, equating to 0,263% of the share capital, purchased at an average price of 152,0 Euro under the treasury share purchase plan approved by the shareholders' meeting of 26 August 2021. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

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

Share capital

	Number of shares
Situation as at 30 April 2021	
Shares issued	15,494,590
Treasury shares in portfolio	61,160
Shares in circulation	15,433,430
Situation as at 30 April 2022	
Assignment of shares in execution of the Stock Grant Plan	58,000
Purchase of treasury shares	37,702
Situation as at 30 April 2022	
Shares issued	15,494,590
Treasury shares in portfolio	40,862
Shares in circulation	15,453,728

The shareholders who, as at 30 April 2022, 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 SpA	ITH SpA	8,183,323	52.81%

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 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)**
Actuarial gain(loss) for employee benefits - gross			1,929		1,929	284
Actuarial gain(loss) for employee benefits - tax effect			(491)		(491)	(71)
Purchase of treasury shares		(6,005)			(6,005)	
Sale of treasury shares						
Distribution of dividends				(2,122)	(2,122)	
Assignment of Stock Grants		3,835		(3,835)		
Vesting of Stock Grant plans				4,312	4,312	
Allocation of profit for the year	581				581	
Change in the scope of consolidation and other changes				(23,761)	(23,761)	
At 30 April 2022	**3,996**	**(6,215)**	**(1,390)**	**(41,369)**	**(44,978)**	**(774)**

DIVIDENDS

On 22 September 2022 Sesa distribuited a dividend for 0,85 Euro per share as resolved by the Ordinary Shareholders' Meeting of Sesa SpA held on 26 August 2021. The total amount of dividendi is equal to 13.168 Euro thousand, net of dividend of treasury share for which ahas been obtained.

EARNINGS PER SHARE

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

Year ended 30 April

(in Euro, unless otherwise specified)	2022	2021
Profit for the year - Group share in Euro thousands	73,519	52,271
Average number of ordinary shares (*)	15,456,094	15,432,403
Earnings per share - basic	4.76	3.39
Average number of ordinary shares (*)	15,494,590	15,490,403
Earnings per share - diluted	4.74	3.37

(*) 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

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 2022				
Items that cannot be reclassified to the income statement				
Actuarial gains / (losses) for employee benefits	1,438	1,438	213	1,651
Total	**1,438**	**1,438**	**213**	**1,651**
Other Comprehensive Income Components	1,438	1,438	213	1,651

26. Current and Non-current Loans

The table below provides a breakdown of this item at 30 April 2022 and 30 April 2021:

At 30 April 2022

(Euro thousands)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term loans	110,786	200,367		311,153
Short-term loans	50,267			50,267
Advances received from factoring companies	590			590
Financial liabilities for rights of use	11,084	23,584	10,265	44,933
Total	**172,727**	**223,951**	**10,265**	**406,943**

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

At 30 April 2021

(Euro thousands)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Financial liabilities for rights of use	10,245	22,094	11,532	43,871
Total	**122,206**	**198,486**	**11,532**	**332,224**

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

At 30 April

Funding entity	Original Amou	Company	New Loan	Expiry	Rate applied	30 April 2022	Of which current	30 April 2021	Of which current	30 April 2020	Of which current
BNL BNP Paribas S.p.A.	40,000	Var Group S.p.A.	apr-22	apr-27	Euribor 6m +0.75%	40,000	8,000				
BNL BNP Paribas S.p.A.	25,000	Computer Gross Italia S.p.A	lug-19	gen-25	Euribor 3m + 1.10%	15,000	5,000	18,750	5,000	22,500	3,750
CARIPARMA S.p.A. - Credit Agricole	25,000	Var Group S.p.A.	lug-20	lug-24	Euribor 3m +0.60%	14,136	6,259	20,358	6,222		
Banca Intesa S.p.A.	25,000	Var Group S.p.A.	mar-20	mar-25	Euribor 3m +1.10%	12,000	4,000	16,000	4,000	20,000	4,000
Banca Popolare Emilia Romagna S.p.A.	20,000	Var Group S.p.A.	feb-20	feb-23	Euribor 3m +0.85%	8,333	8,333	16,666	8,333		
Banca BPM	12,000	Var Group S.p.A.	mar-22	mar-27	Euribor 3m +1.1%	12,000	2,370				
Unicredit S.p.A.	11,500	Var Group S.p.A.	mag-21	mag-25	Euribor 3m +1.00%	9,344	2,875				
Unicredit S.p.A.	10,000	Computer Gross Italia S.p.A	mag-21	mag-25	Euribor 6m +0,65%	8,750	2,500				
Banca MPS S.p.A.	10,000	Computer Gross Italia S.p.A	feb-20	giu-25	Euribor 6m +0.65%	7,000	2,000	9,000	2,000	10,000	1,000
Banca Intesa S.p.A.	10,000	Computer Gross Italia S.p.A	nov-20	nov-23	Euribor 3m +0.85%	5,846	3,353	9,171	3,325		

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 40.0 million (residual value Euro 40.0 milioni) subscribed by Var Group SpA with BNL BNP Paribas in April 2022 (maturity 2027);
- Euro 25.0 million (residual value Euro 14.1 million) subscribed by Var Group SpA with Credit Agricole SpA in July 2020 (maturity 2024);
- Euro 20.0 milioni (residual value Euro 12.0 milioni) subscribed by Var Group SpA with Banca Intesa SpA in March 2020 (maturity 2025). This loan has been fully repaid in May 2022 following a new subscription of a loan with Banca Intesa SpA of Euro 25.0 million;

- Euro 25.0 million (residual value Euro 8.3 million) subscribed by Var Group SpA with Ubi Banca SpA in February 2020, transferred to BPER following the sale of UBI (maturity 2023);
- Euro 12.0 million (residual value Euro 12.0 million) subscribed by Var Group SpA with Banco BPM SpA in March 2022 (maturity 2027);
- Euro 11.5 million (residual value Euro 9.3 million) subscribed by Var Group SpA with Unicredit SpA in May 2021 (maturity 2025).

These loans require compliance with certain ratios of net financial position/shareholders' equity and/or net financial position/Ebitda of the SSI Sector. In the financial year ended 30 April 2022, 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:

At 30 April

(Euro thousands)						
Funding entity	**New loan**	**Expiry**	**2022**	**Of which current**	**2021**	**Of which current**
Leasint SpA	May-18	May-30	3,347	332	3,675	328
Leasint SpA	Jan-17	May-30	6,204	437	6,630	425
Leasint SpA	Sep-13	May-30	448	25	472	25
Leasint SpA	Oct-10	May-30	5,341	304	5,639	298
Leasint SpA	Dec-08	Sep-25	151	92	238	87
Operating leases, car leases and rentals			29,442	9,894	27,217	9,082
Total			**44,933**	**11,084**	**43,871**	**10,245**

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

At 30 April

(Euro thousands)	2022	2021
Minimum payments due		
Within 12 months	11,927	11,246
Between 1 and 5 years	25,296	24,349
Over 5 years	10,831	12,344
	48,054	**47,939**
Future financial expenses	(3,121)	(4,068)
Current value of financial leasing liabilities	44,933	43,871

the table below shows the Group's net financial debt at 30 April 2022 and 30 April 2021 in accordance with ESMA and Consob recommendations:

At 30 April

(Euro thousands)	2022	2021
A. Cash	96	90
B. Cash equivalents	496,215	426,575
C. Other current financial assets	2,594	240
D. Liquidity (A) + (B) + (C)	498,905	426,905
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	50,857	34,172
F. Current portion of non-current financial debt	121,870	88,034
G. Current financial debt (E) + (F)	172,727	122,206
H. Net current financial debt (G) - (D)	(326,178)	(304,699)
I. Non-current financial debt (excluding the current portion and debit instruments)	234,216	210,018
J. Non-current financial debt (I)	234,216	210,018
K. Net current financial debt (G) + (J)	**(91,962)**	**(94,681)**

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)	2022	2021
Cash flows generated by operating assets before changes in net working capital	167,726	127,087
change in working capital	(17,861)	21,041
Cash flow generated by (used in) operating activities before changes in lease liabilities	149,865	148,128
Payment of lease principal	(13,555)	(11,561)
Cash flow generated by (used in) operating activities (A)	136,310	136,567
Cash flow generated by (used in) investment activities (B)	(25,314)	(30,263)
Free cash flow (A+B)	110,996	106,304
Cash flow generated by (used in) acquisition investment activities (C)	(92,311)	(61,974)
(Purchase) sale of other equity investments and securities (D)	(757)	(732)
Cash flow generated by (used in) investment activities (B+C+D)	(118,382)	(92,969)
Cash flow generated by (used in) operating and investment activities	17,928	43,598
Treasury shares	(6,005)	(3,107)
Dividends distributed	(14,642)	(510)
Change in net debt	**(2,719)**	**39,981**
Opening Net Financial Position	**94,681**	**54,700**
Change in Net Financial Position	(2,719)	39,981
Closing Net Financial Position	**91,962**	**94,681**

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)	2022	2021
Opening balance	40,897	31,022
Service cost	4,516	3,525
Bond interest	332	283
Uses and advances	(3,423)	(1,769)
Actuarial loss/(gain)	(2,213)	(216)
Change in the scope of consolidation and purchase of business branches	4,270	8,052
Closing balance	**44,379**	**40,897**

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

At 30 April

(Euro thousands)	2022	2021
Economic assumptions		
Rate of inflation	1.70%	1.00%
Discount rate	2.29%	0.78%
TFR increase rate	2.78%	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%	42,554
	-0.50%	45,937
Average annual rate of inflation	0.50%	44,961
	-0.50%	43,439
Turnover rate	0.50%	44,105
	-0.50%	44,201

28. Provisions for Risks and Charges

Chenges in these items are detailed as follows:

(Euro thousands)	Provision for agents' pension plans	Other risk provisions	Total
At 30 April 2020	1,323	961	2,284
Change in the scope of consolidation	98	272	370
Accruals to provisions	157	1,730	1,887
Uses	(28)	(273)	(301)
Discharges	1,550	2,690	4,240

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 at 30 April 2022;
- Accruals to provisions for miscellaneous charges equal to Euro 1,730 thousand attributable to the probable expenses to be incurred for the settlement of disputes and contractual obligations of some Group companies, including mainly Var Group SpA, IFM Infomaster SpA and Apra SpA;
- Uses of Euro 273 thousand referring mainly to the settlement of certain liabilities already recognised among provisions at 30 April 2022.

It should be noted that Var Group SpA was subject to audit by the "Guardia di Finanza" (Financial Police) of Florence which ended with the issue of a Tax Audit Report (Processo Verbale di Constatazione - "PVC") on 2 April 2021, containing findings on IRES, IRAP 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 tax audit report, paying the relative taxes, penalties and interest for a total of Euro 1.5 million.

On 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 tax audit report for the portion not already settled and paid in 2021.

It should also be noted that, at the date of preparation of this annual report, despite the Group's constantly e 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)	2022	2021
Accrued liabilities and deferred income	95,994	70,642
Tax payables	13,675	11,001
Payable to personnel	30,900	24,666
Other payables	10,493	7,566
Payable to social security institutions	6,681	5,753
Advances from customers	7,180	15,293
Derivative liabilities	168	366
Total other current liabilities	**165,091**	**135,287**

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.

Year ended 30 April

(Euro thousands)	2022
Payments to directors	955
Payments to statutory auditors	23

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 2022, the shares relating to the annual target of 58,000 shares have matured. The remuneration of the statutory auditors refers only to the period 1 May 2021 to 26 August 2021, the date on which the company adopted the one-tier governance model.

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 2022 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	129
Other assurance services	PwC	Parent Company Sesa SpA	10
Other assurance services	PwC	Subsidiary Companies	14
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 2022, further services were rendered relating mainly to the limited review of the Non-Financial Statement of Sesa SpA and other audit procedures.

31. Transaction 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 2022 and 30 April 2021:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impacton the item
Current trade receivables						
At 30 April 2022	6,101			10	6,111	1.41%
At 30 April 2021	1,209	4			1,213	0.34%
Other current receivables and assets						
At 30 April 2022	29				29	0.17%
At 30 April 2021	28				28	0.05%
Employee benefits						

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impacton the item
At 30 April 2022			67		67	0.15%
At 30 April 2021			59		59	0.14%
Trade payables						
At 30 April 2022	3,861		138	71	4,070	0.77%
At 30 April 2021	2,797		194	222	3,213	0.88%
Other current liabilities						
At 30 April 2022			114		114	0.07%
At 30 April 2021			159		159	0.12%

The following table details the economic effects of transactions with related parties in the years ended 30 April 2022 and 30 April 2021:

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impacton the item
Revenues						
At 30 April 2022	9,990	78	10	2	10,080	0.43%
At 30 April 2021	5,175	78	10	11	5,274	0.26%
Other income						
At 30 April 2022	53	4	15		72	0.26%
At 30 April 2021	57	2	15		74	0.50%
Consumable materials and goods						
At 30 April 2022	1,176				1,176	0.06%
At 30 April 2021	6,811				6,811	0.43%
Costs for services and for the use of third-party goods						
At 30 April 2022	9,266		5,680	488	15,434	7.57%
At 30 April 2021	8,031		4,580	439	13,050	8.31%
Personnel costs						
At 30 April 2022			1,117		1,117	0.57%
At 30 April 2021			1,049		1,049	0.64%
Other operating costs						
At 30 April 2022						0.00%
At 30 April 2021						0.00%
Financial income						
At 30 April 2022						0.00%
At 30 April 2021						0.00%
Financial expenses						
At 30 April 2022	2				2	0.01%
At 30 April 2021	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 Sistemi Manageriali 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. The increase in trade receivables from associated companies is attributable to the sales of IT solutions to Sistemi Manageriali Srl, an associated company acquired during the year.

PARENT COMPANIES

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

TOP MANAGEMENT

Relations with top management refer mainly to the remuneration of directors and executives with strategic responsibilities, as well as close family members. In particular, payroll costs include the remuneration of directors and executives with strategic responsibilities for employment, while costs for services and the use of third-party assets include remuneration for directors, 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, specifically in the 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 2022.

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

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

- the adequacy in relation to the characteristics of the business, and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2022.

2. The application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 30 April 2022 did not reveal any significant aspects.

It is also certified that:

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 truthful and fair representation of the issuer's assets and liabilities, as well as its financial and economic position, and of all the companies included within the scope of consolidation.

- 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 2022

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

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 2022, 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 2022, 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 2022 revenues were recognised for an amount equal to € 2,363 million. The Group operates 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 2022, trade receivables were recognised for an amount equal to € 433 million, net of the related provision for bad debts, which represent 27.8% 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 2022 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 audit matter given the significance of the item in	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 2022 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 by the directors were reasonable, in order to

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.	estimate the provision for bad debts in accordance with the provisions of IFRS 9.

Responsibilities of the Directors and the Management Control Committee 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 management control committee 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 management control committee, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Sesa SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

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 2022, 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 2022 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 2022 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, 25 July 2022

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-Apr-22	30-Apr-21
ADIACENT SRL	47DECK SRL	Reggio Emilia (RE)	20,000	Merger with Adiacent	100.0%
BASE DIGITALE SECURITY SOLUTIONS SR	A PLUS SRL	Empoli (FI)	100,000	51.0%	n.a.
ADVIEW SRL	OTCADA MEX S DE RL DE DV	Guadalajara, Jalisco, Messico	10,000 MXN	100.0%	n.a.
BASE DIGITALE SECURITY SOLUTIONS SRL	ABS TECHNOLOGY SPA	Firenze (FI)	2,300,000	100.0%	n.a.
BASE DIGITALE SPA	ABS TECHNOLOGY SPA	Firenze (FI)	2,300,000	n.a.	100.0%
ADIACENT SRL	ADACTO SRL	Empoli (FI)	100,000	100.0%	n.a.
VAR GROUP SPA	ADDFOR INDUSTRIALE SRL	Empoli (FI)	10,850	58.5%	n.a.
ADACTO SRL	ADVIEW SRL	Empoli (FI)	10,000	100.0%	n.a.
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ADIACENT NTERNATIONAL SRL	Empoli (FI)	10,100	60.4%	60.4%
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	51.0%	51.0%
BASE DIGITALE SPA	TECNIKE' SRL	Arezzo (AR)	10,000	51.0%	51.0%
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	87.5%	75.0%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	55.0%
SESA SPA	BASE DIGITALE GROUP SRL	Firenze (FI)	6,230,920	81.3%	n.a.
BASE DIGITALE GROUP SRL	BASE DIGITALE SPA	Firenze (FI)	5,435,000	81.3%	n.a.
SESA SPA	BASE DIGITALE SPA	Firenze (FI)	5,435,000	n.a.	71.0%
BASE DIGITALE GROUP SRL	BASE DIGITALE PLATFORM SRL	Firenze (FI)	10,000	81.3%	n.a.
BASE DIGITALE GROUP SRL	BASE DIGITALE SECURITY SOLUTION SRL	Firenze (FI)	10,000	99.0%	n.a.
DI.TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	100.0%
VAR GROUP SPA	BLOCKIT SRL	Padova (PD)	27,400	69.8%	66.2%
YARIX SRL				30.2%	30.2%
ICOS GMBH	BRAINWORKS COMPUTER-TECHNOLO-GIE GmBH	Munchen	25,659	100.0%	n.a.
VAR GROUP SPA	CADLOG GROUP SRL	Milano (MI)	100,000	60.0%	n.a.
CADLOG GROUP SRL	CADLOG SRL	Milano (MI)	10,000	Merger with cadlog group	n.a.
CADLOG GROUP SRL	CADLOG GMBH	Eching	25,565	100.0%	n.a.
CADLOG GROUP SRL	CADLOG SL	Madrid	3,000	94.0%	n.a.
CADLOG GROUP SRL	CADLOG SAS	Tremblay-en-France	10,000	100.0%	n.a.
PBU CAD-Systeme GMBH	CIMTEC GMBH	Großheirath	25,000	100.0%	n.a.
BASE DIGITALE SECURITY SOLUTIONS SRL	CITEL SPA	Milano (MI)	606,060	67.0%	n.a.

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-22	Percentage held at 30-Apr-21
VAR GROUP SPA	DATEF SPA	Bolzano (BZ)	126,000	51.0%	n.a.
BEENEAR SRL	DI VALOR SOLUÇÕES EM TECNOLOGIA E CONSULTORIA LTDA	Jardim Das Perdizes	375,000 Reais	10.0%	10.0%
DI.TECH SPA				90.0%	90.0%
VAR GROUP SPA	VAR4TEAM SRL	Bergamo (BG)	202,500	60.5%	60.5%
VAR ONE SRL				14.2%	14.2%
COMPUTER GROSS SPA	VALUE 4CLOUD SRL	Empoli (FI)	50,000	100.0%	100.0%
COMPUTER GROSS SPA	CLEVER CONSULTING SRL	Milano (MI)	34,860	55.0%	55.0%
VAR GROUP SPA	VAR BMS SPA	Milano (MI)	1,562,500	91.4%	90.0%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
COMPUTER GROSS SPA	KOLME SRL	Milano (MI)	150,000	66.0%	n.a.
SAILING SRL	MERSY SRL	Empoli (FI)	10,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS ACCADIS SRL	Roma (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	Genova (GE)	10,000	Merger with Var Group Srl	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%	100.0%
VAR GROUP SPA	DIGITAL CLOUD SRL	Empoli (FI)	80,000	79.3%	n.a.
VAR GROUP SPA	DIGITAL SECURITY SRL	Empoli (FI)	100,000	90.3%	n.a.
BASE DIGITALE PLATFORM SRL	DIGITAL STORM SRL	Milano (MI)	25,000	60.0%	n.a.
BASE DIGITALE SPA	DIGITAL STORM SRL	Milano (MI)	25,000	n.a.	60.0%
GENCOM SRL	DIGITAL WORKSPACE SRL	Empoli (FI)	20,000	35.0%	n.a.
MY SMART SERVICES SRL				65.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	18.0%	18.0%
VAR SYSTEM SRL				82.0%	82.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	ELMAS SRL	Empoli (FI)	41,600	75.0%	n.a.
ABS TECHNOLOGY SPA				n.a.	60.0%
VAR GROUP SPA				7.5%	7.5%
YARIX SRL				7.5%	7.5%
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	51.0%
ADIACENT INTERNATIONAL SRL	FEN WO (SHANGAI) MANAGEMENT CONSULTING CO., LTD	Shanghai	195,624	55.3%	n.a.
DIGITAL SECURITY SRL	GENCOM SRL	Forlì (FO)	82,000	40.0%	n.a.
YARIX SRL				60.0%	60.0%
BASE DIGITALE PLATFORM SRL	IFM INFOMASTER SPA	Genova (GE)	661,765	66.8%	n.a.
BASE DIGITALE SPA	IFM INFOMASTER SPA	Genova (GE)	661,765	n.a.	60.2%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	510,200	81.3%	79.4%
ICOS SPA	ICOS Deutschland GmbH	Munchen	100,000	100.0%	100.0%
COMPUTER GROSS SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	66.7%	66.7%
VAR GROUP SPA				33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (FI)	10,000	100.0%	100.0%
DATEF SRL	INDUSTRIAL CYBER SECURITY SRL	Bolzano (BZ)	50,000	70.0%	n.a.
ADIACENT INTERNATIONAL SRL	ALISEI CONSULTING LDT	Shanghai	200,000 CNY	100.0%	100.0%
VAR GROUP SPA	INFOLOG SPA	Modena (MO)	300,000	51.0%	51.0%
VAR GROUP SPA	KLEIS SRL	TORINO (TO)	10,400	51.0%	51.0%
DIGITAL CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	49.0%	n.a.
LEONET4CLOUD SRL				51.0%	51.0%
VSH SRL	VAR SERVICE SRL	Empoli (FI)	66,263	72.0%	63.6%
M.F. SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	2.8%	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
DIGITAL CLOUD SRL	LEONET4CLOUD SRL	Empoli (FI)	60,000	100.0%	n.a.
VAR GROUP SPA	LEONET4CLOUD SRL	Empoli (FI)	60,000	n.a.	100.0%
VSH SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
DIGITAL SECURITY SRL	NGS SRL	Padova (PD)	10,000	60,0%	n.a.
BASE DIGITALE GROUP SRL	OMIGRADE SRL	Colecchio (PR)	63,000	40,0%	n.a.
OMIGRADE SRL	OMIGRADE SERVIZI SRL	Colecchio (PR)	46,800	100,0%	n.a.
PALITASOFT SRL	PAL IFM SRL	Catanzaro (CZ)	50,000	55.0%	n.a.
APRA SPA	PALITALSOFT SRL	Jesi (AN)	135,000	55.0%	55.0%
SIRIO INFORMATICA E SISTEMI SPA	PANTHERA SRL	Milano (MI)	500,000	79.4%	80.4%
VAR GROUP SPA				9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbgH	Aichach	26,100	60.0%	60.0%
VAR ONE SRL	PEGASO SRL	Piacenza (PC)	51,480	51.0%	n.a.
COMPUTER GROSS SPA	PICO SRL	Reggio Emilia (RE)	50,000	Merger with Computer Gross Spa	100.0%
COMPUTER GROSS SPA	P.M. SERVICE S.R.L.	Pontassieve (FI)	145,928	70.0%	n.a.
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	68.1%	n.a.
VAR GROUP SPA	PRAGMA PROGETTI SRL	TORINO (TO)	100,000	36.0%	20.0%
PANTHERA SRL	SOFTHARE	Tunisi	250000 TND	99.0%	99.0%
LEONET4CLOUD SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	31.8%
VAR INDUSTRIES SRL				31.8%	31.8%
SESA SPA	ADIACENT SRL	Empoli(FI)	1,091,586	27.4%	33.5%
VAR GROUP SPA				50.9%	53.1%
BASE DIGITALE SPA				2.5%	2.5%
APRA SPA				7.4%	7.4%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	87.5%	75.0%
PM SERVICE SRL	SEBIC INVESTMENTS SRL	Pontassieve (FI)	10,000	100.0%	n.a.
ADACTO SRL	SEMIO SRL	Empoli (FI)	20,000	100.0%	n.a.
COMPUTER GROSS SPA	SERVICE TECHNOLOGY SRL	Arezzo (AR)	12,350	55.0%	55.0%
VAR ONE SRL	SINAPSI INFORMATICA SRL	Monselice (PD)	55,488	Merger with Var One Nord est	67.0%
VAR ONE SRL	VAR ONE NORD EST SRL	Pordenone (PN)	30,000	100.0%	100.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milano (MI)	1,020,000	51.0%	51.0%
VAR SERVICE SRL	ISD NORD SRL	Roma (RM)	10,400	100.0%	100.0%
ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	51.0%	51.0%
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	30.0%	30.0%
BASE DIGITALE GROUP SRL	S.T.B. SRL	Collecchio (PR)	46,800	70.0%	n.a.
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	51.0%	n.a.
OMIGRADE SRL	S.T.B. SRL	Colecchio (PR)	46,800	30.0%	n.a.
VAR GROUP SPA	TALENT WARD SRL	Empoli (FI)	50,000	80.0%	n.a.
OMIGRADE SRL	T&O SRL	Colecchio (PR)	1,000	65.0%	n.a.
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milano (MI)	308,504	61.0%	61.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milano (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	URBANFORCE S.C.A.R.L.	Empoli (FI)	20,000	28.6%	n.a.
ADIACENT SRL				14.3%	n.a.
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	50.0%
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini (RN)	73,432	Merger with Var group Srl	100.0%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	96.6%	95.6%
VAR GROUP SRL	VAR GROUP CENTRO SRL	Empoli (FI)	41,053	Merger with Var Group Srl	100.0%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR GROUP SPA	VAR Hub SRL	Empoli	33,333	45.0%	100.0%
DI.TECH SPA				55.0%	n.a.
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	255,364	81.0%	78.1%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	100.0%
APRA SPA	VAR INDUSTRIES SRL	Milano (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%	85.0%
MY SMART SERVICES SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	100.0%	n.a.

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
LEONET4CLOUD SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	n.a.	50.0%
VAR GROUP NORD OVEST SRL				n.a.	50.0%
MY SMART SERVICES SRL	VAR4YOU SRL	Empoli (FI)	30,000	100.0%	n.a.
LEONET4CLOUD SRL	VAR4YOU SRL	Empoli (FI)	30,000	n.a.	70.0%
VAR SERVICE SRL				n.a.	30.0%
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	50.0%	50.0%
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	100.0%	100.0%
VAR GROUP SPA	YARIX SRL	Montebelluna (TV)	30,000	n.a.	100.0%
DIGITAL SECURITY SRL	YARIX SRL	Montebelluna (TV)	30,000	100.0%	n.a.
DIGITAL SECURITY SRL	WEELGO SRL	Bergamo (BG)	10,000	49.0%	n.a.
GENCOM SRL				51.0%	51.0%
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	100.0%
VAR GROUP SPA	WSS ITALIA SRL	Milano (MI)	35,000	55.0%	55.0%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	55.0%	n.a.
APRA SPA	Z3 ENGINEERING SRL	Lanciano (CH)	10,500	35.0%	n.a.
VAR ONE SRL				25.0%	n.a.
DIGITAL CLOUD SRL	ZERO12 SRL	Padova (PD)	10,101	100.0%	n.a.
VAR GROUP SPA	ZERO12 SRL	Padova (PD)	10,000	n.a.	54.5%

ASSOCIATED COMPANIES

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	20.0%	n.a.
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR BMS SPA	B.I.T. SRL	Milano (MI)	100,000	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milano (MI)	100,000	47.5%	47.5%
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%
DATEF SRL	INOVA Q GMBH	Wien	51,646	45.0%	n.a.
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	28.6%	28.6%
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	50.0%	50.0%
M.F. SERVICES SRL				14.3%	n.a.
VAR SERVICE SRL	ISD ITALY SRL	Frascati (RM)	21,000	14.3%	n.a.
VSH SRL				14.3%	n.a.

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
VAR BMS SPA	ISO SISTEMI SRL	Genova (GE)	63,000	25.0%	25.0%
VAR PRIME SRL	J.D.I. SRL	Udine (UD)	10,000	n.a.	20.0%
COMPUTER GROSS SPA	KOLME SRL	Milano (MI)	150,000	n.a.	33.3%
VAR GROUP SPA	LABOVAR SRL	Instrana (TV)	50,000	49.0%	n.a.
ADACTO SRL	LAGUNAROCK SRL	Pontedera (PI)	10,000	35.0%	n.a.
OMIGRADE SRL	LAW ON CHAIN S.R.L.	Colecchio (PR)	50,000	30.6%	n.a.
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (FI)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	33.0%	20.0%
VSH SRL	MTS&CARE	Gorlago (BG)	10,000	25.0%	n.a.
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	n.a.	20.0%
LEONET4CLOUD SRL	S.A. CONSULTING SRL	Milano (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI	10,400	25.0%	25.0%
COMPUTER GROSS SPA	SISTEMI MANAGERIALI SRL	Pratovecchio Stia (AR)	12,000	33.1%	n.a.
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Roma (RM)	18,504	50.0%	50.0%
ADACTO SRL	The Greenwatch srl	Milano (MI)	10,000	35.0%	n.a.
GENCOM SRL	T-STATION ACADEMY SRL	Forlì (FO)	25,000	40.0%	40.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milano (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	n.a.	50.0%

OTHER COMPANIES

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	n.a.	10.0%
VAR GROUP SPA	ALDEBRA SPA	Trento (TN)	1,398,800	11.8%	9.0%
VAR INDUSTRIES SRL	AMAECO SRL	Fiorano Modenese (MO)	20,000	10.0%	10.0%
APRA SPA	ANALISYSIS SRL	Trebbo di Reno (Bo	10,400	15.0%	15.0%
VAR GROUP SPA	APIO SRL	Pescara (PE)	14,882	9.3%	9.3%
YARIX SRL	ATHESYS SRL	Padova (PD)	30,000	10.0%	10.0%
VAR GROUP SPA	AXED SPA	Latina (LT)	2,000,000	0.1%	0.1%
VAR GROUP SPA	CAP SOLUTIONS SRL	Genova (GE)	100,000	15.0%	15.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
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	Torino (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%
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%	13.5%
ADIACENT SRL	DIGITAL SERVICE LEONE SRL	Firenze (FI)	1,160,000	13.8%	13.8%
VAR PRIME SRL	DYNAMICS BUSINESS SOLUTION SRL	Caserta (CE)	11,765	19.9%	n.a.
VAR GROUP SPA	DITECFER SCARL	Pistoia (PT)	96,000	2.0%	2.0%
SESA SPA	DV HOLDING SPA	Roma (RM)	100,000	6.0%	n.a.
VAR ONE SRL	ECA CONSULT SRL	Mordano (BO)	40,000	8.0%	8.0%
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%	10.0%
VAR BMS SPA	ESSEDI CONSULTING SRL	Cologno Monzese (MI)	10,000	19.0%	n.a.
APRA SPA	G.L. ITALIA Srl	Milano (MI)	10,400	9.0%	9.0%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (AR)	65,519	10.0%	10.0%
LEONET4CLOUD SRL	INFOSVIL SRL	Firenze (FI)	20,400	10.0%	10.0%
COLLABORATION VALUE SRL	ITF SRL	Empoli (FI)	100,000	10.0%	10.0%
VAR INDUSTRIES SRL	LINFA DIGITALE SRL	Lucca (LU)	10,000	10.0%	n.a.
VAR GROUP SPA	MACRO GROUP COMMERCIALE SRL	Bologna (BO)	50,000	19.0%	19.0%
COSESA SRL	NEGENTIS SRL	Firenze (FI)	82,051	2.5%	2.5%
SESA SPA	PARENTSMILE SRL	Vicenza (VI)	200,000	10.0%	n.a.
VAR PRIME SRL	PIESSE QUADRO SRL	Bovolone (VR)	20,800	10.0%	10.0%
COMPUTER GROSS SPA	P.M. SERVICE S.R.L.	Pontassieve (FI)	145,928	n.a.	19.0%
DELTA PHI SIGLA SRL	PLAYERP SRL	Empoli (FI)	20,000	19.0%	n.a.
ABS TECHNOLOGY SPA	R & C APPALTI SRL	Roma (RM)	13,600	17.0%	n.a.
BASE DIGITALE SPA	SAIL CLOUD SOLUTIONS SRL	TORINO (TO)	13,000	n.a.	9.5%
ADIACENT SRL				n.a.	9.5%
DATEF SRL	SAIM SRL	Terni	200,000	2.5%	n.a.

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-22	30-Apr-21
DELTA PHI SIGLA SRL	CONSORZIO VAR GROUP	Empoli (FI)	45,448	5.9%	5.9%
YARIX SRL				5.9%	5.9%
GENCOM SRL				5.9%	5.9%
DATEF SRL				5.9%	n.a.
ICT LOGISTICA SRL				5.9%	5.9%
VAR4YOU SRL				5.9%	5.9%
LEONET4CLOUD SRL				5.9%	5.9%
DIGITAL SECURITY SRL				5.9%	n.a.
VAR NEXT SRL				5.9%	5.9%
EAST SERVICES SRL				5.9%	5.9%
NEBULA SRL				5.9%	5.9%
VAR ENGINEERING SRL				5.9%	5.9%
MF SERVICES SRL				5.9%	5.9%
APRA SPA				5.9%	n.a.
WSS ITALIA SRL				5.9%	5.9%
ZERO 12 SRL				5.9%	5.9%
VAR SERVICE SRL				5.9%	5.9%
MY SMART SERVICES SRL				5.9%	5.9%
PALITALSOFT SRL				5.9%	n.a.
VAR SYSTEM SRL				5.9%	5.9%
ADIACENT SRL				5.9%	5.9%
VAR GROUP SPA				5.9%	5.9%
SINAPSI INFORMATICA SRL	SIGEA SRL	Oderzo (TV)	100,000	10.0%	10.0%
DELTA PHI SIGLA SRL	SIGLA TAILOR MADE SRL	Empoli (FI)	10,000	19.0%	19.0%
VAR GROUP SRL	S.I.L. COMPUTER SRL	Livorno (LI)	10,000	19.9%	19.9%
VAR GROUP SPA	SMARTLABS SRL	Roma (RM)	150,000	10.0%	10.0%
TECH VALUE SRL	SOLVE.IT SRL	Torino (TO)	90,000	12.4%	12.0%
VAR GROUP SPA	SPORTEAMS SRL	Bagno a Ripoli (FI)	20,652	0.2%	n.a.
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	n.a.	15.0%
VAR GROUP SPA	SYSDAT.IT Srl	Milano (MI)	100,000	10.0%	10.0%
VAR PRIME SRL	VAR4RETAIL SRL	Treviso (TV)	23,529	15.0%	n.a.
VAR INDUSTRIES SRL	VAR PLUS SRL	Empoli (FI)	10,000	15.0%	15.0%
VAR GROUP SRL	VAR SOLUTIONS SRL	Milano (MI)	10,000	10.0%	10.0%

Separate financial statements as of April 30, 2022

SEPARATE INCOME STATEMENT

Year ended 30 April

(Euro thousands)	Note	2022	2021
Revenues	5	12,273	11,242
Other income	6	3,074	2,695
Consumables and goods for resale	7	(57)	(32)
Costs for services and rent, leasing, and similar costs	8	(9,136)	(7,459)
Personnel costs	9	(6,858)	(6,057)
Other operating costs	10	(204)	(147)
Amortisation and Depreciation	11	(413)	(399)
Operating result		(1,321)	(157)
Share of profits of companies valued at equity			
Financial income	12	18,581	12,023
Financial expenses	12	(29)	(31)
Profit before taxes		17,231	11,835
Income taxes	13	(35)	(208)
Profit for the year		**17,196**	**11,627**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April

(Euro thousands)	Note	2022	2021
Profit for the year		17,196	11,627
Items that cannot be reclassified to the Income Statement			
Actuarial gain (loss) for employee benefits - Gross effect		142	-64
Actuarial gain (loss) for employee benefits - Tax effect		(34)	15
Comprehensive income for the year		**17,304**	**11,578**

SEPARATE STATEMENT OF FINANCIAL POSITION

At 30 April

(Euro thousands)	**Note**	**2022**	**2021**
Intangible assets	14	197	197
Rights of use		263	311
Property, plant and equipment	15	408	578
Investment property	16	6	7
Equity investments	17	88,626	83,645
Deferred tax assets	18	1,100	868
Other non-current receivables and assets	19	6,787	6,787
Total non-current assets		97,387	92,393
Current trade receivables	20	1,659	1,895
Current tax receivables		49	17
Other current receivables and assets	19	4,583	4,829
Cash and cash equivalents		3,217	5,689
Total current assets		9,508	12,430
Total assets		**106,895**	**104,823**
Share capital	21	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves	21	10,183	13,310
Profits carried forward		17,196	11,627
Total Shareholders' equity		97,650	95,208
Non-current loans	23		
Financial liabilities for non-current rights of use		146	71
Non current financial liabilities and commitments for purchase of shares from non-controlling interests			
Employee benefits	24	1,947	1,870
Non-current provisions	25		
Deferred tax liabilities	18	41	60
Total non-current liabilities		2,134	2,001
Current loans	23	42	251
Financial liabilities for current rights of use		121	243
Current financial liabilities and commitments for purchase of shares from non-controlling interests		45	54
Trade payables		1,154	886
Current tax payables		6	2,295
Other current liabilities	26	5,743	3,885
Total current liabilities		7,111	7,614
Total liabilities		9,245	9,615
Total shareholders' equity and liabilities		**106,895**	**104,823**

SEPARATE STATEMENT OF CASH FLOWS

Year ended 30 April

(Euro thousands)	Note	2022	2021
Profit before taxes		17,231	11,835
Adjustments for:			
Amortisation and Depreciation	11	412	399
Accruals to provisions relating to personnel and other provisions	24	305	171
Net financial (income) expense	12	(17,991)	(12,001)
Capital gains/losses from transfer and other non-monetary entries		3,738	3,257
Cash flows generated from operating activities before changes in net working capital		3,695	3,661
Change in trade receivables	20	236	(571)
Change in payables to suppliers		268	39
Change in other assets	19	(115)	3,873
Change in other liabilities	26	1,858	(2,291)
Employee benefits	24	(104)	(76)
Change in deferred taxes		(349)	(375)
Change in receivables and payables for current taxes		(1,718)	559
Interest paid			(6)
Taxes paid		(638)	(713)
Net cash flow generated from operating activities		3,133	4,100
Equity investments	17	(3,500)	(7,936)
Investments in property, plant and equipment	14	(42)	(355)
Investments in intangible assets	15	(63)	(132)
Disposal of tangible and intangible assets			2
Non-current equity investments in other companies	19	(1,481)	(3,780)
Disposals of non-current equity investments in other companies	17,19	1,000	
Dividends collected		18,000	12,000
Interest collected		7	23
Net cash flow generated from/(used in) investing activities		13,921	(178)
(Reduction)/increase in short-term loans	3,26	(197)	(752)
Repayment of financial liabilities for rights of use		(156)	(140)
Treasury shares		(6,005)	(3,108)
Capital increase and/or Shareholder payment	21		
Dividends distributed		(13,168)	
Net cash flow generated from/(used in) financing activities		(19,526)	(4,000)
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		(2,472)	(78)
Opening balance of cash and cash equivalents		5,689	5,767
Closing balance of cash and cash equivalents		3,217	5,689

SEPARATE STATEMENT OF CHANGES IN EQUITY

Changes in separate shareholders' equity

(Euro thousands)	Share Capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' Equity
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					0
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**
Actuarial gain/(loss) for employee benefits - gross			142		142
Actuarial gain/(loss) for employee benefits - tax effect			(34)		(34)
Transactions with shareholders					
Purchase of treasury shares			(6,005)		(6,005)
Sale of treasury shares					
Distribution of dividends			(2,122)	(11,046)	(13,168)
Assignment of shares in execution of Stock Grants					
Stock Grant Plan - shares vesting in the period			4,312		4,312
Other changes					
Allocation of profit for the year			581	(581)	
Profit for the year				17,196	17,196
At 30 April 2022	**37,127**	**33,144**	**10,183**	**17,196**	**97,650**

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 2022.

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 2022 are illustrated below.

2.1 Preparation Basis

The separate financial statements for the year ended 30 April 2022 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 2021, prepared in compliance with the same principles. The separate financial statements have been prepared under the assumption that the company is a going concern, in that the Directors have verified that there are no financial, management or other indicators that could indicate critical issues regarding the Group's ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Group manages financial risks is contained in note 3 on "Financial risk management". The separate financial statements have been prepared and presented in Euro, which is the currency of the prevailing economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are stated in Euro thousands. The financial statement schedules and relative classification criteria adopted by the Group within the scope of the options envisaged by IAS 1 Presentation of Financial Statements are indicated below:

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

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

2.2. Valuation Criteria

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

PROPERTY, PLANT AND EQUIPMENT

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

Useful life of tangible assets

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 tangible asset categories is as follows:

Useful life of intangible assets

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.

INVESTMENTS 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 2022, 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 payroll costs in the period in which the work is performed.

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

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

STOCK GRANT PLAN

In compliance with IFRS 2 - Share-based payments, the total amount of the current value of the stock grants at the assignment date is recognised entirely in the income statement under 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 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 January 2020, the IASB endorsed some amendments, in particular: Amendments to IFRS 9 (Financial Instruments); IAS 39 (Financial Instruments: Recognition and Measurement), IFRS 7 (Financial Instruments: Disclosure); IFRS 4 (Insurance Contracts); IFRS 16 (Leases) - Interest Rate Benchmark Reform phase 2. These amendments are effective for annual reporting periods beginning on or after 1 January 2021. The amendment modifies some of the requirements for the application of hedge accounting, providing for temporary exceptions in order to mitigate the impact of the uncertainty of the IBOR reform (still in progress) on future cash flows in the period preceding its completion;
- In March 2021, the IASB published an additional amendment to IFRS 16 to extend the possibility of using also for the period from 30 June 2021 to 30 June 2022 the optional practical expedient for the assessment of leasing contracts in the event that, following the Covid-19 emergency, concessions relating to the lease payments have been obtained. The amendment is effective for annual reporting periods beginning on or after 1 January 2021. As of the date of this Report, the Group has not made use of the optional practical experience introduced by the amendment indicated above;
- In June 2020, the IASB published an amendment to “IFRS 4 Insurance Contracts - deferral of IFRS 9” with the aim of clarifying some application aspects of IFRS 9 pending the definitive application of IFRS 17. The amendments apply to annual reporting periods beginning on or after 1 January 2021.These amendments did not have any impact on the consolidated financial statements of the Group.

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 May 2017 the IASB issued the new standard IFRS 17 “Insurance Contracts”. The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2023;
- In May 2020, the IASB published 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 nexed to IFRS 16 "Leases" were also published. These amendments will be applicable from 1 January 2022;
- 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;

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.

- On January 23, 2020, the IASB issued the document "Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current" in which a liability is expected to be classified as current or non-current based on of the rights existing at the balance sheet date. Furthermore, it establishes that the classification is not impacted by the expectation of the entity to exercise its rights to postpone the settlement of the liability. Finally, it is clarified that this regulation refers to the transfer of cash, capital instruments, other assets or services to the counterparty. The amendments apply to annual reporting periods beginning on or after 1 January 2023. Early application is permitted;
- 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;
- In December 2021, the IAS published the amendments to IFRS 17 and IFRS 9 with the aim of indicating the transition options relating to comparative information on financial assets presented upon initial application of the IFRS 17. The amendment is applicable for annual pe-

riods 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 and 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 2022, 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 trade receivables as at 30 April 2022 and 30 April 2021, grouped by due date, net of the portion of the provision for bad debts.

Year ended 30 April

	2022	2021
Yet to mature	1,533	1,670
Expired by 0-30 days	69	184
Expired by 31-90 days	41	30
Expired by 91-180 days	2	1
Expired by 181 – 360 days	2	3
Expired by over 360 days	12	7
Total	**1,659**	**1,895**

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 2022 and 30 April 2021:

At 30 April 2022

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current loans	42	42		
Financial liabilities for rights of use	267	121	146	
Trade payables	1,154	1,154		
Other current and non-current payables	5,794	5,794		

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	-	-

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 2022 and 30 April 2021.

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 2022 and 30 April 2021:

At 30 April 2022

(Euro thousands)	Assets and liabilities at amortised cost	Assets at FVOCI	Assets and liabilities at FVPL	Derivative financial instruments	Total
Assets					
Current trade receivables	1,659				1,659
Other current and non-current assets	12,519				12,519
Cash and cash equivalents	3,217				3,217
Total assets	**17,395**				**17,395**
Liabilities					
Current and non-current loans	42				42
Financial liabilities for rights of use	267				267
Trade payables	1,154				1,154
Other current liabilities	5,794				5,794
Total liabilities	**7,257**				**7,257**

At 30 April 2022

(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**

FAIR VALUE MEASUREMENT

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

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

The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:

- Level 1: Fair value determined 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 within 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 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 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 the Company revenues are generated in Italy. The revenues item is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Provision of services and other revenues	11,185	10,326
Other revenues	1,088	916
Total	**12,273**	**11,242**

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)	2022	2021
Leases and rents	33	40
Other income	3,041	2,655
Total	**3,074**	**2,695**

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)	**2022**	2021
Consumables and other purchases	57	32
Total	**57**	**32**

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

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Technical assistance for hardware and software maintenance	250	267
Consulting activities	6,458	5,101
Rentals and hires	240	234
Marketing	123	126
Insurance policies	147	156
Utilities	71	70
Support and training expenses	19	7
Maintenance	34	36
Other service expenses	1,794	1,462
Total	**9,136**	**7,459**

The consulting activities item includes costs for the stock grant plan assigned to executive directors for Euro 4,312 thousand.

9. Personnel Costs

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Wages and salaries	4,762	4,321
Social security payments	1,340	1,239
Contributions to defined contribution pension funds	450	289
Reimbursements and other personnel costs	306	208
Total	**6,858**	**6,057**

The following table shows the precise number of Company employees:

Number of employees at 30 April

(in units)	2022	2021
Executives	4	2
Middle Management	12	11
Office Staff	114	101
Total	**130**	**114**

The average number of employees as of 30 April 2022 was 122 resources compared to 121 resources of the previous year.

10. Other Operating Costs

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Duties and taxes	82	68
Other Operating Costs	122	79
Total	**204**	**147**

11. Amortisation and Depreciation

The item in question is detailed as follows:

Year ended 30 April

(Euro thousands)	2022	2021
Intangible assets	64	57
Right of use	136	135
Property plant and equipment	213	207
Total	**413**	**399**

12. Financial Income and Expenses

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Commissions and other financial expense	(13)	(15)
Financial expenses related to severance indemnities	(16)	(16)
Total financial expenses	**(29)**	**(31)**
Other financial income.	574	1
Bank interest income	7	22
Dividends from shareholdings	18,000	12,000
Total financial income	**18,581**	**12,023**
Net financial income	18,552	11,992

13. Income Taxes

The item in question is detailed as follows:

Year ended 30 April		
(Euro thousands)	**2022**	**2021**
Current taxes	309	639
Deferred taxes and previous years' taxes	(274)	(431)
Total	**35**	**208**

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 2022 and 30 April 2021.

Year ended 30 April

(Euro thousands)	2022		2021	
Result before taxes	17,231		11,835	
Theoretical taxes	4,135	24.00%	2,840	24.00%
Taxes relating to previous years	9			
Subsidised taxation on dividends	216		144	
Other differences	(4,181)		(2,459)	
IRAP, including changes in deferred tax assets and liabilities	(144)		(317)	
Actual tax charge	35		208	

14. Intangible Assets

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

Intangible Assets

(Euro thousands)	Client List	Software and other intangible assets	Trade marks and patents	Total
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	423
- accumulated amortisation	(25)	(192)	(9)	(226)
Investments		82		
Disinvestments		(25)		
Amortisation		(57)		
Balance at 30 April 2022		**197**		**197**
Of which:				
- historical cost	25	446	9	480
- accumulated amortisation	(25)	(249)	(9)	(283)

The balance of intangible assets at 30 April 2022 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:

Property, plant and equipment

(Euro thousands)	Office equipment	Other property, plant and equipment	Rights of use	Total
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)
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	44		88	132
Disinvestments	(1)			(1)
Depreciation	(211)	(2)	(136)	(349)
Balance at 30 April 2022	**405**	**3**	**263**	**671**
Of which:				
- historical cost	1,287	142	630	2,059
- accumulated depreciation	(882)	(139)	(367)	(1,388)

Investments in the year ended 30 April 2022 mainly included the acquisition of the IT infrastructure for the corporate services activity carried out by the Company for the Group companies, while the Right of use item includes the subscription of car rentals for the Company's employees.

16. Investment Property

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

Investment Property

(Euro thousands)	Land	Buildings	Total
Balance at 30 April 2020		**7**	**7**
Of which:			
- historical cost	281	10	291
- accumulated depreciation	(281)	(3)	(284)
Balance at 30 April 2021		**7**	**7**
Of which:			
- historical cost	281	10	291
- accumulated depreciation	(281)	(3)	(284)
Balance at 30 April 2022		**6**	**6**
Of which:			
- historical cost	281	10	291
- accumulated depreciation	(281)	(4)	(285)

17. Equity investments

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

Year ended 30 April

(Euro thousands)	2022	2021
Computer Gross SpA	53,163	53,163
Var Group SpA	13,999	13,999
Base Digitale Srl		12,859
Base Digitale Group Srl	18,091	
Adiacent Srl	2,244	2,595
C.G.N. Srl	994	994
Parentsmile Srl	100	
Idea Point Srl	35	35
Total	**88,626**	**83,645**

The changes in the Equity Investments item are shown below

Changes in the equity investments

(Euro thousands)	Equity investments
Balance at 30 April 2020	**75,709**
Changes:	
- Purchases or subscriptions	7,936
Balance at 30 April 2021	**83,645**
Changes:	
- Purchases or subscriptions	5,407
- Sales	(426)
Balance at 30 April 2022	**88,626**

The net increase in the item Equity investments mainly refers: (i) for Euro 5.2 million, to the purchase of 7.5% of Base Digitale SpA and to the subsequent conferment of the same equity investment in Base Digitale Group Srl, reaching the interest of 81.2% and (ii) for Euro 0.4 million to the sale of 5.5% of Adiacent, generating a capital gain of Euro 574 thousand.

18. Deferred Tax Assets and Liabilities

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

At 30 April

(Euro thousands)	2022	2021
Deferred tax assets within 12 months	1,100	868
Total deferred tax assets	1,100	868
Deferred tax liabilities within 12 months	36	54
Deferred tax liabilities after 12 months	5	6
Total deferred tax liabilities	**41**	**60**

Net changes in these items are detailed as follows:

At 30 April

(Euro thousands)	2022	2021
Opening balance	**808**	**353**
Impact on income statement	285	429
Impact on the statement of comprehensive income	(34)	15
Reclassification		11
Closing balance	**1,059**	**808**
Of which:		
- deferred tax assets	1,100	868
- deferred tax liabilities	41	60

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

Deferred tax assets

(Euro thousands)	Differences in value of tangible and intangible assets	Provisions for risks and charges and other provisions (stock grant))	Employee benefits	Other entries	Total
Balance 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**
Impact on income statement		259	7		266
Impact on the statement of comprehensive income			(34)		(34)
Other changes					
Balance at 30 April 2022	**10**	**1,052**	**38**		**1,100**

Changes in deferred tax 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 2020	**3**		**28**	**31**
Reclassification		4	40	44
Impact on income statement		2	(17)	(15)
Balance at 30 April 2021	**3**	**6**	**51**	**60**
Reclassification				
Impact on income statement		(1)	(18)	(19)
Balance at 30 April 2022	**3**	**5**	**33**	**41**

19. Other current and non-current receivables

The item in question is detailed as follows:

At 30 April		
(Euro thousands)	**2022**	**2021**
Non-current receivables from others	37	65
Non-current equity investments in other companies	95,413	90,432
Total other non-current receivables and assets	**95,450**	**90,497**
Current receivables from subsidiaries	4,109	4,294
Current receivables from others	31	7
Accrued income and prepaid expenses	443	528
Total other current receivables and assets	**4,583**	**4,829**

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.

20. Current Trade Receivables

The item in question is detailed as follows:

At 30 April		
(Euro thousands)	**2022**	**2021**
Trade receivables	1,646	1,628
Provision for bad debts	(62)	(62)
Trade receivables net of the provision for bad debts	1,584	1,566
Receivables from subsidiaries	61	314
Receivable from associates	14	11
Receivables from parent companies		4
Total current trade receivables	**1,659**	**1,895**

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

Changes provision for bad debts

(Euro thousands)	Provision for bad debts
Balance at 30 April 2020	**62**
Use	
Balance at 30 April 2021	**62**
Use	
Balance at 30 April 2022	**62**

21. Shareholders' Equity

SHARE CAPITAL

At 30 April 2022, 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 2022, Sesa SpA held 40,862 treasury shares, equating to 0.263% of the share capital, purchased at an average price of Euro 152.0 under the treasury share purchase plan approved by the shareholders' meeting of 26 August 2021. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity.

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

Shareholders' Equity

	Number of shares
Situation at 30 April 2021	
Shares issued	15,494,590
Treasury shares in portfolio	61,160
Shares in circulation	15,433,430
Situation at 30 April 2022	
Assignment of shares in execution of the Stock Grant Plan	58,000
Purchase of treasury shares	37,702
Situation at 30 April 2022	
Shares issued	15,494,590
Treasury shares in portfolio	40,862
Shares in circulation	15,453,728

The shareholders who, as at 30 April 2022, 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 SpA	ITH SpA	8,183,323	52.81%

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:

Other Reserves

(Euro thousands	Legal reserve	Treasury Shares	Actuarial gain (loss) reserve	Miscellaneous reser	Total other reserves
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	**3,451**	**(4,045)**	**(286)**	**14,225**	**13,309**
Actuarial gain/(loss) for employee benefits - gross			142		142
Actuarial gain/(loss) for employee benefits - tax effect			(34)		(34)
Purchase of treasury shares		(6,005)			(6,005)
Sale/cancellation of treasury shares					0
Distribution of dividends				(2,122)	(2,122)
Assignment of shares in execution of the Stock Grant Plan		3,835		(3,835)	0
Stock Grant plan - shares vesting in the period				4,312	4,312
Allocation of profit for the year	581				581
At 30 April 2022	**3,996**	**(6,215)**	**(178)**	**12,580**	**10,183**

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 2022 and 30 April 2021:

At 30 April 2022

(Euro thousand)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Short-term loans	42			42
Financial liabilities for rights of use	121	146		267
Total	**163**	**146**	**0**	**309**

At 30 April 2021

(Euro thousand)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term loans	305			305
Financial liabilities for rights of use	243	71		314
Total	**549**	**71**	**0**	**619**

A summary of the net financial position is provided below:

At 30 April

(Euro thousands)	2022	2021
Cash equivalents	3,217	5,689
Other current financial assets		
Liquidity (A) + (B) + (C)	**3,217**	**5,689**
Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	87	305
Current portion of non-current financial debt	121	243
Current financial debt (E) + (F)	**208**	**548**
Net current financial debt (G) - (D)	**(3,009)**	**(5,141)**
Non-current financial debt (excluding current portion and debt instruments)	146	71
Non-current financial debt (I) + (J) + (K)	**146**	**71**
Net financial debt (H) + (L)	**(2,863)**	**(5,070)**

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)	2022	2021
Opening balance	**1,870**	**1,696**
Service cost	193	171
Bond interest	16	16
Uses and advances	(54)	(152)
Actuarial loss/(gain)	(142)	49
Change in workforce due to transferral of resources	64	90
Closing balance	**1,947**	**1,870**

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

At 30 April

	2022	2021
Rate of inflation	1.70%	1.00%
Discount rate	2.29%	0.78%
TFR increase rate	2.78%	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.

Sensitivity analysis

	Scenarios	Past service liability
Annual discounting rate	0.50%	1,848
	-0.50%	2,000
Annual rate of inflation	0.50%	1,955
	-0.50%	1,889
Turnover rate	0.50%	1,920
	-0.50%	1,925

25. Provisions for Risks and Charges

The value of this item was zero at 30 April 2022.

26. Other Current Liabilities

The item in question is detailed as follows:

At 30 April

(Euro thousands)	2022	2021
Accrued liabilities and deferred income	31	4
Tax payables	3,017	1,487
Payables to personnel	1,244	1,189
Other payables	1,252	1,028
Payables to social security institutions	199	177
Total other current liabilities	**5,743**	**3,885**

27. Further information

POTENTIAL LIABILITIES

There are no disputes in progress.

COMMITMENTS

There are no commitments as at April 30 April 2022.

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.

Year ended 30 April

(Euro thousands)	2022
Payments to directors	768
Payments to statutory auditors	23

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 2022, the shares relating to the annual target of 58,000 shares have fully matured. The remuneration of the statutory auditors refers only to the period 1 May 2021 to 26 August 2021, the date on which the company adopted the one-tier governance model.

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 2022 for audit and non-audit services provided by the Independent Auditor and by entities belonging to its network, including expenses.

Payments to the independent auditor

Type of service	Service Provider	Consignee	Remuneration for the year ended 30 April 2022 (Euro thousands
Independent audit	PwC	Sesa SpA	98
Other assurance services	PwC	Sesa SpA	10

Payments include, in addition to fees, out-of-pocket expenses and the supervisory contribution. In addition to the audit activities at 30 April 2022, further services were rendered relating mainly to the limited review of the Non-Financial Statement of Sesa SpA.

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 2022 and 30 April 2021.

Transactions with related parties

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Current trade receivables							
at 30 April 2022	480	18				498	26.3%
at 30 April 2021	912	8	4			924	48.8%
Other current receivables and assets							
at 30 April 2022	4,109					4,109	85.1%
at 30 April 2021	4,294					4,294	88.9%
Employee benefits							
at 30 April 2022				1		1	0.1%
at 30 April 2021				1		1	0.1%
at 30 April 2022	371			11	37	419	47.3%
at 30 April 2021	186	13		88	12	299	33.7%
Other current liabilities							
at 30 April 2022	1,242			62		1,304	33.6%
at 30 April 2021	999			67		1,066	27.4%

The following table details the P&L effects of transactions with related parties in the years ended 30 April 2022 and 30 April 2021.

P&L effects

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Revenues							
as at 30 April 2022	11,859	92	78			12,029	98.01%
as 30 April 2021	**10,807**	**91**	**77**			**10,975**	**97.62%**
as at 30 April 2022	2,928	41	4	6		2,979	96.91%
as 30 April 2021	**2,449**	**35**	**2**	**7**		**2,493**	**92.50%**
Consumables and goods for resale							
as at 30 April 2022	8					8	14.04%
as 30 April 2021	**8**					**8**	**25.00%**
Costs for services and rent, leasing, and similar costs							
as at 30 April 2022	1,088			5,078	73	6,239	68.29%
as 30 April 2021	**860**	**5**		**3.994**	**48**	**4,907**	**65.79%**
Personnel costs							
as at 30 April 2022	5			567		572	8.34%
as 30 April 2021				**507**		**507**	**8.37%**
as at 30 April 2022						-	0.00%
as 30 April 2021						**-**	**0.00%**
Financial income							
as 30 April 2021	**1**					**1**	**0.01%**

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. 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 2022 was authorised by a resolution of the Board of Directors on 12 July 2022.

31. Allocation of the profit/loss for the year

We propose to the shareholders' meeting the distribution of a dividend of Euro 0.90 per share for a total of Euro 13.9 million, gross of treasury shares in portfolio, up 5.9% compared to the previous year (Euro 0.85 per share).

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 2022

2. The application of the administrative and accounting procedures for the preparation of the financial statements as at 30 April 2022 did not reveal any significant aspects.

It is also certified that:

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 truthful and fair representation of the issuer's assets and liabilities, as well as its financial and economic position

- The Report on Operations includes a reliable analysis of the performance and results of operations as well as the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Empoli, 12 July 2022

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

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 2022, 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 2022, 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 2022 equity investments in subsidiaries and associated companies, valued at cost, were recognised for an amount equal to € 89 million representing 82.9% 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 2022 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 Management Control Committee 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 management control committee 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 management control committee, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Sesa SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report. We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

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 2022, 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 2022 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 2022 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, 25 July 2022

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 Management Control Committee

SeSa S.p.A
Report of the Management Control Committee to the Shareholders' Meeting
pursuant to article 153(1) of Legislative Decree No. 58 of 24 February 1998
Financial Statements as at 30 April 2022

Dear Shareholders,

In the financial year under approval, SeSa S.p.A. (hereinafter the "Company") - for the period between 1 May 2021 and the Ordinary Shareholders' Meeting held on 26 August 2021 - was organised according to the traditional management and control model pursuant to article 2380-bis et seq. of the Italian Civil Code; subsequent to this Shareholders' Meeting, it has been managed according to the one-tier system.

On 27 January 2021, the Extraordinary Shareholders' Meeting of the Company amended its Articles of Association and adopted the one-tier management and control system pursuant to articles 2409 *sexiesdecies* et seq. of the Italian Civil Code. This provision has been in force since the renewal of the corporate bodies on 26 August 2021. On that date, the Company's Shareholders' Meeting appointed the new Board of Directors until the approval of the Financial Statements closing on 30 April 2024, setting the number of Board members at ten. The Board of Directors, which met on the same date, appointed the Management Control Committee (hereinafter the "Committee") - pursuant to article 23 of the Articles of Association - in the persons of Mr. Giuseppe Cerati - Chairman pursuant to article 17 of the Articles of Association, Ms. Chiara Pieragnoli and Ms. Giovanna Zanotti; all members thereof meet the requirements of integrity, professionalism and independence set forth for statutory auditors by Legislative Decree no. 58 of 24 February 1998 (hereinafter referred to as the "TUF") and by the Corporate Governance Code of listed companies.

The Committee, thus established, exercises the powers and functions attributed to it by the regulations in force, including the supervision of compliance with the law, statutory and regulatory provisions, and compliance with the principles of proper management.

The Committee performs the same tasks assigned to the Supervisory Body in the traditional model pursuant to the provisions of the Articles of Association, article *2409-octiesdecies* of the Italian Civil Code, as well as the tasks provided for by article 19 of Legislative Decree no. 39/2010 as the Control and Audit Committee. In line with the Corporate Governance Code, the Committee acts and exercises the functions of the Control and Risk Committee and the functions of the Related Parties Committee.

During the year ended 30 April 2022, the Committee carried out the supervisory activities required by law. In particular, pursuant to the combined provisions of article 149, paragraph 1 of the TUF, article 19, paragraph 1 of Legislative Decree No. 39 of 27 January 2010 and article 2409 *octiesdecies* of the Italian Civil Code, the Committee supervised:

- compliance with the law and the Articles of Association, as well as observance of the principles of proper management in the conduct of corporate activities;
- the adequacy of the Company's organisational structure, for the aspects falling within its competence, the internal control system and the administrative and accounting system, as well as its suitability to correctly represent management events;
- the processes for concretely implementing the corporate governance rules laid down in the Corporate Governance Code, to which the Company adheres;
- the adequacy of the instructions given to its subsidiaries by the Company to enable it to regularly fulfil its statutory market disclosure obligations;
- the financial reporting process and the adequacy of the Company's administrative and accounting system, as well as the reliability of the latter in correctly representing management performance;
- the statutory audit of annual and consolidated accounts, and the independence of the auditing firm *PriceWaterhouseCoopers S.p.A.* ("*PwC*").

In carrying out its supervisory duties, the Committee also took into account the provisions of Regulation (EU) No. 537 of 16 April 2014 (hereinafter the "Regulation (EU) 537/2014"), the principles of conduct of the Board of Statutory Auditors for listed companies recommended by the National Council of Chartered Accountants and Accounting Experts, the Consob provisions on corporate controls and the behavioural indications contained in the Corporate Governance Code.

This Report also acknowledges the supervisory activities carried out for the year ended 30 April 2022 as required by Consob Communication No. DEM/1025564 of 6 April 2001 and subsequent supplements and amendments.

During the financial year ended 30 April 2022, 5 meetings of the Board of Statutory Auditors were held (up to 26 August 2021) and 6 Committee meetings; both the meetings of the Board of Auditors and the Committee were always attended by the heads of the Internal Auditing function and the Legal & Compliance function. First the Board of Statutory Auditors and then the Committee attended all the meetings of the Board of Directors.

The "planning" of the Committee's supervisory activities was carried out taking into account the information acquired by the internal control functions (Internal Auditing and Legal & Compliance), the Boards of Statutory Auditors of the main subsidiaries as well as the Group's independent auditor in the performance of their respective tasks.

In carrying out its checks and controls on the above-mentioned profiles and areas of activity, the Committee found no particular critical issues to report.
The Sesa Group has systematically maintained the necessary measures to safeguard the health and safety of its collaborators on Covid - consistently with the provisions issued from time to time by the competent Authorities - to guarantee the operation of essential services for its stakeholders. The Group has always promptly activated a flow of informative communication to its resources, concerning the operating procedures and rules of conduct to be observed, the methods of access to company offices, as well as the contents and mandatory provisions of Government Decrees.

Supervision of compliance with the law and the Articles of Association
The Committee monitored compliance with the law and the Articles of Association and has no observations to make in this regard.
The Committee implemented and approved its own Regulations and verified that its members met the requirements of professionalism, integrity and independence during their appointment, in accordance with current legislation.

Supervisory activities on compliance with the principles of proper management
The Committee received from the Chief Executive Officer, on a quarterly basis, by attending the meetings of the Board of Directors, adequate information on the activities carried out, on the general economic trend of operations and its foreseeable outlook, as well as on the most significant economic, financial and equity transactions carried out by the Company during the year, also through directly or indirectly controlled companies.
In this regard, the Committee has ascertained compliance with the law, the Articles of Association and the principles of proper management of the resolutions and related actions implemented, and can reasonably ensure that the transactions resolved upon are not manifestly reckless or imprudent, in potential conflict of interest or in contrast with the resolutions passed by the shareholders' meeting or such as to compromise the integrity of the company's assets.
During the year, the Board of Directors constantly provided the market with information on the most significant transactions and events.

Supervision of related party transactions
During the year, the Committee did not find any atypical and/or unusual transactions carried out with third parties or related parties (including Group companies), nor did it receive any information in this regard from the Board of Directors, the independent auditor or the CEO.
The Committee acknowledges that during the financial year ended 30 April 2022, transactions were carried out with related parties such as the Parent Company, Subsidiaries, Associates and Senior Management. Information on the main intra-group transactions and transactions with other related parties, carried out during the year, as well as a description of their characteristics and economic effects, are reported in Section 28 of the Notes to the Financial Statements. Reference is made to this section to identify the type of transactions in question and their economic and financial effects.
It is hereby acknowledged that the Company has adopted a specific Related Parties Procedure, in compliance with the provisions of article 2391-bis of the Italian Civil Code and Consob Regulation No. 17221 of 12 March 2010, to which the Report on Corporate Governance and Ownership Structure makes reference.
Pursuant to article 4 of the aforementioned Consob Regulation, the Committee verified the conformity of the Procedure with the Consob Regulation and its compliance. All transactions with related parties were carried out in the interest of the Company and regulated at market conditions and the Committee was periodically informed and, where required by law, expressed its opinion in its capacity as the Related Parties Committee.
Based on the information available, the Committee determined that the instructions issued by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the TUF are, on the whole, adequate to fulfil the disclosure obligations pursuant to article 114, paragraph 2 of the TUF.

Supervisory activities on the adequacy of the organisational structure
The Committee monitored, inasmuch as competent, the adequacy of the organisational structure of the Company.
In this regard, the Committee points out that the delegations and powers conferred by the Board of Directors on the CEO are appropriate to the Company's needs and adequate in relation to the current state of corporate management.
The Committee, taking into account the size of the Company, the nature and the way in which it pursues its corporate purpose, following the acquisition of information from the heads of the main corporate functions and meetings with representatives of the independent auditors has no particular critical issues to report in terms of structure, procedures, skills and responsibilities.

Supervision of the adequacy of the internal control and risk management system (SCIGR)

The Committee supervises the adequacy and effectiveness of the internal control and risk management system in order to ensure:

- the sustainability of medium- to long-term investments, through the analysis of financial coverage and value creation capacity of investments conducted by top management;
- the efficiency and effectiveness of management activities, through performance analysis;
- the reliability of financial and non-financial reporting by means of tests on the reliability of procedures related to financial reporting, carried out by the Internal Auditing function and specialised consultants;
- the compliance of operational activities with the system of rules and procedures that characterises the company's control context by means of checks on the adequacy of company procedures/instructions with respect to the regulatory framework in force and their proper application, by the Internal Auditing function and the Supervisory Board.

Consistently with international reference standards and the principles dictated by article 6 of the Corporate Governance Code, the Board of Directors has played the role of guiding and assessing the adequacy of the SCIGR; in the meeting held on 12 July 2022, it assessed its adequacy with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness.

The Company's internal control and risk management system also includes the Organisational and Management Model ("Model 231"), aimed at preventing the commission of offences that may entail the Company's liability pursuant to Legislative Decree No. 231/2001.

The Company has also assigned the Committee the functions of Supervisory Board pursuant to Legislative Decree No. 231/2001 ("SB"). During the year, the Committee, in its capacity as SB, acquired all useful information in order to verify the aspects inherent to its autonomy, independence and professionalism required to perform the assigned activity. In its capacity as Supervisory Board, the Committee acquired information on the 231 Model adopted by the Company, its actual functioning and implementation.

The Supervisory Board is involved in the monitoring of sensitive processes pursuant to "the 231 Model", with particular reference to the prevention of corporate offences and, in compliance with their respective autonomy of action, has coordinated with the internal control functions for the fulfilment of its verification programme.

In its half-yearly reports, the Supervisory Board illustrated the activities carried out during the financial year ended 30 April 2022, without pointing out any significant critical profiles, highlighting a situation of substantial alignment with the provisions of the 231 Model.

The Committee monitored the adequacy and effectiveness of the internal control and risk management system, mainly through periodic meetings with the head of the Company's Internal Auditing function, where the periodic reports of the audit activities were analysed, from which there were no particular critical issues to report.

The Committee also points out that with updated procedures as of 1 May 2021:

- the obligations concerning inside information are fulfilled according to a "Procedure for the Public Disclosure of Inside Information";
- the management of the Group Register of persons having access to Inside Information takes place in accordance with the procedure updated on that date;
- the management of disclosure obligations arising from Internal Dealing regulations takes place in accordance with a procedure that complies with existing regulations.

The Committee acknowledges that, on the basis of the information gathered in the performance of its supervisory duties, each of the Company's bodies (or functions) has duly fulfilled the disclosure obligations imposed by law.

The Committee acknowledges that the Company has established the nature and level of risk compatible with the Company's strategic objectives in relation to the indications provided by the Control and Risk Committee formed within the Board of Directors. The Board of Directors of the Company, in accordance with the provisions of the Corporate Governance Code in force during the Year, established the Control and Risk Committee within the Board. Pursuant to article IA 2.10.1, paragraph 2, of the Instructions to the Stock Exchange Regulations - in compliance with the provisions of article 2.2.3, paragraph 3, letter p), of the Italian Stock Exchange Regulations limited to issuers with STAR qualification - the Company has appointed a Control and Risk Committee, in compliance with principle 7.C.1 and 7.C.2 provided for by article 7 of the Corporate Governance Code in force at the time; this Committee also complies with the provisions of recommendation nos. 32(c), 33 and 35 of article 6 of the Corporate Governance Code.

The Committee has adopted its own Rules of operation. In this regard, it should be noted that, following the approval of the financial statements for the financial year 2021, the Rules of operation for the Control and Risk Committee was updated in relation to the regulatory and organisational developments of the Company, to take into account, in particular, the adoption of the one-tier management and control model.

The persons and functions involved in the internal control and risk management system are:

- the Board of Directors, assisted by the Control and Risk and Related Parties Committee and the Internal Auditing function;

- the Management Control Committee;
- the Supervisory Board;
- the Head of Internal Auditing;
- the Head of Legal & Compliance;
- the executive appointed to draw up the company accounting documents.

The Committee acknowledged the overall assessment of the internal control and risk management system and found that the internal control system is adequate in relation to the current corporate structure.

Supervision of the administrative accounting system and statutory audit activities

During the year under review, the Committee monitored the adequacy of the financial reporting process and the adequacy of the administrative and accounting system, as well as the reliability of the latter to correctly represent management performance by examining company documents, obtaining information from the Appointed Executive and exchanging information with the company appointed to audit the accounts, in accordance with the provisions of articles 150 and 151-ter, TUF and article 2409 *septies* of the Italian Civil Code.

In its meeting of 12 July 2022, the Board of Directors assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and strategically important subsidiaries, with particular reference to the risk control and management system, pursuant to recommendation no. 1, letter d) of the Corporate Governance Code. In carrying out this review, the Board of Directors confirmed that the subsidiaries Computer Gross S.p.A. and Var Group S.p.A. were those having strategic relevance as they represent the main sources of the Group's core business development. In addition, following a partial reorganisation of the business services segment, which took place with the establishment of the company Base Digitale Group S.r.l (directly controlled by the Company), the Board of Directors deemed it necessary to identify the latter among the companies of strategic importance.

The Committee points out that the Internal Auditing function, for the performance of the audit activities in the financial year 2021-2022 envisaged by the audit plan, had direct access to all information useful for the performance of the assignment, operating - in some cases and in compliance with the different attributions - in synergy with the Legal & Compliance function. The main activities carried out by the Internal Auditing function, as set out in the audit plan for the financial year ended 30 April 2022, concerned:

- supporting the identification and assessment of business risks, as well as the definition of risk monitoring and mitigation tools;
- supporting the improvement of internal audit systems and the integrated management of group compliance with regard to issues concerning the adoption of the company's 231 Model, Code of Ethics, protocols pursuant to Law 262/2005 and certified management systems;
- checks on business procedures, as envisaged by the Audit Plan;
- operational control tests for the purposes of certification pursuant to article 154-bis, TUF.

The Internal Auditing function also availed itself of the advice of *KPMG S.p.A.* to carry out tests on the effectiveness of the administrative and accounting procedures of the Company and the Group, with particular reference to the controls pursuant to Law 262/2005. The outcome of the tests did not reveal any deficiencies with regard to the adequacy and effective application of the procedures.

The Committee took note of the certifications issued by the Chief Executive Officer and the Executive Appointed to draw up the company accounting documents on the adequacy and effective application of the administrative and accounting procedures for the preparation of the Group's annual financial statements and consolidated financial statements as at 30 April 2022.

The Committee supervised the operations of the appointed auditing firm, *PwC*, analysing its work, with particular reference to the methodological framework, the audit approach used for the various significant areas of the financial statements and the planning of work, and shared with the auditing firm the issues related to business risks.

The Committee was also informed about the audits carried out by the auditing firm on the regularity of the bookkeeping and the correct recording of management performance in the accounting records, from which no observations emerged.

The Committee met several times during the year with the Independent Auditor in order to exchange data and information concerning the activities carried out in the performance of their respective tasks.

It should be noted that during the financial year, the Company provided *PwC* with services other than the statutory audit as "other certification services" for a total cost of 10,000 Euros.

The auditor also rendered services related to the limited review of the Non-Financial Statement. The fees were considered appropriate to the complexity and size of the work performed and such as not to affect the independence of the auditor. The Board of Statutory Auditors issued opinions on these specific engagements.

The statutory auditor has verified the preparation of the Consolidated Non-Financial Statement. With reference to the latter, the Company prepared it as an integral part of the Group's Integrated Annual Report. The independent auditors expressed, in a separate report from that relating to the financial statements, a certification as to the conformity of the information provided with the provisions of the Legislative Decree.
The Committee reports that the auditing firm *Pwc*:

(i) today issued the Reports pursuant to article 14 of Legislative Decree no. 39/2010 and article 10 of Regulation (EU) No. 537/2014 without findings, in which it certifies that, in its opinion, the financial statements of SeSa S.p.A. and the consolidated financial statements of the SeSa Group as at 30 April 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as the measures issued in implementation of article 9 of Legislative no. 38/2005, and provide a true and fair view of the financial position, results of operations and cash flows of the Company and the Group. In the aforementioned reports, the independent auditors also certify the consistency of the Management Report and of the information indicated in the Report on Corporate Governance and Ownership Structure pursuant to article 123-bis, paragraph 4 of the Consolidated Law on Finance, with the financial statements of SeSa S.p.A. and with the Group's consolidated financial statements as of 30 April 2022;

(ii) today issued the certification pursuant to article 3, paragraph 10, of Legislative Decree No. 254/16 concerning the SeSa Group's Consolidated Non-Financial Statement relating to the financial year ended 30 April 2022 in which it declares that on the basis of the work carried out, no evidence has been received to suggest that the Non-Financial Statement has not been prepared, in all significant aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards reported therein;

(iii) also issued on the same date the Additional Report for the Internal Control and Audit Committee pursuant to article 11 of Regulation (EU) No. 537/2014, which includes the statement of independence pursuant to article 6, paragraph 2, letter a) of the aforementioned Regulation.

The Committee keeps the independence of the auditor under constant review - within the scope of its assigned supervisory tasks - particularly with regard to the provision of non-audit services.
The Committee acknowledges that *PwC* carried out the audit of the financial statements in accordance with the International Standards on Auditing (ISA Italia) prepared pursuant to article 11, Legislative Decree No. 39/2010 and in the resulting report pursuant to article 14, paragraph 2, of Legislative Decree No. 39/2010, issued today, it did not point out any facts deemed reprehensible, findings, limitations, anomalies, critical issues or irregularities such as to require reporting pursuant to article 155 of the TUF.
In light of the evidence found, the information provided by the Appointed Executive and on the basis of the Independent Auditors' observations, the Committee has reason to believe that the Company's administrative and accounting system is capable of ensuring a correct representation of management performance and that there are no significant deficiencies in the internal control system in relation to the financial reporting process.
On the basis of the information received, the effective application of administrative and accounting procedures for the preparation of the financial statements and all other financial disclosures is also verified.
In consideration of the foregoing, the Committee considers that the organisational structure, the system of internal controls and the administrative and accounting system are on the whole substantially adequate to the company's current needs.

Omissions and reprehensible facts observed, opinions issued

The Committee is not aware of any facts or complaints to report to the Shareholders' Meeting. In the course of its activity from the date of its establishment to the date of this Report, no omissions, reprehensible facts or irregularities were observed, no complaints were received from shareholders pursuant to article 2408, paragraph 3, of the Italian Civil Code, nor were any complaints of any kind filed.
No opinion required by law and/or the Italian Civil Code was issued by the Management Control Committee during the year, with the exception of the opinions issued by the Committee - in its capacity as the Related Parties Committee - where required by law and internal regulations.

Processes for concretely implementing corporate governance regulations

On the basis of the information acquired, the Committee acknowledges that the Company has adjusted its corporate governance structure to implement the Corporate Governance Code, adopting the principles and application criteria provided therein. The Committee monitored how the Corporate Governance Code, to which the Company adheres, was actually implemented, verifying the conformity of the Company's corporate governance system with the recommendations expressed therein. The information on the corporate governance system adopted by the Company is contained in the Report on Corporate Governance and Ownership Structure for the year ended 30 April 2022 approved by the Board of Directors on 12 July 2022, where a description of the adherence to the recommendations set forth in the Corporate Governance Code is provided.
The Committee, pursuant to Principle 3.C.5 of the Corporate Governance Code, verified the correct application of the

assessment criteria and procedures adopted by the Board of Directors to assess the independence of its non-executive members. The Committee also verified compliance with the criteria of professionalism, independence, integrity and competence of its members, also acknowledging compliance with the limit on the accumulation of offices provided for by article 144-terdecies of the Regulation adopted by Consob resolution no. 11971 of 14 May 1999 ("Issuers' Regulation"). The Committee also carried out a self-assessment of its composition and functioning, evaluating these aspects as adequate also in light of the differentiation of gender and professional skills existing within it.
On 26 August 2021, the authorisation to purchase treasury ordinary shares that had been adopted by the Ordinary Shareholders' Meeting of 28 August 2020 expired. The Shareholders' Meeting of 26 August 2021 therefore resolved on a new authorisation for transactions for the purchase and disposal of treasury ordinary shares, aimed at enabling the Company to acquire treasury shares for the purposes contemplated by article 5 of Regulation (EU) No. 596/2014 of 16 April 2014 and related implementing provisions, where applicable, also for the purpose of the possible execution of the Company's share-based incentive plans that may be approved by the Shareholders' Meeting. In particular, the Shareholders' Meeting of 26 August 2021 authorised the purchase of a number of ordinary shares of the Company, without par value, not exceeding 10% of the share capital represented by ordinary shares, and in any case for a maximum countervalue of 6,000,000.00 euros, with a duration until the date of approval of the financial statements as of 30 April 2022 and, in any case, no longer than a period of eighteen months from the date of the resolution. As of 30 April 2022, the Company held 40,862 treasury shares corresponding to approximately 0.2637 % of the share capital.

Concluding remarks on the supervisory activities carried out
In view of the above, the Committee, as a result of the supervisory activity performed, taking into account the considerations of the statutory audit in its reports, does not indicate, inasmuch as competent, any elements preventing the approval of the financial statements of the Company as at 30 April 2022 accompanied by the Management Report and Explanatory Notes, as resolved by the Board of Directors on 12 July 2022.
The Committee expresses a favourable opinion on the proposal for the allocation of profit for the year and the distribution of reserves included in the financial statements.

Empoli, 25 July 2022

The Management Control Committee

The Chairman

Giuseppe Cerati

Giovanna Zanotti

Chiara Pieragnoli

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