April 30, 2023

Integrated Annual Report 2023

SeSa

April 30, 2023

Integrated Annual Report

2023

For sustainable, responsible and transparent digital growth

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

Annual report

The Sesa Group has always been committed to sustainable value generation 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 continuation of our growth path, fostered by the demand for digitisation of companies and organisations

Dear stakeholders

The Sesa Group closed the financial year ended April 30 with strong growth in consolidated revenue and profitability, and a further improvement in ESG performance, strengthening the role of key player in technological innovation and digital transformation services for the business segment.

The Integrated Annual Report shows a significant, mainly organic, growth of all economic-financial and sustainability indicators, confirming the effectiveness of the Group's value generation model to the benefit of all stakeholders.

Consolidated revenue in 2023 amounted to Euro 2,907.6 million, up 21.7% Y/Y, operating profitability (Ebitda) reached Euro 209.4 million (+24.9% Y/Y), with Adjusted Net Income (EAT) of Euro 100.1 million (+21.1% Y/Y), recording record levels of average annual growth (CAGR), of 17% in terms of revenue and about 30% in terms of profitability, over the 4-year period 2020-2023. Specifically, in the 2020-2023 period, consolidated revenues increased from Euro 1,550.6 million to Euro 2,907.6 million and Ebitda from Euro 74.3 million to Euro 209.4 million.

The Group's capacity for growth was determined by investments and progressive focus on the segments enabling technological innovation (Security, Cloud, Digital Platforms, Data Science, Digital Workspace) and the continuous development of the extent and skills of human capital, with a total of 4,717 resources as of April 30, 2023, up 13.3% compared to 4,163 in the previous year and 1,900 resources as of April 30, 2019, also thanks to the recruitment programmes with approximately 760 new employees recruited in FY 2023 alone.

The Group's evolution benefited from solid organic growth, with a significant contribution of external development accounting for 15% of the total for the period. 18 bolt-on industrial M&A deals were completed in calendar year 2022 and 8 in the period from January to July 2023 alone, including additional expertise to support the digital transformation of businesses and organisations.

Revenue and Other income 2023

Eu 2,908Mn — +22% Vs 2022

Operating Profitability (Ebitda)

Eu 209.4Mn — +25% Vs 2022

Group adjusted net profit

Eu 100.1Mn — +21% Vs 2022

Investment programmes in the year

Eu 140Mn — +17% Vs 2022

Economic value distributed by the Group

Eu 309Mn — +24% Vs 2022

Human resources

4,717 — +13% Vs 2022

Self-generated energy

kWh 1.30Mn — +25% Vs 2022

Initiatives for the development of human capital (recruitment, welfare, education, work-life balancing programmes) and for fostering an innovative and inclusive corporate culture were further strengthened during the year, in order to make the Sesa Group increasingly capable of attracting and retaining talent, promoting the well-being and professional growth of our people.

The commitment to achieving the long-term growth objectives that has characterised Sesa since its establishment was strengthened by the recruitment of 760 new employees, continued investment in the development of skills (approximately 70,000 training hours, +14% Y/Y) and the progressive expansion and innovation of the welfare programme.

The 2023 financial year was also characterised by a significant improvement in ESG performance and the achievement of the sustainable development goals set: distributed economic value exceeded the threshold of 300 million (+24% Y/Y), mainly to the benefit of human capital, and thanks to the increase in energy generated from renewable sources following investments in recent years, a reduction in per-capita emissions (-32% Y/Y) was achieved, with 1.30 million kWh of self-generated energy from photovoltaic plants (+25% Y/Y), the increase in the share of green electricity purchased from third parties (93% of the total) and the decrease in per-capita waste production of 27% Y/Y. The improvement in the main international sustainability ratings, including the CDP rating, which was increased to level "B", the MSCI rating, which reached level "BBB", and the EcoVadis rating, which achieved Gold status, confirm the Group's virtuous path.

In the year under review, the Group's financial structure was consolidated with a positive Net Financial Position of Euro 239.5 million compared to Euro 245.3 million in the previous year, net of investments of approximately Euro 140 million and the distribution of dividends of Euro 14 million. In light of the positive economic and financial performance, we propose to the Shareholders' Meeting the distribution of a dividend of Euro 1 per share, up from 90 Euro cents in the previous year, continuing, as in the past, to invest the majority of profits to fuel future growth, in a sector that offers further prospects for development and aggregation of digital skills.

In the fiftieth year since our foundation, we would like to thank all the people and stakeholders of the Sesa Group who have contributed and continue to contribute with commitment and strong involvement to our extraordinary growth, inspired by a common business vision based on long-term and sustainable development. Attention to people, the environment and the communities in which we operate represent the central elements of our history and our future development.

Paolo Castellacci
Chairman of the BoD

Alessandro Fabbroni
CEO

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

CONSOLIDATED NON-FINANCIAL STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS AS OF APRIL 30, 2023

SEPARATE FINANCIAL STAMENTES AS OF APRIL 30, 2022

DNF Dichiarazione non finanziaria

HIGHLIGHTS

Economic Data

(Euro thousands)	April 30, 2023	04/30/2022	04/30/2021	04/30/2020	04/30/2019
Revenues	2,867,700	2,362,603	2,022,454	1,762,641	1,539,854
Total revenue and other income	**2,907,639**	**2,389,823**	**2,037,223**	**1,776,025**	**1,550,605**
EBITDA	209,442	167,697	126,005	94,490	74,346
Adjusted operating profit (EBIT) (1)	160,943	125,895	91,821	68,465	55,697
EBIT (Earnings before interest and taxes)	142,665	114,195	84,002	63,897	52,718
Profit (loss) before taxes	128,279	109,083	80,826	60,191	48,318
Net profit for the year	90,217	78,619	56,786	42,188	33,362
Net profit for the year attributable to the Group	84,453	73,519	52,272	37,914	29,284
Adjusted net profit (EAT) for the year attributable to the Group (1)	100,061	82,656	57,838	41,166	31,404

Financial Data

Total Net Invested Capital	**390,369**	**243,197**	**202,674**	**199,159**	**190,868**
Total Shareholders' Equity	**424,050**	**335,159**	**297,355**	**253,859**	**232,622**
- attributable to Shareholders of the Parent Company	374,934	315,441	278,593	236,392	219,285
- attributable to non-controlling interests	49,116	19,718	18,762	17,467	13,337
Net Financial Position Reported (Net Liquidity)	(33,681)	(91,962)	(94,681)	(54,700)	(41,754)
Net Financial Position (Net Liquidity) (2)	(239,496)	(245,292)	(197,357)	(110,318)	(67,272)
EBITDA / Total revenue and other income	**7.20%**	**7.02%**	**6.19%**	**5.32%**	**4.79%**
EBIT / Total revenue and other income (ROS)	**4.91%**	**4.78%**	**4.12%**	**3.60%**	**3.40%**
EAT attributable to the Group/ Total revenue and other income	3.44%	3.46%	2.57%	2.13%	1.90%

Market Data

Listing Market	Euronext – Star	Euronext – Star	Euronext – Star	Euronext – Star	Euronext – Star
Quotation (Eu as of 04/30 each year)	110.9	138.7	115.4	48.6	27.8
Dividend per share (Eu) (4)	1.00	0.90	0.85	(Note 3)	0.63
Overall Dividend (Eu mn) (5)	15.5	13.9	13.2	(Note 3)	9.8
Pay Out Ratio (6)	18.4%	19.0%	25.2%	0.0%	33.3%
Shares Issued (in millions)	15.49	15.49	15.49	15.49	15.49
Capitalisation (Eu mn) as of 04/30	1,718.4	2,149.1	1,788.1	752.3	430.0
Market to Book Value (7)	4.1	6.4	6.0	3.0	1.8
Dividend Yield (on 04/30 quotation) (8)	0.9%	0.6%	0.7%	(Note 3)	2.3%
Earnings per share (base) (9)	5.47	4.76	3.39	2.46	1.90
Earnings per share (diluted) (10)	5.45	4.74	3.37	2.45	1.89

(1) Adjusted operating profit before amortisation of customer lists and know-how recognised as a result of the Purchase Price Allocation (PPA) process, and gross of the non-recurring component of the Stock Grant plan referring to the three-year targets. Adjusted net profit attributable to the Group before amortisation of customer lists and know-how recognised as a result of the PPA process and gross of the non-recurring component of the Stock Grant plan referring to the three-year targets, 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 August 28, 2020 resolved not to distribute dividends considering the pandemic emergency. **(4)** Dividends paid in the following year from the profit for the year as of April 30 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 of April 30 each year / Consolidated Shareholders' Equity. **(8)** Dividend per share / Market value per share as of April 30 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).

DNF

Sustainability Indicators

Environmental Performance Indicators[1]	April 30, 2023	04/30/2022	04/30/2021	04/30/2020
Energy Consumption (GJ)	**38,391**	**39,265**	**35,500**	**32,514**
- Electricity purchased (GJ)	32,016	33,011	28,443	25,948
- Natural gas (GJ)	6,376	6,254	7,057	6,566
Scope 1 + Scope 2 GHG emissions (tCO_2)	**5,413**	**5,165**	**5,963**	**6,656**
Emissions per capita (tCO_2)	**1.22**	**1.36**	**1.99**	**2.99**
Total electricity consumed (kWh)	**10,196,090**	**10,207,630**	**7,900,912**	**7,207,807**
- of which from low-impact renewable sources (kWh)	8,266,123	7,921,934		
- self-generated energy from renewable sources (kWh)	1,302,765	1,037,902	250,773	273,187
Natural Gas (tCO_2)	**358**	**352**	**397**	**367**
- smc	180,707	177,266	200,011	185,982
Diesel for generators (tCO_2)	**15**	**8**	**9**	**8**
- litres	5,610	2,890	3,280	2,800
- GJ	206	105	119	102
Water withdrawals (Megalitres[2])	**28.90**	**26.37**	**30.73**	**32.38**
- of which from water-stressed areas	18.30	18.28	22.09	23.31
Fuel consumption (tCO_2)	**4,391**	**4,038**	**2,987**	**3,694**
Fuel consumption (GJ)	**59,491**	**54,711**	**40,617**	**50,224**
Total waste (t)	**135**	**157**	**326**	**364**
Total waste per capita (t)	**0.03**	**0.04**	**0.11**	**0.16**

Net Economic Value Generated	**383,913**	**314,898**	**250.18**	**181,126**
Retained Value	**74,722**	**64,674**	**42,138**	**42,188**
Distributed Value	**309,191**	**250,255**	**208,042**	**138,938**
Of which remuneration of Human Resources	238,426	197,163	162,972	114,763
Of which remuneration of the Public Administration	39,312	31,750	26,378	18,771
Of which remuneration of Shareholders (*)	15,495	13,946	13,171	0

(*) determined on the basis of the proposed allocation of the 2023 annual result submitted to the Shareholders' Meeting on August 28, 2023 (August 29, on second call).

1 Compared to the previous year, the group's HR perimeter as of April 30, 2023 increased by 13.3% and revenue increased by 21.7%
2 1 Megalitre equals 1000 cubic metres

DNF

HR Indicators

	04/30/2023	04/30/2022	04/30/2021	04/30/2020
Total Human Resources	4,717	4,163	3,441	2,547
- Men	3,204	2,821	2,374	1,725
- Women	1,513	1,342	1,067	822
Total recruitment	760	607	402	322
Total terminations	379	361	218	113
Incoming turnover	16.4%	14.9%	11.7%	12.6%
Health and Safety				
Absenteeism				
- Absenteeism rate	2.80%	2.72%	2.30%	2.60%
Accidents	17	17	8	4
- Frequency Index	2.28	2.71	1.38	1.24
- Severity Index	0.04	0.01	0.03	0.04
Training				
Total number of training hours	69,551	60,907	26,302	20,017
Other Indicators				
Average workforce	4,440	3,802	2,994	2,224
Personnel costs	238,426	197,673	162,972	114,763
Average cost per employee	53.7	52.0	54.5	51.6
Percentage of permanent employees	98%	99%	99%	99%

Moreno Gaini, Alessandro Fabbroni, Giovanni Moriani, Paolo Castellacci

The Sesa Group

4,717
Employees

Over 150
Locations and offices in Italy, Europe and the Rest of the World

+554
Y/Y employees

9,2 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)

DNF

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.

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

Sesa

Focus on sustainable growth and ecological transition

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:

- **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:** the ability to contribute to the well-being of the social communities (safety, health, education) in which Group companies operate.

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 and China, 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 2,907 million and approximately 4,700 resources as of April 30, 2023.

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 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's extraordinary finance operations, with a total of about 150 resources.

SETTORE VALUE ADDED DISTRIBUTION (VAD)

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.

CORPORATE	
Sesa	100%
VAD	
Computer Gross	100%
SSI	
Var Group	100%
BUSINESS SERVICES	
Base Digitale Group	87%

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
Strategic 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.

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
Strategic Business Unit dedicated to solutions for the production of energy from renewable sources and energy efficiency, which reduce the ecological footprint of organisations, created following the acquisition of P.M. Service Srl, which entered the scope of consolidation on May 1, 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 services for the management and reconditioning of IT products, regeneration and refurbishment of technology parks, with about 35,000 personal computers reconditioned in the year.

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

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 15,000 companies and an integrated offering in the following areas: Cloud Technology Services and Security Solutions, Proprietary ERP and Vertical Solutions, International ERP and Vertical Solutions, Digital Workspace, Customer and Business Experience, Var4Industries, Data Science

Cloud Technology Services and Security Solutions
Strategic 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.

Proprietary ERP and Vertical Solutions

Strategic Business Unit with a complete range of 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 1,000 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 Strategic Business Unit operates through a team of about 100 human resources.

Customer and Business Experience

With about 300 human resources, this Business Unit 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 resources based in Shanghai.

Var4Industries

The Strategic Business Unit specialises in offering vertical solutions for mechanical and electronic production engineering, with additional competencies in Industry 4.0 and IoT., with about 150 resources covering the main European manufacturing countries (Italy, France, Spain, and Germany).

Digital Workspace

Strategic Business Unit dedicated to digital workspace solutions and Collaboration and digitisation of workstations, optimising audio and video functions in the most common contexts of use at professional and enterprise level, with approximately 160 human resources, created following the acquisition of Durante SpA, consolidated from May 2022.

International ERP and Vertical Solutions

Strategic Business Unit with a complete range of International ERPs and Vertical Applications specialised for the Made in Italy districts with approximately 400 resources.

BUSINESS SERVICES SECTOR (BS)

The **Business Services Sector**, consolidated by the Base Digitale Group, is organised into four main vertical Strategic Business Units and is active in offering Security, Digital Platform Vertical Applications and Business Process Management for the Financial Services segment.

Base Digitale Security - BDS

Strategic Business Unit dedicated to physical and IT security solutions for the banking and retail market which offers integrated security management services through digital platforms and the design of access control, attendance detection and building automation systems, with over 100 human resources operating in the country.

Base Digitale Platform - BDP

This Unit brings together the digital skills and platforms supporting the operational processes of organisations and operators in the Financial Services sector. In particular, the Strategic Business Unit offers platforms for customer service, automation and digitisation of document and operational processes, with around 150 resources.

Base Digitale Experience - BDX

Strategic Business Unit dedicated to IT consultancy and the development of vertical ERP solutions for the banking sector, with a staff of over 100 and a research and development centre based in Parma. Integra BDY, a company recently set up following a long-term partnership with Banca Sella, is active in the provision of Core Banking software solutions.

Base Digitale Process Management

The Strategic Business Unit offers Business Process Management solutions for credit institutions, insurance companies and utilities, with about 200 human resources.

Group Governance

Sesa

150 People

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

SSI Sector

VARGROUP

Business Unit

- CLOUD TECHNOLOGY SERVICES AND SECURITY SOLUTIONS
- DATA SCIENCE
- CUSTOMER E BUSINESS EXPERIENCE
- VAR4INDUSTRIES
- DIGITAL WORKSPACE
- PROPRIETARY ERP E VERTICAL SOLUTIONS
- INTERNATIONAL ERP E VERTICAL SOLUTIONS

3,345 People

Revenues Eu 703Mn

Business Services Sector

Base Digitale Group

Business Unit

- BASE DIGITALE PLATFORM - BDP
- BASE DIGITALE EXPERIENCE - BDX
- BASE DIGITALE SECURITY - BDS
- BASE DIGITALE PROCESS MNGMT - BDM

570 People

Revenues Eu 84Mn

VAD Sector

computergross

Business Unit

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

655 People

Revenues Eu 2,236Mn

1.3. Governance and organisation

DNF 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.

To this end, it should be noted that, on July 12, 2022, also in accordance with the work carried out during the last financial year by the **Operational Corporate Sustainability Committee**, the Board of Directors also set up an internal **Sustainability Committee**, with advisory and propositional functions to support the Board and the CEO in matters relating to sustainability.

- **The Shareholders' Meeting** is the body that forms and expresses the company's will, subsequently implemented by the Board of Directors. It is made up of the Shareholders, who periodically meet to pass resolutions in the manner and on matters defined by the law and the Company's Articles of Association. The most important tasks of the Shareholders' Meeting include the choice of the members of the Board of Directors and the Management Control Committee, as well as the approval of the Statutory and Consolidated Financial Statements;
- **The Board of Directors** carries out the strategic supervision of the Group and verifies its implementation. Chaired by Paolo Castellacci, it is made up of ten members (whose number is determined by the Shareholders' Meeting on the basis of the provisions of the Articles of Association): four executive and six non-executive directors, five of which are independent. The Board of Directors is also responsible for the definition of the Code of Ethics, values and the preparation of this Annual 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 regulations in force at any given time concerning the balance between genders (out of a total of ten members there are three women, all of whom are independent), and the average age of the members of the Board is 55. In line with best practice, the role of Chairman of the Board of Directors is separate from that of Managing Director;
- **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 Independent Auditor,** an external entity responsible for the statutory audit of the accounts, is selected by the Shareholders' Meeting. For the nine-year period 2023 to 2031, this role has been assigned to the independent auditor KPMG SpA.

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

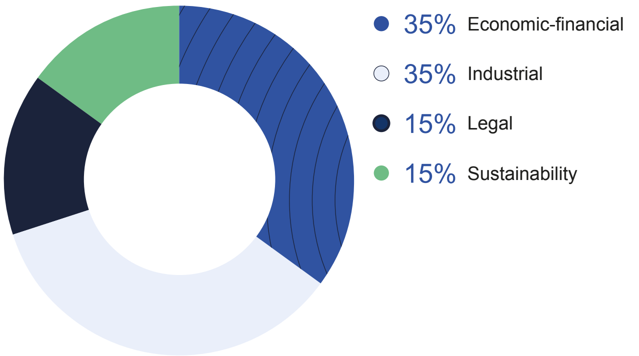
The **Appointments and Remuneration Committee** is a proactive advisory body with the main task of making proposals to the Board of Directors for the definition of the remuneration policy for Directors and executives with strategic responsibilities. The purpose of the Committee is also to ensure the transparency and balanced composition of the Board, guaranteeing an adequate number of independent directors. The integration of the Appointment Committee's functions with those attributed to the Remuneration Committee was decided for reasons of organisation and internal efficiency of the Board, as well as in consideration of the close correlation between the competences of the Company's pre-existing Remuneration Committee and those attributed to the Appointment Committee pursuant to the Corporate Governance Code.

The **Control and Risks and Related Parties Committee** is a body with consultative and propositional functions which has the task of supporting, with an adequate preliminary activity, the assessments and decisions of the Board of Directors relating to the internal audit and risk management system, as well as those relating to the approval of the periodic financial reports.

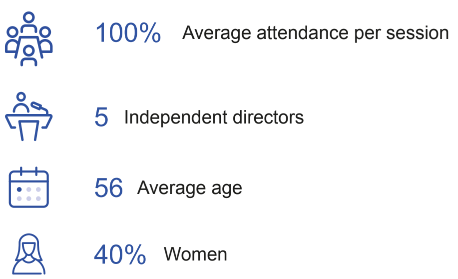
The **Sustainability Committee** has the task of assisting the Board of Directors with investigative, propositional and consultative nature, in evaluations and decisions relating to sustainability issues, also understood as Environmental, Social and Governance, connected to the exercise of the company's 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**, in the "Corporate Governance" Section.

Directors' competencies



BoD in numbers



Board of Directors

	Gender	Year of birth	Role	Expiry
Paolo Castellacci	♂	03/30/1947	Chairman	approval of financial statements April 30, 2024
Giovanni Moriani	♂	11/19/1957	Chairman	approval of financial statements April 30, 2024
Moreno Gaini	♂	07/14/1962	Chairman	approval of financial statements April 30, 2024
Alessandro Fabbroni	♂	03/03/1972	CEO	approval of financial statements April 30, 2024
Claudio Berretti	♂	08/23/1972	Non-Executive Director	approval of financial statements April 30, 2024
Giuseppe Cerati	♂	05/15/1962	Independent Director	approval of financial statements April 30, 2024
Angela Oggionni	♀	06/08/1982	Independent Director	approval of financial statements April 30, 2024
Chiara Pieragnoli	♀	11/11/1972	Independent Director	approval of financial statements April 30, 2024
Giovanna Zanotti	♀	03/18/1972	Independent Director	approval of financial statements April 30, 2024
Angelica Pelizzari	♀	10/18/1971	Independent Director	approval of financial statements April 30, 2024

Corporate Governance Bodies

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

Management Control Committee

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

Regulatory Body in compliance with Legislative Decree 231/2011

	Role	Expiry
Giuseppe Cerati	Chairman	approval of financial statements April 30, 2024
Chiara Pieragnoli	Standing Member	approval of financial statements April 30, 2024
Giovanna Zanotti	Standing Member	approval of financial statements April 30, 2024

Sesa Corporate Officer

	Role
Samantha Alderighi	Group Human Resources Director
Elisa Gironi	Corporate Governance, M&A and Integration Director
Francesco Billi	Group Chief Financial Officer
Jacopo Laschetti	Stakeholder, IR and Sustainability Manager
Alessandro Di Stefano	HR Business Partner and Welfare Manager
Eriberto Santoro	Group Administration and Tax Director
Angela Pennacchi	Hiring and Diversity Manager
Alessandro La Pietra	Legal and Compliance Manager

1.3.2. Shareholding

Sesa shares are listed on the Euronext STAR Milan market and are part of the Euronext Tech Leaders index and the FTSE Mid Cap index. The company has a capitalisation of Euro 1.718 billion (reference Euro 110.9 per share) as of April 30, 2023.

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.

The Shareholders' Meeting of August 28, 2020 approved the amendment of Article 7 of the Articles of Association, in compliance with the provisions of Article 127-quinquies TUF, introducing the so-called "increased vote" mechanism. The purpose of the proposed amendment is to promote the stabilisation and loyalty of the shareholder structure, providing incentives for medium- and long-term investment in Sesa's share capital, in support of the Group's organic and non-organic growth strategy. The Company's Articles of Association envisage that two votes be allocated for each share owned by a shareholder who has requested registration in the Special List - kept and updated by the Company - and has maintained it for a continuous period of not less than 24 months from the date of registration in said List.

Listing Market	
Euronext Market, Milan	STAR segment
Share Capital (in EUR)	37,126,927.50
Number of ordinary shares issued	15,494,590
Share of capital held by controlling shareholder ITH SpA	52.814%
Specialist Operator	Intermonte Sim SpA

Treasury shares: as of April 30, 2023, Sesa SpA holds 81,134 treasury shares (88,784 as of the date of the Report, equivalent to 0.524% of the share capital), purchased under the treasury share purchase plan approved by the Shareholders' Meeting of August 25, 2021. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity. The Stock Grant Plan 2021-2023 envisages the allocation of 122,000 ordinary shares to the beneficiaries upon reaching the targets set for April 30, 2023. Most of these shares are already available in the company's treasury share portfolio and the remainder may be purchased following the continuation of the buy-back plan in the new financial year ending April 30, 2024.

Stock performance in euro

as of 04/30 each year

1.3.3. Locations and geographical coverage

The Sesa Group operates throughout the whole of Italy and in some foreign countries. The Group's headquarters is in Empoli (Florence) where a technological pole 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 datacentre 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 of April 30, 2023, the locations in Germany (Munich, Aichach, Filderstadt, Moers, Eching, Grossheirath and Giessen), France (Tremblay en France), Spain (Madrid and Barcelona), Austria (Klagenfurt), Switzerland, 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 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 compliance 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);
- UNI/PDR 125:2022 certification for gender equality management;
- SA8000:2014 for social responsibility.

ENVIRONMENTAL CERTIFICATION
UNI EN ISO 14001:2015

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, ABS Technology SpA, BDS Factory Srl. Environmental Management System Certifications cover more than 90% of the Group's disposal activities.

ETHICAL CERTIFICATION
SA 8000

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 the 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, its aim being the continuous improvement of company performance, guaranteeing the quality of goods and services to customers. **Certified Group companies:** Sesa SpA, Computer Gross SpA, Var Group SpA, BDS SpA, BDM srl, Apra SpA, East Services Srl, MF Services Srl, Var Bms SpA, Var Engineering Srl, WSS Italia Srl, Yarix Srl, Adiacent Srl, Icos SpA, Digital Storm Srl, BDS Factory Srl, IFM Infomaster SpA, P.M. Service Srl, NGS Srl, Eurolab Srl, Aldebra Srl, Datef Srl, Palitalsoft Srl, Yoctoit Srl. Quality Management System Certifications cover more than 90% of the Group's locations.

OCCUPATIONAL 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, BDS SpA, BDS Factory Srl. Occupational health and safety certifications (ISO 45001) cover more than 90% of the Group's locations.

ADHESION TO THE UNITED NATIONS GLOBAL COMPACT
SDGs

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 S.p.A., Var Group S.p.A., Computer Gross S.p.A.

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 goal is to guarantee the protection of data and information from threats of all kinds, in order to ensure its integrity, confidentiality and availability, and to provide the requirements for implementing an Information Security Management System suitable for the proper management of business-critical data. **Certified Group companies:** Computer Gross SpA, Var Group SpA, BDS SpA, BDS Factory Srl, Kleis Srl, WSS Italia Srl, Yarix Srl, Digital Storm Srl, IFM Infomaster SpA, NGS Srl, Tecnike Srl, Datef Srl, Amaeco Srl, Palitalsoft Srl, Yoctoit Srl. Information Security Management System Certifications cover more than 90% of the Group's locations.

GENDER EQUALITY CERTIFICATION
UNI PDR 125:2022

The certification on Gender Equality in accordance with UNI/PdR 125:2022 envisages an assessment of the effectiveness of the actions taken by the organisation to create a working environment that is inclusive of diversity and supportive of gender equality. This goal has been achieved by Sesa SpA, with plans to extend it to the main Group companies, thanks to its commitment to promoting an increasingly inclusive corporate culture. The actions taken were measured against a set of KPIs - of a qualitative and quantitative nature - relating to different variables that distinguish an inclusive organisation, such as culture and strategy, governance, HR processes, fair opportunities for growth and inclusion in the company, equal pay regardless of gender, protection of parenthood and work-life balance. Gender Equality is also one of the 17 Sustainable Development Goals set by the UN (Goal 5) and is one of the cross-cutting goals of the NRP.

ECOVADIS RATING
CSR RATING: GOLD

Sesa and the main Group companies were awarded the Gold Ecovadis medal, an important recognition that underlines our commitment to integrate ESG criteria into the company's business. Computer Gross SpA was awarded the Platinum medal, entering the Top 1% of the best companies in the EcoVadis global ranking (out of more than 90,000 companies analysed), falling within the 99th percentile.

Corporate Responsibility Awards:

INTEGRATED GOVERNANCE INDEX (IGI) 2023

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. For the last three years, (2021, 2022, 2023) Sesa has ranked among the top 100 companies listed on the stock market to have acquired this recognition.

SUSTAINABILITY LEADERS
Il Sole 24 Ore

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 2023[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, for the third year running, among the 200 Italian companies considered most sustainable.

4 https://www.esgbusiness.it/
5 https://lab24.ilsole24ore.com/leader-sostenibilita-2023

1.4.2. Business lines in support of sustainability

In 2021, the Sesa Group launched a Strategic Business Unit dedicated to offering technologies and services supporting environmental sustainability, which, as of April 30, 2023 developed revenues of over Euro 300 million and a customer set of around 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. Details of some of the main Group companies operating in technologies for environmental sustainability and energy efficiency, making a proactive contribution to the protection of the environment, are shown below:

- 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 1.0 million 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 April 30, 2023, it regenerated about 35,000 personal computers, with about 60 tonnes of hardware, with a saving of about 3 tonnes of CO_2, equivalent to about 100 tall trees;
- Var Group (the Group's SSI sector) further strengthened its offer of services for the digitisation and monitoring of the consumption of natural resources during the year, promoting the optimisation of production processes with a view to environmental sustainability, also in the wake of the recent acquisition of Amaeco Srl.

DNF

1.4.3. The Group's tax 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 periodical update of 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 of April 30, 2023 there had 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 Body of Sesa received reports of alleged unlawful conduct or conduct contrary to the provisions of the Code of Ethics.**

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 goals 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 April 30, 2023, Sesa recognised taxes amounting to Euro 38,062 thousand (+25% Y/Y). 100% of the taxes recognised are related to the EMEA (Europe, the Middle East and Africa) area and, in particular: Euro 37,609 thousand in Italy (98.81%), Euro 304 thousand in Germany (0.80%), Euro 100 thousand in France (0.10%), Euro 13 thousand in Romania (0.03%) and Euro 37 thousand in Switzerland (0.10%).

DNF

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 attributable to:

- energy consumption of Group company offices. The electrical system installed on the premises of the companies 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 Group's operational management refers to environmental protection and energy efficiency criteria, pursuing the continuous improvement of occupational health and safety and environmental protection. In order to achieve and implement this commitment, Sesa has drawn up. A Group Environmental Policy and obtained the environmental certification of the activities carried out, introducing an Environmental Management System, in accordance with the provisions of UNI ISO 14001:2015.

In order to exploit all possible synergies, the definition of the Environmental Policy and its implementation are managed in a unified way and are consistent with the Group' s strategic goals. This management:

- defines the environmental and sustainable industrial development policies;
- draws up guidelines for the implementation of the Group's environmental policy;
- identifies the indicators and guarantees the monitoring and control of the trend of corporate actions in terms of environmental impact;
- follows the evolution of national and European Union environmental legislation and prepares application guidelines for subsidiaries;
- handles relations with organisations, institutes, and agencies in the environmental field.

ENVIRONMENTAL RISKS AND OPPORTUNITIES

Climate change is a risk factor of increased impact which, 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.

With reference to the main climatic risks for the company, significant physical damage (concerning temperature, wind, water and terrain, and therefore possible extreme events, such as fires, floods, hurricanes or earthquakes) to the Group's locations could have an impact on its activities, such as the interruption of services and operations. However, such impacts are mitigated through appropriate business continuity plans and safeguarded by organisational and security measures to preserve the business from disruption. The occurrence of a major incident would be unlikely to have significant negative consequences on the Group's operations.

Conversely, the Group's risk of generating negative climate impacts is mainly related to its ability to take effective measures to reduce emissions, which in part also depend on the energy purchased by the company to run its operations. A reputation risk related to the difficulty in attracting and retaining customers, employees, business partners and investors could be added to this should Sesa fail to achieve its climate protection targets.

The measures taken to prevent and mitigate environmental risks are the ISO14001-certified environmental management system and all initiatives to reduce greenhouse gas emissions related to the Group's activities (mainly offices and business travel), which may lead to increased capital expenditure in the short term before financial benefits are realised in the long term, and the use of renewable energy.

To this end, a new business line was developed with over Euro 300 million in revenues in the financial year and about 150 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 FY 2023, internal production of energy from renewable sources increased significantly (1.3 million Kwh +25% Y/Y), and the main indicators relating to emissions and consumption improved.

Sesa's ESG Team, with the direct cooperation of the Sustainability Committee, collects and analyses environmental data, periodically monitors indicators and helps create awareness and educate employees on these issues through internal communication events and initiatives.

Photovoltaic installations at the Empoli technology centre

1.5.2. Enhancement of natural capital and responsible use of resources

Thanks to the principles of protection and preservation mentioned above, Sesa undertakes a series of initiatives aimed at reducing and preventing possible negative impacts on the environment resulting 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 efficiency of the waste produced and development of recovery activities (separate collection). **Improvements:** extension of 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;
- improvement of levels of awareness among personnel working in the Group or on its behalf, by implementing information and training. **Improvements:** HR training;
- raising awareness of environmental management principles among suppliers and contractors. **Improvements:** activities to raise awareness among employees and suppliers;
- commitment to actions aimed at maximising energy savings in its offices or premises, in the management of its vehicle fleet, favouring more efficient and less polluting technologies. **Improvements:** Increased efficiency of 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 injected into the grid. **Improvements:** maintenance and improvement of facilities;
- optimisation of the use of transport 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 pole. 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 pollutant emissions 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 involves 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 Pole, 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. In detail:

- specifically, 1.04 million kWh were produced in the financial year ended April 30, 2022, an increase of 314% compared to the previous year;
- 1.30 million kWh were produced in the financial year ended April 30, 2023, an increase of 25% compared to the previous year.

Since 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%. In FY 2023, the share of certified green energy (through cancellation of certificates of origin) is 93% of the total supply.

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. Moreover, all the air-conditioning systems have been replaced with more energy-efficient systems, using refrigerant gases with a low environmental and lower acoustic impact.

DNF

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 management of the supply chain, 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 reputation 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, judgements 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 and professional suitability, ethical-behavioural aspects, compliance with applicable regulatory standards and the 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 established in Decree 231/01 and with 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. The respect, by each Supplier, 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 possible way, 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 in force 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 change in the competitive environment, which IT companies must face in order to support the digital transformation and the consequent changes in customer behaviours 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.

Sesa’s achievement of ISO 9001 certification and the confirmation of this certification for the other main Group companies has allowed the adoption of a management system focusing on customer satisfaction, through dedicated surveys. **As of April 30, 2023, there were no significant customer complaints.**

CONFLICT MINERALS

The Sesa Group, aware of the human, social and political consequences of the trade and sourcing of minerals from conflict zones, supports the fight against violence, the violation of human rights and environmental degradation in the mining and marketing of certain minerals from the geographical area identified as the Conflict Region.
Sesa undertakes to apply and promote ethics, respect for human rights and social practices in a transparent and responsible manner, basing its transactions on that defined by the United Nations Guiding Principles with regard to Business and Human Rights (OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas).

In accordance with the “Conflict Minerals” Policy (approved by the Board of Directors on December 19, 2022) and the Code of Ethics regarding the principles of social responsibility, human rights and discrimination, the Sesa Group undertakes to: (i) not to knowingly purchase and use metals from mines in the “Conflict Region” or in any case not certified as “Conflict Free”; (ii) to require its suppliers to undertake an appropriate assessment process with their supply chains[6].

For information and further details on the “Conflict Minerals” Policy, please see the “Sustainability” section of the website: https://sostenibilita.sesa.it/environmental/minerali-di-conflitto/.

6 6As of April 30, 2023, the number of verified suppliers accounts for 65% of the Group’s total turnover. The major Vendors publish their conflict minerals and sustainable sourcing policies on their websites

Summary of supply chain verification activities as of April 30, 2023

% strategic suppliers subject to verification	70%
% strategic suppliers at high sustainability risk subject to verification	65%
% 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 a value for Sesa as well as a strategic driver. A value because, based on the principles of corporate social responsibility, the company intends to contribute to environmental protection and social progress. But also a strategic choice, because innovating business models, improving efficiency in the use of resources and reducing environmental impacts, is crucial to economic competitiveness and productivity.

Sesa has progressively focused its energies and commitment to improve its sustainability profile. Thanks to a process of continuous and proactive involvement of management, employees, the sustainability team and also analysts and institutional stakeholders, Sesa has explored ESG issues and identified the priorities for the years to come.

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. Sustainable development goals

Sustainability is an essential reference value in Sesa's strategy. For this reason, in this Integrated Annual 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. Furthermore, 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 2030 Agenda, to define the company's strategic priorities, on which to develop policies 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, a specific study was prepared 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 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 to contribute to an organisational climate in which women and men have equal opportunities to be successful and can contribute equally to the economic and social growth of Sesa. The main goals 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 sectors of activity, to address and mitigate the pay gap where it exists, to close the gap and 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 by creating jobs with fair remuneration that allow the employees of the Sesa Group to live in a satisfactory way and in compliance with work-life balance criteria. Improve the well-being of people, businesses and organisations through technological innovation and digital transformation. Promote development-oriented policies that support productive activities. Protect the right to work and promote a healthy working environment with maximum security for all employees.

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 is aimed 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:** incorporate climate change measures into policies, strategies and planning. Make stakeholders aware 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. Promoting and respecting laws, standards and governance principles, both external and internal, and adopting virtuous practices in internal relations and with all stakeholders, business or non-business. **What Sesa intends to do:** support initiatives aimed at combating abuse and exploitation, guarantee public access to information, in compliance with national legislation and international agreements, promote and enforce non-discriminatory laws.

DNF

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 fully understand emerging trends (critical issues and opportunities) in the context in which the organisation exists and operates, and to identify the issues in which to invest as a priority, in response to the expectations of key stakeholders. In particular, the quality of relationships (so-called relational capital) established with the various stakeholders and the experience (past and present) observed by them, influences the alignment between promises (value proposition), expectations, actions and perceptions.

The Group believes that the creation of value must be long-term, to the benefit of all stakeholders, including 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 as stakeholders all those who have an interest - implicit or explicit - in that they are influenced 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 Businesses Organisations	Institutes Media Local Communities Non-profit organisations
Financial Community	**Contractual Partners**	**Environment**
Shareholders Investors Analysts Proxy advisor	Vendors Suppliers Strategic Partners	Ecosystem Working environment Territory

The identification of stakeholders with respect to non-financial issues is an activity that was carried out by Group management, as part of the more general process of sustainability undertaken by the Sesa Group. In the table below, there is a list of the stakeholders identified and the main listening and discussion channels set up by the Group. In the sustainability process undertaken, the activities of involvement and comparison with stakeholders developed in this fourth year of reporting have not led to the identification of particular critical issues.

Stakeholder	Method of dialogue
Personnel	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
Financial Community	Regular and transparent financial reporting
	Investor relations platform
	Best practices in drawing up 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)
	Qualification and assessment process
Customers	Monitoring of 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 connected to the business activities

The Materiality Analysis guides Sesa in choosing the issues to be reported in order to give full and clear representation of the relevance of the economic, environmental and social impacts of the Group's activities.

Sesa carried out its first materiality analysis in 2018, aimed at identifying non-financial issues of importance to the organisation, through an articulated process that had envisaged a phase dedicated to the mapping of stakeholders, i.e., the identification of those who influence and are influenced by the organisation, taking into consideration the reference sector, the practices in place among peers and competitors, the business model and the Group's characteristics, and another phase dedicated to identifying economic, environmental and social sustainability issues of importance to the Group's business and its stakeholders.

Subsequently, in 2019, 2020 and 2021, the Group carried out an update of the materiality analysis, supplementing the list of material issues. In 2022, the list of potentially significant issues was reviewed by members of the Sustainability Committee, and the stakeholder listening and engagement process was expanded to include the following categories: Employees, Financial Advisors, Customers, Community. For the 2023 materiality analysis, the Group adopted a new methodological approach, which takes into account the principles and guidelines following the update of the GRI Universal Standards 2021, specifically introducing the concept of impact materiality.

The identification of material issues for the company is linked, according to the Standard's requirements, to the identification of the current and potential significant impacts it generates or is likely to generate on the economy, the environment and people, including impacts on human rights, through all of the organisation's activities and business relationships. These impacts can be negative or positive, effective or only potential, short-term or long-term, intentional or unintentional, reversible or irreversible.

The new materiality analysis process is structured into four steps:

Understanding the sphere in which the Group operates: analysis of Sesa's operating sector, taking into consideration different categories of sources, both internal and external to the company;

Identification of Sesa's effective and potential impacts: effective impacts are impacts that have occurred over time, while potential impacts could occur in the future;

Assessment of the significance and materiality of impacts: all impacts were assessed on the basis of the degree of significance developed in line with the criteria specified by the Standard (i.e., according to their severity and likelihood of occurrence);

Prioritisation of the most significant impacts: the most significant impacts for Sesa were prioritised, and those considered most important guided the identification of the material issues included in this Integrated Annual Report.

In the process of the materiality analysis, Sesa considered the themes referred to in Legislative Decree 254/2016 and followed the new provisions of the reporting framework used (GRI Standards 2021).

In addition, the members of the Board of Directors, Sesa's Sustainability Committee, the Independent Directors and Statutory Auditors, together with other Group stakeholders, actively participate in the materiality analysis process, which is functional to the identification and management of the organisation's impacts on the economy, environment and people, including human rights. Specifically, the Board of Directors is involved in the materiality assessment and approves the analysis conducted and the results obtained on an annual basis.

The Group also conducted a materiality analysis with reference to the entire value chain, considering potential breaches of human rights with regard to negative impacts, and assessing the contribution to sustainable development with regard to positive impacts. The assessment of each positive impact considered the Group's direct and indirect contribution; for the assessment of potential negative impacts,

all policies, procedures and activities implemented by the company to prevent and mitigate the identified negative impact were considered. The prioritisation activity has enabled the Company to determine the material issues for reporting.
At methodological level, the major impacts, both negative and positive, identified were prioritised and evaluated according to their degree of severity and probability of occurrence, respectively. The significance of an effective negative impact is determined by its severity while, the significance of a potential negative impact is determined by the severity and likelihood of the impact.

The severity of a negative impact in particular was assessed in consideration of three aspects:

Scale: how severe the impact is and the external context in which the impact occurs, including geography;

Scope: how widespread it is and can be measured in terms of impact on the value chain; Irremediable character: how difficult it is to remedy the harm generated by the impact.

Irremediable character was considered only for the assessment of negative impacts as outlined by the GRI Standards 2021.

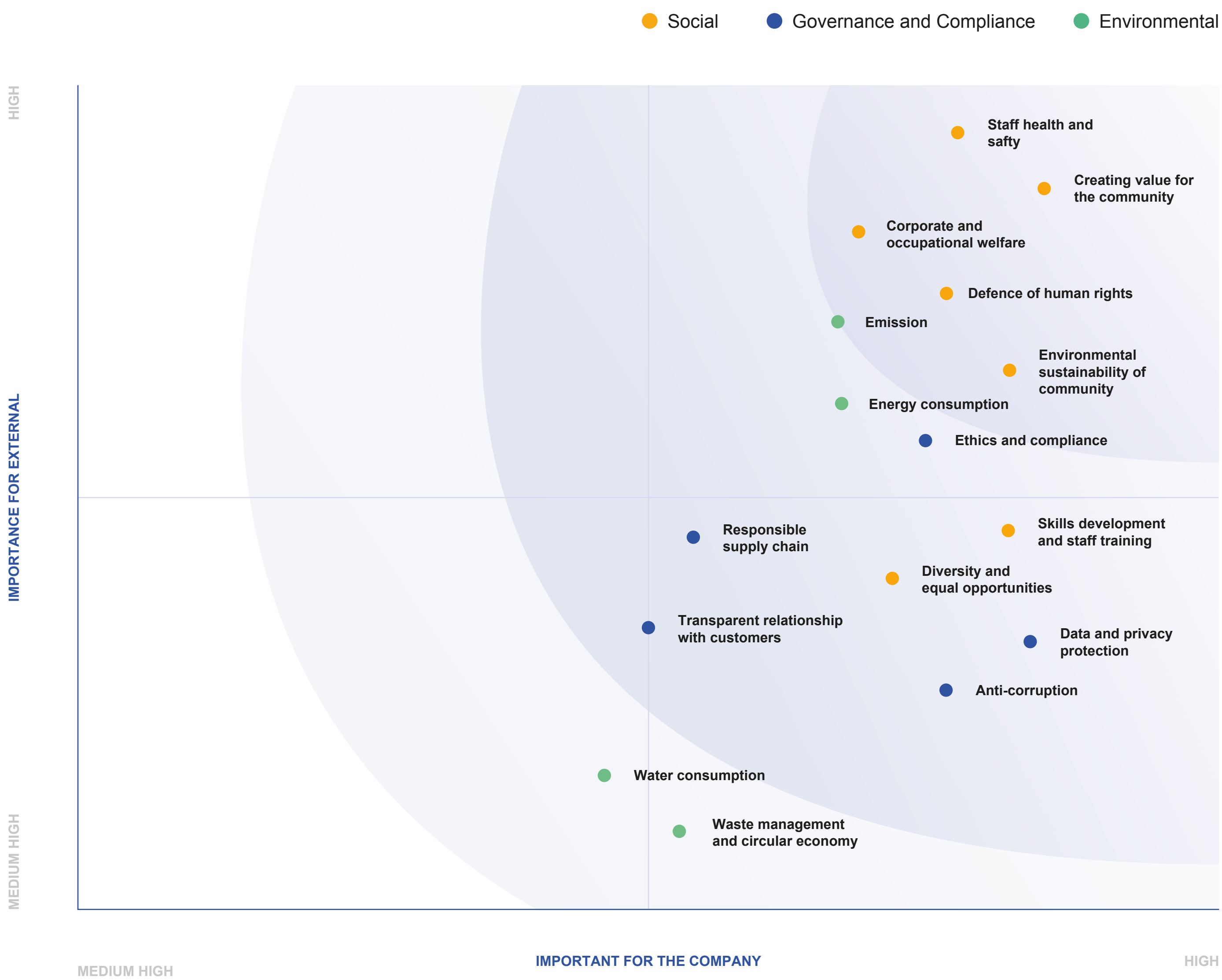
Below is the list of issues found to be material following the identification and aggregation of material impacts, associating the relevant GRI disclosures with each material issue.

The materiality analysis confirmed the issues considered priorities already reported in the matrix published for the financial year ended April 30, 2022.

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	Details by type and weight (Kg)
Social	Responsible supply chain	% suppliers assessed on ESG issues
	Transparent customer relations	Number of complaints
	Creating value for the community	Economic value generated and Creating value for the community distributed to stakeholders
	Environmental sustainability of communities	Specific communications/initiatives
Personnel Management and Human Rights	Corporate welfare and employment	HR, growth rerate, recruitment
	Skills development and HR training	Number and type of training hours
	Diversity and equal opportunities	Gender representation and diversity
	Staff health and safety	Number and type of accidents
	Protection of human rights	No. sanctions and whistleblowing reports
Fight against 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



The following results should be noted in particular:

- among the most important 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 important issues for Sesa, particularly because of the activity carried out and the importance that these issues have for its long-term success;
- issues related to “Energy consumption”, “Waste management and circular economy” and “Diversity and equal opportunities” are important for stakeholders and reflect the growing awareness of these issues at global level.

ANALYSIS AND MANAGEMENT OF IMPACTS

During 2023, Sesa, being fully aware of the need to monitor the impacts of activities and consumption on society and the environment, has adopted Corporate Policies, aimed at implementing the soundness and sustainability of its business model, promoting transparency, social innovation, development, safety and environmental protection.

The long-term corporate goal, in accordance with the requirements of the Paris Agreement, is to strengthen the response to the threat posed by climate change, taking into account the principle of common but differentiated responsibilities.

Below is a summary of the main initiatives promoted by Sesa to implement the sustainability path and so counteract negative impacts on the environment and society:

- **identification and minimisation of the main environmental impacts related to production activities:** ISO 14001 certification has enabled Sesa to specialise in principles, systems and techniques to support environmental management systems. The Group has identified the main practices to be adopted to protect the environment, preventing pollution, reducing the amount of waste and the consumption of energy and materials, and using energy produced from renewable sources;
- **adopting a systematic approach to greenhouse gas reporting and monitoring:** Sesa measures and monitors GHG emissions in order to implement Carbon Management policies and properly communicate its commitment to environmental sustainability to stakeholders;
- **fight against corruption:** Sesa's Management System for the Prevention of Corruption contributes to the development of an ethical culture in businesses by operating according to principles of transparency, in accordance with the current regulatory framework. The company promotes a model of organisation and development based on the culture of legality and promotes constant actions to improve business processes;
- **social commitment:** constant monitoring and management of activities and processes that have impacts on human rights, development, training, occupational health and safety, non discrimination. The adoption of a Social Accountability Management System, in accordance with SA 8000, has enabled Sesa to transpose the contents of the ILO (International Labor Organization) Conventions, on the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child;
- **protection of the working environment:** The Occupational Health and Safety Management System has enabled Sesa to make workplaces safer and more accessible and to prevent work-related illnesses and injuries with a view to continuous improvement;
- **hybrid working:** the implementation of Hybrid work in the company has resulted in a significant reduction in the daily travel of employees and has recorded important positive reflections, in terms of environmental sustainability, on climate pollution, through a significant decrease in environmental emissions. Urban environmental sustainability does not exhaust the scope of potential benefits of smart working, which has also shown undoubted positive reflections on the quality of work, optimisation of the work-life balance and the ability to attract young talent.

Sesa's focus on environmental and social issues is constantly evolving and involves the active involvement of the entire corporate population. For this reason, the company constantly monitors the social and environmental impacts of its activities, seeking to minimise the negative effects and implement the positive ones on people, human rights, the environment and society.

2.2.3. Evolution of the sustainability profile

In the financial year ended April 30, 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 organisation;
- implementation of the sustainability report, improving content and focus.

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 (already achieved in the financial year ended April 30, 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);
- strengthening 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 **the main objectives were achieved** during 2023 and that the decision was taken to prepare for the first time in 2022 an Integrated Annual 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.

DNF

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 transparent relationships.

The financial year ended April 30, 2023 highlighted a further improvement in ESG, with a distributed net economic value of Euro 309.2 million (80.5% of the total), up 23.6% on the previous year. The net economic value retained to support investments and future growth increased from Euro 64.7 million at April 30, 2022 to Euro 74.7 million at April 30, 2023.

Value distributed to Stakeholders

(Euro thousands)	04/30/2023	04/30/2022	04/30/2021
Net added value	383,913	314,898	250,180
Net economic value distributed	309,191	250,225	208,042
Net economic value retained	74,722	64,674	42,138

Our capital pillars

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

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

Intellectual capital
The information systems, internal processes and procedures, the practices developed and consolidated over 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.

Share 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 Safety
- Responsible supply chain
- Relations with local communities

G
- Reliability
- Quality
- Compliance
- Risk Management

Vision as of 2030
- Focus ESG Strategy
- Human organisation 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 2.9 billion at April 30, 2023
- Distributed economic value 309 million
- Over 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
- Enhancement of diversity
- Inclusion

WE PROMOTE THE WELLBEING OF PEOPLE

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

WE SUPPORT RESPONSIBLE CHANGE

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

WE BUILD A DIGITAL AND SUSTAINABLE FUTURE

The following statement of income generated represents a reclassification of the consolidated income statement which represents the wealth produced and distributed by the Group to stakeholders in the year ended April 30, 2023. In particular, this reclassification indicates the “quantitative capacity of the organisation to create value for its stakeholders”. The net added value of the Sesa Group as of April 30, 2023 was Euro 383.9 million(+21.9% Y/Y), distributed as follows:

- employees’ remuneration amounted to Euro 238.4 million (+20.6% 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 39.3 million (+23.8% 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 April 30, 2023, is defined in the amount of approximately Euro 15.5 million (Euro 1 per share compared to Euro 0.90 in the previous year, up 11.1% Y/Y).

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 62.1% of the total.

Economic value generated and distributed

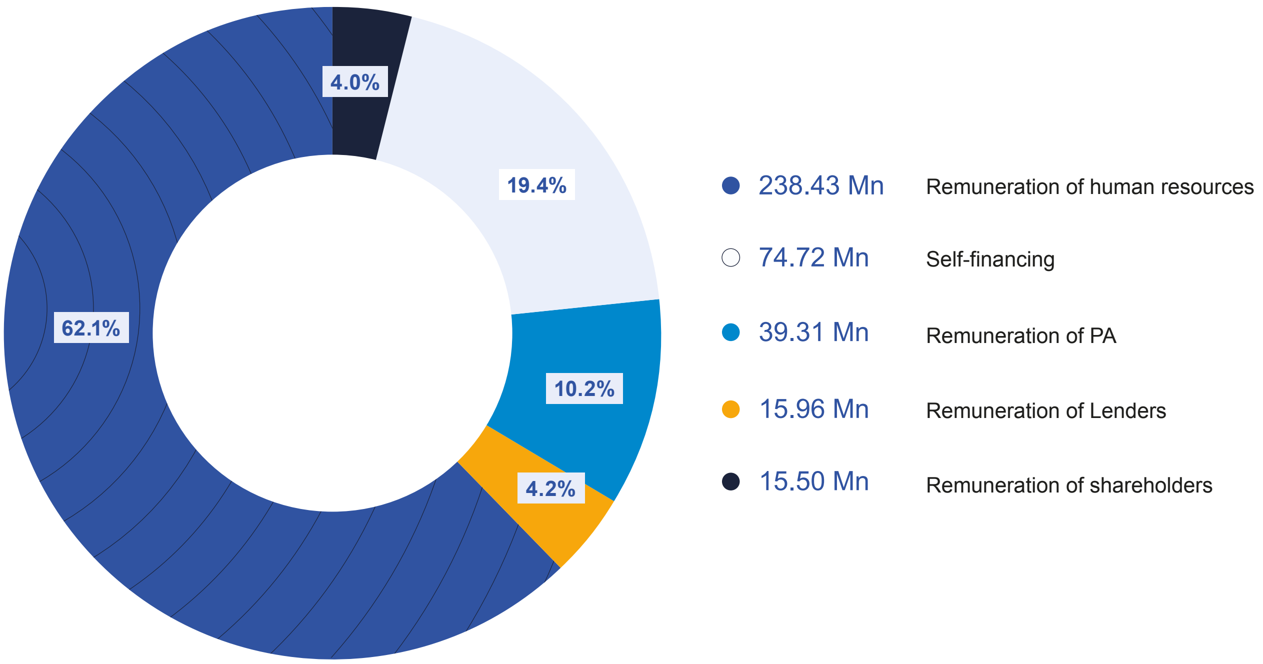
(Euro thousands)	04/30/2023	%	04/30/2022	%	Change 23/22
Net revenue	2,867,700	98.6%	2,362,603	98.8%	21.4%
Other Income	39,939	1.4%	27,220	1.1%	46.7%
Profit of companies valued at equity	1,572	0.1%	1,744	0.1%	-9.9%
Economic value generated	**2,909,211**	**100.0%**	**2,391,567**	**100.0%**	**21.6%**
Reclassified operating costs (purchases, services, etc.)	(2,458,521)	-84.5%	(2,023,167)	-84.6%	21.5%
Amortisation, depreciation, write-downs and other non-monetary costs	(66,777)	-2.3%	(53,502)	-2.2%	24.8%
Net added value	**383,913**	**13.2%**	**314,898**	**13.2%**	**21.9%**
Remuneration of human resources	238,426	62.1%	197,673	62.8%	20.6%
Remuneration of lenders*	15,958	4.2%	6,856	2.2%	132.8%
Remuneration of shareholders**	15,495	4.0%	13,946	4.4%	11.1%
Remuneration of Public Administration	39,312	10.2%	31,750	10.1%	23.8%
Distributed net economic value	**309,191**	**80.5%**	**250,225**	**79.5%**	**23.6%**
Self-financing	74,722	19.5%	64,674	20.5%	15.5%
Retained economic value	**74,722**	**19.5%**	**64,674**	**20.5%**	**15.5%**

(*) Equal to the balance of net financial income and expenses
(**) Determined on the basis of the proposal of the Board of Directors of July 18, 2023 (figure as of April 30, 2023) and submitted for approval by the Shareholders' Meeting of August 28, 2023 (figure as at April 30, 2023)

The retained economic value amounted to Euro 74.7 million, up 15.5% compared to April 30, 2022, supporting the Group’s investments for long-term growth.

Below, a graphical breakdown of the Sesa Group's 2023 Added Value of approximately Euro 383.8 million, of which Euro 74.7 million is retained economic value (self-financing) and Euro 309.2 million is distributed economic value.

Distribution of the net value generated



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

2.4.1. System of Internal Controls and Risk Management

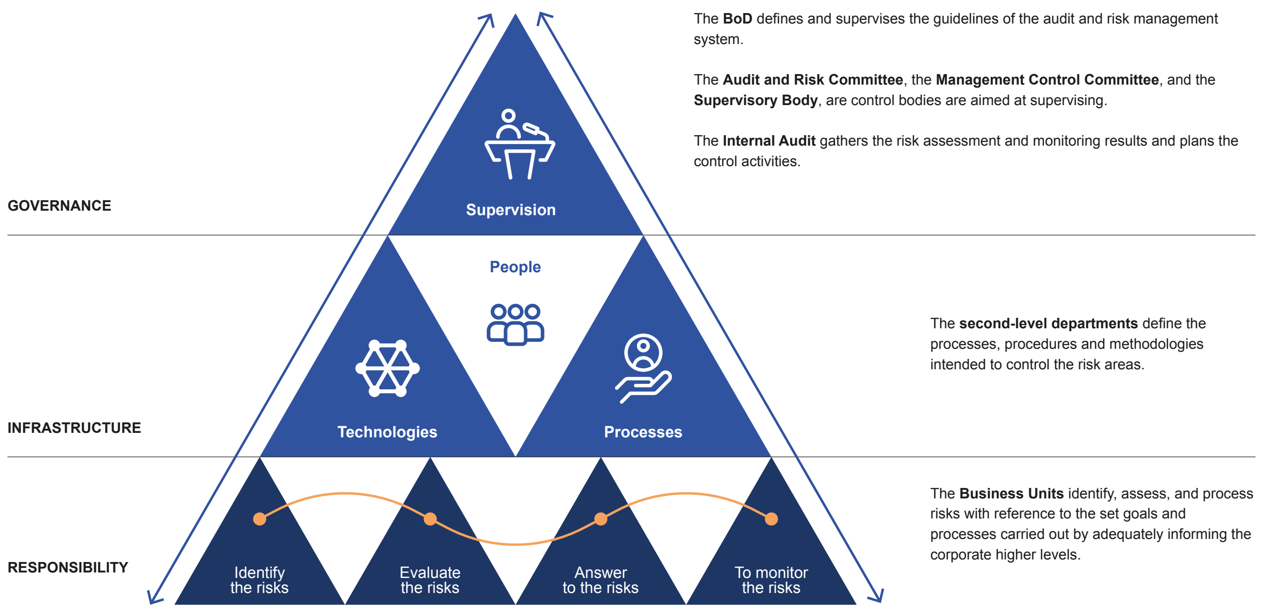
The development of the Sesa Group has made it necessary to progressively strengthen and further integrate the components of the internal control system. The risk governance model was developed in line with the best practice and in compliance with the Corporate Governance Code and the Group's Model 231.

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 Audits and Risk Management** ("IARMS") 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 Control and Risks Committee:** which has the task of supporting the assessments and decisions of the Board of Directors relating to the internal audit and risk management system;
- **the Board of Directors** which, as a collegiate body, performs a role of guidance and assessment of the adequacy of the IARMS; in particular, in relation to the non-financial issues covered by this Integrated Annual Report, it should be noted that the Board has the primary task of defining the guidelines of the IARMS, in line with the strategic objectives and risk profile of the same, with a view to medium/long-term sustainability;
- **the Compliance Officer**, as level two supervisory body, carries out regular checks on the companies' compliance with regulations, verifying, in accordance with industry best practices, the compliance of the activities carried out with the provisions of the law, the provisions of the Supervisory Authorities, the self-governance rules and the contractual commitments undertaken with customers;
- **Internal Audit:** which systematically verifies the effectiveness and efficiency of the Internal Audit and Risk Management System (level three supervisory body) as a whole, reporting the results of its activities to company management and liaising with the company's other supervisory 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 IARMS as the "apex" of the company's supervisory system.
- **the Supervisory Body pursuant to Legislative Decree 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 Model 231.

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 development at national or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's activity and on its economic, equity and financial situation. 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.

  Risks related to dependence on suppliers: The Group could be exposed to risks arising from concentration on a relatively small number of suppliers; loss of contracts could lead to a decline in revenues and profitability. Moreover, it should be noted that as of April 30, 2023, the Group has more than 100 strategic partnerships with international vendors with single vendor dependency levels of less than 10% and increasing business diversification.

Risks related to cyber-attacks (Cyber Risks) and personal data protection: rapid technological evolution and the increasing frequency and incisiveness of cyber-attacks could expose the Sesa Group to the risk of cyber-attacks even with the use of innovative techniques. The Group has been progressively strengthening its cyber security measures and technical expertise in this area for years. To this end, Sesa invests significantly in its cyber risk management model with a view to business continuity, with the adoption of the best technologies and methodologies for identifying and protecting the Group, with the implementation of procedures, staff training, careful risk assessment and periodic review activities, also in relation to third parties.

Risks related to the integration of corporate acquisition transactions: The Group plans to continue pursuing bolt-on industrial acquisition transactions and investments to improve and add new skills and offer services and solutions, enabling market expansion. Every investment made within the scope of strategic acquisitions may result in increased complexity in the Group's operations and may have an impact on expected profitability. To cope with these risks, the Group has set up a Corporate Integration Team that takes care of all phases of the inclusion of new companies within the Group, providing progressive waves of Corporate integration (HR, IT, L&C, Administration and Finance) and guiding the Business Combination of the target companies within the Group's SBUs.

Risks related to the evolution of the market for technological innovation and IT and digital services: The Group operates in sectors characterised by sudden and profound technological changes and constant development of professionalism and expertise. Therefore, the future development of the Group's business will also depend on its ability to stay ahead of technological developments and innovate the content of its services, also making significant investments in research and development activities, or by carrying out effective and efficient extraordinary transactions.

Risks related to competition: The Group operates in sectors exposed to a high degree of competition, both in Italy and in all the other markets in which it is active. Consequently, the Group finds itself operating in highly competitive environments and facing, in the various geographical markets, both local operators with strong local roots and multinational organisations. Some competitors may be capable of expanding their market share to the Group's detriment. To cope with such risks, the Group offers innovative IT services and distinctive digital solutions, investing in human capital, the Group's main asset.

Risks related to changes in customer requirements: the success of the Sesa Group's activities also depends on its ability to address, interpret and meet the digital transformation requirements of its customers. The Group's solutions are subject to rapid technological changes which, together with the growing or changing needs of customers and their need for digitisation, could result in demands for the development of increasingly complex activities that could require significant efforts with an impact on profitability. By proposing a distinctive offering and developing innovative and competitive services compared to those of its main competitors, the Group's market shares continue to grow, with a significantly positive impact on its economic, financial and asset situation.

Risks related to changes in the regulatory framework: The Group is exposed to the risk of violations of the laws, rules and regulations that govern its activities (including regulations on the protection of health and safety in the workplace, the environment and the protection of intellectual property rights, the regulations on the protection of privacy, the administrative liability of organisations pursuant to Legislative Decree 231/01, and liability pursuant to Law 262/05), including tax regulations. Appropriate procedures have been drafted to mitigate the above and specific control activities have been implemented.

- INTERNAL RISKS

Risks related to dependence on key personnel: Sesa's future development depends significantly on some key management figures. The possible loss of these figures, should it not be possible to replace them adequately and promptly with persons of equal experience and expertise, 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. The Group addresses this risk by implementing loyalty plans and long-term incentive plans, also resorting to medium-term equity-based remuneration plans. The management believes that Sesa SpA and the Group have an operational structure capable of ensuring continuity in the management of corporate affairs.

Risks associated with 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 for managing and monitoring the services provided and has taken out appropriate insurance policies. In relation to compliance risks, the Group has adopted policies and procedures, including the adoption of Model 231/2001, for the parent company and its main subsidiaries, aimed at minimising compliance risks (particularly tax and legal risks).

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: 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 at April 30, 2023 with a net financial position (net liquidity) of Euro 239,496 thousand.

Interest rate risk: the Group companies perform a commercial activity characterised by the seasonal nature of working capital requirements. At certain times of the year, the Group companies may be financially exposed to the banking system, due to the need to finance their working capital requirements. These requirements are covered by floating rate loans, the cost of which is subject to changes in interest rates. As of April 30, 2023, the Group had no derivative instruments relating to interest rates. Indeed, in light of the Group's moderate level of indebtedness, the risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk.

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 Group's limited foreign exchange operations and the hedging activity of the risk (forward transactions), the Group reported insignificant results in the sensitivity analyses aimed at evaluating a hypothetical appreciation or depreciation of the Euro.

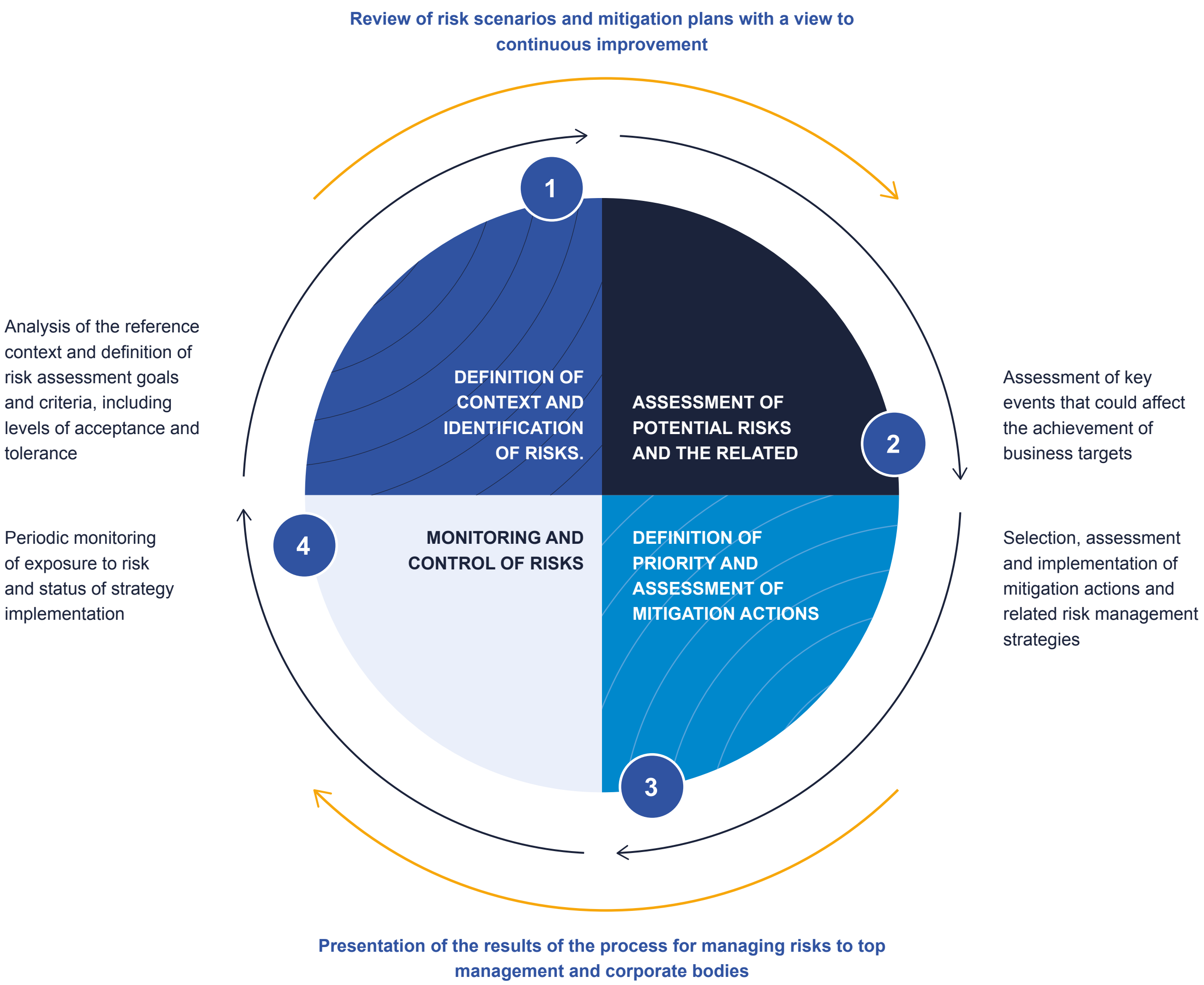
Price risk: the Group held no financial instruments or significant amounts of equities listed on securities markets as of April 30, 2023, with the exception of treasury shares deducted from shareholders' equity and capitalisation policies issued by major financial institutions. With regard to the risk 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: Environmental issues and related risks should be assessed and mitigation plans defined. The potential and effective risks analysed by the Group included the intensification of extreme climate phenomena, an increase in the cost of certain types of raw materials, the introduction of regulations aimed at curbing climate change, and possible changes in customer purchasing habits. In addition to risks related to climate change, the Group also identifies as environmental risks the failure to comply or incomplete compliance with laws and regulations, which could result in possible criminal sanctions and/or fines; environmental pollution phenomena related, for example, to uncontrolled emissions, inadequate disposal of waste and wastewater, or spills of hazardous substances into the ground. The Group is committed to preventing and mitigating any environmental risks through various initiatives and projects. The Group has established rules, processes and control activities to prevent and manage any environmental risks originating from its suppliers of processes and raw materials by adopting the Code of Ethics, the Conflict Minerals Policy and the Environmental Policy. The Group also manages risks arising from temporary interruption of operations resulting from external events or natural events through various initiatives, including continuity plans, as well as insurance policies to cover the loss of integrity of company assets and damages resulting from the interruption of business operations.

Personnel-related risk: related to the management of collaborators and persons in a similar position, including the actions implemented to protect health and safety in the workplace, to guarantee gender equality and a proactive dialogue with social.

Risk in the fight against active and passive corruption: related to the possible occurrence of events and/or circumstances linked to the fight against active and passive corruption. The Group undertakes to systematically update its socio-environmental policies and regularly monitors risks. **As of April 30, 2023 (as in the previous year), no sanctions have been imposed for environmental, human rights or discriminatory acts.**



Compliance and risk monitoring

Areas	Risks	Mitigation actions
External risks	Risks associated with the macroeconomic context and the 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 personne	Retention and loyalty plans for key personnel within the Group
	Risks associated with breach of contract and of 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 instruments 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[7]	Code of Ethics Model 231 Approval and verification policies and procedures

2.4.3. Compliance and anti-corruption

MITIGATION MATRIX

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

7. 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 assignment of orders, or the use of public funds for purposes other than those for which they were granted. With regard to relations with the Public Administration, the risk of occurrence of episodes of corruption is also linked to participation in calls for tenders for the allocation of direct or indirect funding for Research and Development activities. These loans are currently not of a significant amount compared to the Group's business volume

of the Company's Internal Control System, the main instrument of which is the 231 Organisational Model.

INTERNAL COMPLIANCE

MODEL 231

The Organisation and Management Model in accordance with Legislative Decree 231/2001 regulates the administrative liability of collective entities, i.e. the principle according to which companies can be held liable, and consequently be fined on the basis of their assets, in relation to certain offences committed or attempted, in their interest or to their advantage, by their Directors or employees.

Sesa's Model 231 fits into the broader context of the company's internal control system, constituting one of its characteristic components. The adoption of the Model, besides representing a deterrent to the carrying out of any illegal activities, intends to support a culture oriented towards correctness and transparency in the conduct of business.
The Model represents the connecting tool between the various areas of the Internal Audit and Risk Management System (IARMS) adopted by the main Group companies. The IARMS 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.

OVERSIGHT COMMITTEE

In implementation of the provisions of Legislative Decree 231/2001 and in compliance with the provisions of the Articles of Association, the Board of Directors has appointed an **Oversight Committee** ("OC"), entrusted with the task of overseeing the implementation of and compliance with Model 231 and ensuring that it is updated. The OC oversees the operation of and compliance with Model 231 and monitors and evaluates the state of implementation of prevention measures, reporting periodically to the Board of Directors and the Management Control Committee.

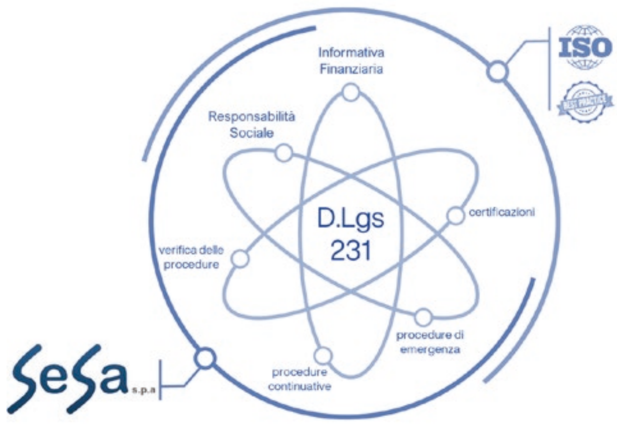
In compliance with the principles of Legislative Decree 231/2001, the Group's Model 231 **envisages a channel for reporting violations, also in anonymous form (so-called Whistleblowing)**, with protection of the authors of reports and total confidentiality of their identity.

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 see 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 the values and principles of professional and personal conduct 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 reputation of the Group and the values that inspire its daily operations, also describing 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. The main reference standards and control measures in force are listed below:

Compliance and risk monitoring

Scope	Reference legislation	Integrated control structures
Occupational safety	Legislative Decree 81/2008 consolidated law on occupational safety	Activation of legal safeguards
		Regular information flow from RSPP
Data security	Legislative Decree 196/2003 on protection of personal data (GDPR)	Adaptation of existing controls to the European GDPR regulation
		Regular reporting by the DPO
		Adoption of a certified management system in compliance with ISO 27001
Financial reporting	Law 262\2005 regulation for the protection of savings and financial markets	Adoption of specific controls on administrative procedures of the statutory and consolidated financial statements, as well as other communications of a financial nature
		Periodical exchange of information between the corporatebodies and audit departments and Independent Auditor
Social Responsibility	Law 300/1970 Workers' Charter Law on employment	Adoption of an SA 8000 Certified Management
		System SA 8000 Periodic flow of information from the Occupational Health and Safety Committee to company control bodies and departments
		Adoption of Group policies
Administrative Responsibility	Legislative Decree 231/2001 – Criminal Liability of Legal Entities	Adoption of Group Code of Ethics and Model 231
		Exchange of information between the corporate audit bodies and functions
Quality Management	Standard ISO 9001 System	Adoption of management procedures
		Adoption of an ISO 9001 Certified Management System
Environmental Responsibility	ISO 14001	Adoption of management procedures
		Adoption of an ISO 14001 Certified Environmental Management System

FIGHT AGAINST CORRUPTIONE

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, Model 231, whistleblowing, internal policies and procedures, careful management of Human Resources. With reference to Whistleblowing, it should be noted that during the year ended April 30, 2023, **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 Oversight Committee. The Group has adopted a "Gifts and Gratuities Policy", in which 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 ended April 30, 2023, **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.** As of April 30, 2023 (as in the previous year) **no sanctions were imposed for non-compliance with laws and regulations in the social and economic fields.**

As of April 30, 2023, the Sesa Group has made no contributions to political parties, movements, committees, and political organisations or trade unions, outside of activities with associational purposes. Any political commitment made by Group employees, along with their payment of any contributions, are to be understood as being personal and completely voluntary.

2.4.4. Data protection and Cyber Security

Creating value for stakeholders also means protecting the information of all stakeholders and adopting operating methods that preserve and enhance the value of information. In a rapidly evolving world where information is increasingly valuable and there is a growing connection between networks, systems and applications, the management and protection of information while ensuring regulatory compliance is becoming increasingly complex. This increased complexity - combined with the growth and evolution of cyber threats - exposes companies to new types of risk, the damaging effects of which can have serious repercussions in terms of economic and legal issues, reputation, compliance or competitive advantage due to loss of information, intellectual property or disruption of business.

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 and data breaches and has established and developed its own operational strategy to restore business continuity in the case of disruptive events, relating to both IT systems and corporate 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 of General Data Protection Regulation no. 2016/619 (GDPR) and the Italian Data Protection Authority, as well as the commitments undertaken with Data Controllers, and generally in observance of stakeholders' rights.

The Group Chief Security Officer oversees Security issues within the Group, with the task of identifying and implementing the Group Security strategy and managing the related budget. The Chief Security Officer reports regularly on security matters to the Board of Directors. To strengthen IT security risk management, in particular, Sesa has established a unit dedicated exclusively to IT risk monitoring and management. The evolving security program was agreed upon with the Board of Directors after review by the Audit and Risk Committee. The board meets periodically, and at least once a year, to discuss the matter of information risks. The Group has also adopted a Group insurance policy (Information Security and Risk management insurance policy) to reduce residual exposure to cyber risk.

The Group also devotes particular attention to staff training on the processing of personal data, delivered also through e-learning. **As of April 30, 2023, approximately 4,500 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 personal data protection model. Thanks to this model, the Group aims to ensure respect for the rights of those affected by the processing, fulfil obligations, prevent possible violations by monitoring and controlling all obligations and implementing appropriate security measures. **As of April 30, 2023, 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, 2023

GENERAL ECONOMIC PERFORMANCE

After the acceleration of the global economy in 2021, aided by the exit from the health crisis and the implementation by governments of monetary stimulus measures, 2022 ended with growth of 3.4%. An average annual growth of about +3% is expected in the two-year period 2023-2024. Emerging markets continue to lead with an average growth in the two-year period 2023-2024 of +4% while a slowdown is expected in advanced economies, from 2.7% in 2022 to 1.3% in 2023 and 1.4% in 2024 (source IMF - WEO, April 2023).

In Italy, after strong recovery in GDP in 2021 (+7.4% Y/Y), thanks to economic stimulus policies and the gradual exit from the pandemic emergency, 2022 ended with growth of 3.7%, higher than that of the Euro Area (+3.5%).
An average annual growth in GDP of about 0.8% is expected in the two-year period 2023-2024.

Italy's growth prospects in 2023 and 2024 could be higher thanks to the rapid implementation of the initiatives envisaged in the National Recovery and Resilience Plan ("PNRR"), which aim to promote technological innovation, competitiveness, and digitisation 4.0 of the Italian system.

The following table shows the final results for 2017-2022 and forecast GDP trend for 2023 and 2024 (source: IMF - WEO, April 2023).

Final results

Percentage Values	Change in GDP 2017	Change in GDP 2018	Change in GDP 2019	Change in GDP 2020	Change in GDP 2021	Change in GDP 2022	Change in GDP 2023 (E)	Change in GDP 2024 (E)
World	+3.8%	+3.6%	+2.8%	-3.1%	+6.1%	+3.4%	+2.8%	+3.0%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.5%	+5.2%	+2.7%	+1.3%	+1.4%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.1%	+6.8%	+4.0%	+3.9%	+4.2%
USA	+2.3%	+2.9%	+2.2%	-3.4%	+5.7%	+2.1%	+1.6%	+1.1%
Japan	+1.7%	+0.3%	+0.7%	-4.6%	+1.6%	+1.1%	+1.3%	+1.0%
China	+6.9%	+6.6%	+6.0%	+2.3%	+8.1%	+3.0%	+5.2%	+4.5%
Great Britain	+1.8%	+1.3%	+1.4%	-9.8%	+7.4%	+4.0%	-0.3%	+1.0%
Euro Zone	+2.3%	+1.9%	+1.3%	-6.3%	+5.3%	+3.5%	+0.8%	+1.4%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+6.6%	+3.7%	+0.7%	+0.8%

DEVELOPMENT OF DEMAND AND TRENDS IN THE SECTOR IN WHICH THE GROUP OPERATES

The global ICT market shows strong resilience and growth outperforming global GDP. After a strong acceleration in 2021 (+13.4 percent), the ICT market continues to outperform the pre-Covid period with an average growth in 2022-2024 of 4.7% and of 5.5% in 2023 alone, favoured by the Enterprise Software (+12.3%) and IT Services (+9.1%) segments (Source Gartner, May 2023).

The Italian Information Technology ("IT") market confirms sustained growth with average annual rates exceeding those of the pre-pandemic period and national GDP. After +8.0% growth in FY 2021, the Italian IT market achieved a 3.9% increase in FY 2022 supported by the Management and Project Services segments. In the two-year period 2023-2024, the average annual growth in demand is expected to be around +5.0%, also supported by the programmes of the National Recovery and Resilience Plan ("PNRR") as well as the trend of Digital Enablers such as the cloud, security, analytics, A.I. (Source Sirmi, May 2023). Within the IT market, the segment that displays the highest growth rates is Management Services (double-digit annual growth), which includes digital transformation and system integration services and solutions. The trend reflects the processes of accelerating digitisation in all segments and the evolution of the ways in which technology is used, as well as the progressive penetration of Cloud Computing solutions (Source: Sirmi, May 2023).

The following tables represent the trend of the global (Source Gartner, May 2023) and Italian (Source Sirmi, May 2023) IT markets in 2019-2022 and the forecast for the 2023 and 2024.

Global IT market trend

Global IT market Bn US Dollars)	2019	2020	2021	2022	2023 E	2024 E	Change 19/18	Change 20/19	Change 21/20	Change 22/21	Change 23/22	Change 24/23
Data Centre Systems	203	208	190	216	224	238	-3.3%	2.5%	-8.9%	14.0%	3.7%	6.1%
Enterprise Software	457	507	732	794	891	1,008	9.1%	10.9%	44.4%	8.4%	12.3%	13.1%
Devices	682	688	808	717	684	759	-4.2%	0.9%	17.4%	-11.2%	-4.6%	11.0%
IT Services	1,031	1,088	1,208	1,250	1,364	1,503	3.8%	5.5%	11.0%	3.5%	9.1%	10.2%
Communication Services	1,365	1,386	1,459	1,425	1,480	1,536	-1.1%	1.5%	5.3%	-2.4%	3.9%	3.8%
Total IT Market	**3,738**	**3,877**	**4,396**	**4,402**	**4,644**	**5,044**	**0.6%**	**3.7%**	**13.4%**	**0.1%**	**5.5%**	**8.6%**

Italian IT market trend

Italian IT market (Mn Eu)	2019	2020	2021	2022	2023 E	2024 E	Change 19/18	Change 20/19	Change 21/20	Change 22/21	Change 23/22	Change 24/23
Hardware	6,172	6,266	6,770	6,392	6,211	6,233	2.4%	1.5%	8.1%	-5.6%	-2.8%	-0.3%
Software	3,861	3,792	3,922	4,073	4,134	4,236	0.4%	-1.8%	3.4%	3.8%	1.5%	2.5%
Project Services	3,588	3,640	3,854	4,019	4,115	4,264	2.5%	1.5%	5.9%	4.3%	2.4%	3.6%
Management Services	6,350	6,797	7,597	8,534	9,512	10,633	7.6%	7.0%	11.8%	12.3%	11.5%	11.8%
Total IT Market	**19,971**	**20,496**	**22,143**	**23,017**	**23,972**	**25,366**	**3.6%**	**2.6%**	**8.0%**	**3.9%**	**4.2%**	**5.8%**
Cloud Computing	2,830	3,409	4,240	5,259	6,394	7,619	23.0%	20.4%	24.4%	24.0%	21.6%	19.2%
Cloud (SaaS, PaaS, IaaS) Adoption %	28.2%	33.9%	39.7%	50.3%	61.8%	72.8%						

3.1. Economic and Financial Results of the Sesa Group

FY 2023 closes with strong growth in technological expertise (4,717 employees +13.3% Y/Y), customer set (about 40,000 client companies operating both in Italy and Europe) and consolidated financial results both in terms of revenues (Euro 2,907.6 million, +21.7% Y/Y) and profitability (Ebitda equal to Euro 209.4 million, +24.9% Y/Y, Adjusted EAT equal to Euro 100.1 million, +21.1% Y/Y), thanks to the successful positioning in the main areas of digital innovation (cloud, security, digital platform, data science, digital workspace) and the support of bolt-on M&A (over 25 M&A in the last 18 months), which contributed to the growth of revenues and profitability in the year for about 15% of the total.

April 30, 2023 marks the end of a four-year period of record growth for the Group, with an average annual increase (CAGR) in revenues of 17.0% (from Euro 1,550.6 million as of April 30, 2019 to Euro 2,907.6 million as of April 30, 2023) and of Ebitda of 29.6% (from Euro 74.3 million as of April 30, 2019 to Euro 209.4 million as of April 30, 2023).

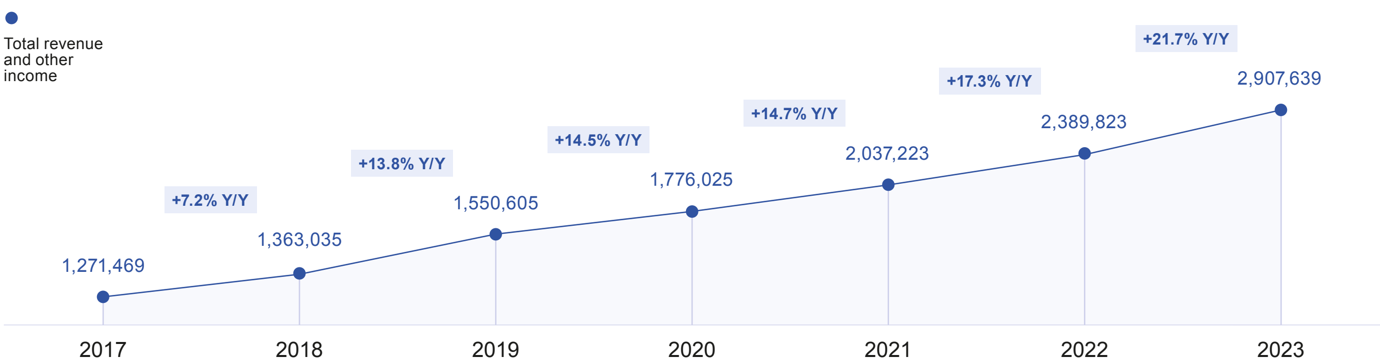
3.1.1. Alternative Performance Indicators

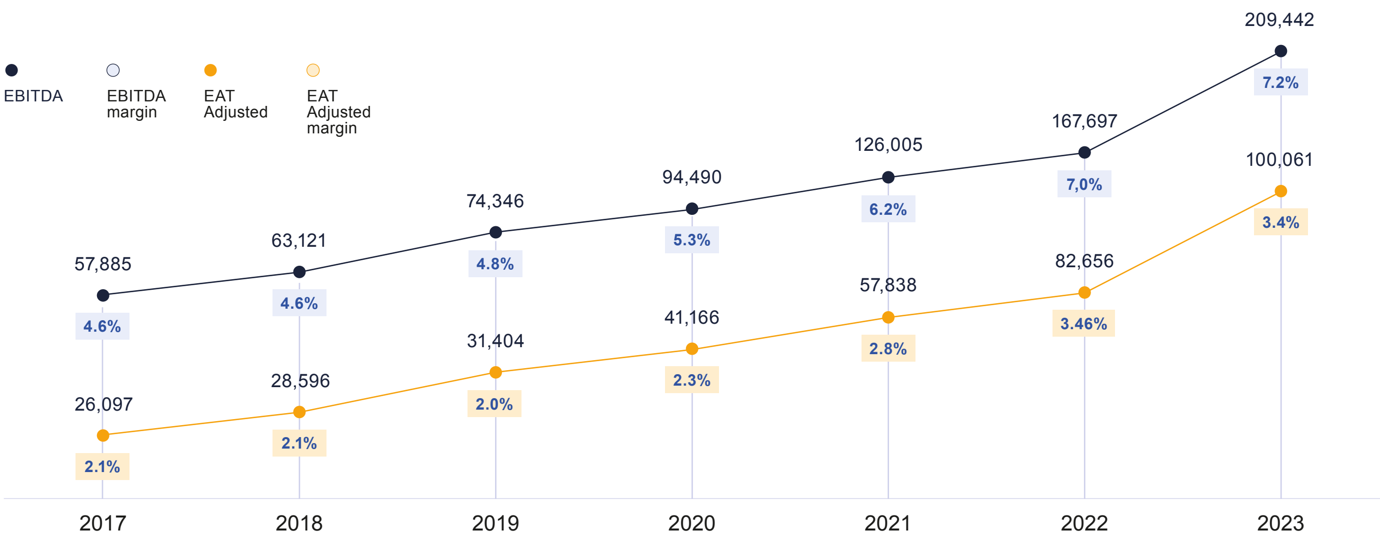
In order to better assess the performance and financial position of the Group and its business segments, the management of Sesa SpA uses certain alternative performance indicators that are not identified as accounting measures under the IFRS. These indicators facilitate the identification of operating 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 from 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 customer 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 (i) amortisation of customer lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation and (ii) net of the non-recurring component of the Stock Grant plan referring to the three-year and extra bonus targets.
- **Adjusted net result** defined as net profit before (i) amortisation of customer lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, and (ii) net of the non-recurring component of the Stock Grant plan referring to the three-year and extra bonus components, net of the related tax effect.
- **Group's adjusted net result** defined as the Group's net profit before (i) amortisation of customer lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation and (ii) net of the non-recurring component of the Stock Grant plan referring to the three-year and extra bonus targets 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 algebraic 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 envisaged in Consob Communication no. 6064293 of July 28, 2006 and in accordance with ESMA Recommendation/2013/319.

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





3.1.2. Economic highlights of the Sesa Group

The reclassified income statements, balance sheets and statements of cash flows of the Group and the parent company Sesa SpA, as shown below, have been prepared on the basis of the consolidated financial statements and the statutory financial statements at April 30, 2023, in compliance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005.

In the Report on Operations, in addition to the financial measures provided for by IFRS, some alternative performance indicators derived from the latter are illustrated (Non-GAAP Measures). These amounts are presented in order to allow a better assessment of the performance of the Group's operations and should not be considered as alternatives to those envisaged by the IFRS. The reclassified consolidated income statement (in Euro thousands) for the year ended April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Reclassified income statement

(Euro thousands)	04/30/2023	%	04/30/2023	%	Change 23/22
Net revenues	**2,867,700**		**2,362,603**		**21.4%**
Other Income	39,939		27,220		46.7%
Total Revenues and Other Income	**2,907,639**	**100.0%**	**2,389,823**	**100.0%**	**21.7%**
Costs for purchasing products	(2,201,582)	75.7%	(1,818,391)	76.1%	21.1%
Costs for services and use of third-party assets	(243,353)	8.4%	(199,493)	8.3%	22.0%
Personnel costs	(238,426)	8.2%	(197,673)	8.3%	20.6%
Other operating expenses	(14,836)	0.5%	(6,569)	0.3%	125.8%
Total Costs for purchasing products and Operating Costs	**2,698,197**	**92.8%**	**2,222,126**	**93.0%**	**21.4%**
Gross Operating Margin (Ebitda)	**209,442**	**7.2%**	**167,697**	**7.0%**	**24.9%**
Depreciation/Amortisation of tangible and intangible assets (software)	(35,346)		(30,006)		17.8%
Provisions and other non-monetary costs	(13,153)		(11,796)		11.5%
Adjusted Operating Result (Ebit)[7]	**160,943**	**5.5%**	**125,895**	**5.3%**	**27.8%**
Amortisation of client lists and know how (PPA)	(18,278)	0.6%	(11,700)		56.2%
Operating Result (Ebit)	**142,665**	**4.9%**	**114,195**	**4.8%**	**24.9%**
Net financial income and expense	(14,386)		(5,112)		181.4%
Result before tax (Ebt)	**128,279**	**4.4%**	**109,083**	**4.6%**	**17.6%**
Income taxes	(38,062)		(30,464)		24.9%
Net result	**90,217**	**3.1%**	**78,619**	**3.3%**	**14.8%**
Net result attributable to the Group	84,453	2.9%	73,519	3.1%	14.9%
Net result attributable to non-controlling interests	5,764		5,100		13.0%
Adjusted results before tax[8]	**150,207**	**5.2%**	**121,920**	**5.1%**	**23.2%**
Adjusted net result[8]	**105,825**	**3.6%**	**87,756**	**3.7%**	**20.6%**
Group Adjusted Net Result	**100,061**	**3.4%**	**82,656**	**3.5%**	**21.1%**

8. Adjusted Operating Income and Adjusted Result Before Tax are defined before amortisation of intangible assets (Customer Lists and Know how) recognised as a result of the Purchase Price Allocation (PPA) process, and before the non-recurring component of the three-year and extra bonus targets of the Stock-Grant Plan 2021-2023. Adjusted Net Result and Group Adjusted Net Result are defined before the amortisation of intangible assets (Client Lists and Know How) recognised as a result of the PPA process, and before the non-recurring component of the three-year and extra bonus targets of the Stock-Grant Plan 2021-2023, net of the related tax effect

Consolidated Revenues and Other Income as of April 30, 2023 amounted to Euro 2,907.6 million (+21.7% Y/Y), thanks to the contribution of all the Group’s sectors:

- **VAD segment**, which achieved Revenues and Other Income of Euro 2,235.7 million (+20.4% Y/Y), boosted by the acceleration of the Security, Enterprise Software, Networking and Digital Green business units;
- **SSI segment**, which achieved Revenues and Other Income of Euro 702.6 million (+22.8% Y/Y) due to the development of the main operating business units (ERP and Vertical Application, Security, Smart Services);
- **Business Services segment**, which achieved Revenues and Other Income of Euro 84.3 million (+43.2% Y/Y), as a result of the expansion of the business area and the development of applications and digital platforms dedicated to the Financial Services industry.

As a result of the growth in Revenues and added value generated, Consolidated Ebitda increased by +24.9% Y/Y, reaching a total of Euro 209.4 million as of April 30, 2023, with the Ebitda margin increasing to 7.2% (vs. 7.0% as of April 30, 2022), thanks to the contribution of all Group segments.
The VAD Sector recorded Ebitda of Euro 109.1 million, up 20.5% Y/Y, and an Ebitda Margin of 4.9% in line with 2022.
The SSI Sector reached Ebitda of Euro 84.9 million, up 25.1% Y/Y, and an Ebitda Margin of 12.1% (vs 11.9% as of April 30, 2022). The Business Services Sector reached Ebitda of Euro 11.0 million, up 92.0% Y/Y, with an Ebitda Margin of 13.0% (vs 9.7% as of April 30, 2022).

The Adjusted Consolidated Operating Result (Ebit) amounted to Euro 160.9 million, up 27.8% Y/Y, after depreciation and amortisation totalling Euro 35.3 million (+17.8% Y/Y) and provisions and other non-monetary costs of Euro 13.1 million (+11.5% Y/Y). The Consolidated Operating Result (Ebit) amounted to Euro 142.7 million, up 24.9% Y/Y, after amortisation of intangible assets, Client lists and Know-how of Euro 18.3 million recorded as a result of the PPA process (+56.2% Y/Y due to the acceleration of investments in corporate acquisitions).

The Adjusted Consolidated Result Before Tax8 increased by 23.2% Y/Y to a total of Euro 150.2 million as of April 30, 2023. The Consolidated Result Before Tax as of April 30, 2023 amounted to Euro 128.3 million, up 17.6% Y/Y, after net financial expenses of Euro 14.4 million compared to Euro 5.1 million. This growth was due to higher notional financial costs related to IFRS payables and unfavourable interest rates.

The Adjusted Consolidated Net Result (excluding amortisation of the Client List and Know-how net of the related tax effect) increased by +20.6% Y/Y, reaching Euro 105.8 million as of April 30, 2023.

The Adjusted Group Net Result7 as of April 30, 2023 was Euro 100.1 million, (Group EAT Adjusted Margin 3,4%), up 21.1% Y/Y compared to Euro 82.7 million as of April 30, 2022.

3.1.3. Highlights of the Group's Balance Sheet

Below is the reclassified balance sheet (figures in Euro thousands) as of April 30, 2023 compared to the previous year as of April 30, 2022.

Reclassified Balance Sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	368,488	228,280	140,208
Tangible fixed assets (including rights of use)	125,901	111,943	13,958
Investments carried at equity	24,884	14,593	10,291
Other non-current assets and deferred tax assets	37,086	32,855	4,231
Total non-current assets	**556,359**	**387,671**	**168,688**
Inventories	158,736	144,034	14,702
Trade receivables	530,268	434,579	95,689
Other current assets	131,274	90,775	40,499
Current assets for the year	**820,278**	**669,388**	**150,890**
Trade payables	586,074	525,879	60,195
Other current payables	251,318	176,031	75,287
Short-term liabilities for the year	**837,392**	**701,910**	**135,482**
Net working capital	**(17,114)**	**(32,522)**	**15,408**
Provisions and other non-current tax liabilities	100,612	67,573	33,039
Employee benefits	48,264	44,379	3,885
Net non-current liabilities	**148,876**	**111,952**	**36,924**
Net Invested Capital	**390,369**	**243,197**	**147,172**
Shareholders' Equity	**424,050**	**335,159**	**88,891**
Liquidity and other financial assets	(545,500)	(498,905)	(46,595)
Current and non-current loans	306,004	253,613	52,391
Net Financial Position	**(239,496)**	**(245,292)**	**5,796**
Financial liabilities rights of use IFRS 16	50,075	44,933	5,142
Payables to and commitments with minority shareholders for equity investments[9]	155,740	108,397	47,343
Total Net Financial Position Reported	**(33,681)**	**(91,962)**	**58,281**

The balance sheet shows an increase in net invested capital from Euro 243.2 million as of April 30, 2022 to Euro 390.4 million as of April 30, 2023, mainly as a result of:

- increase in non-current assets from Euro 387.7 million as of April 30, 2022 to Euro 556.4 million as of April 30, 2023, mainly generated by investments in corporate acquisitions;

9. 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

- Increase in net working capital of Euro 15.4 mn from a negative balance of Euro 32.5 million as of April 30, 2022 to a negative balance of Euro 17.1 million as of April 30, 2023, mainly reflecting the increase in inventory of Euro 14.7 million Y/Y, which is also less than proportional to the increase in Group sales.

The Net Financial Position as of April 30, 2023 was a positive (net liquidity) Euro 239.5 million compared to Euro 245.3 million as of April 30, 2022.

The Group's Reported Net Financial Position as of April 30, 2023 (calculated net of payables (debts and commitments for deferred payments to minority shareholders for corporate acquisitions and payables for right of use in application of IFRS 16 of Euro 205.8 million, up on the previous year as a result of investments in corporate acquisitions made during the year) is positive (net cash) by Euro 33.7 million, down from Euro 89.9 million as of April 30, 2022 (calculated net of IFRS payables of Euro 153.3 million), against Operating Cash Flow for the year and after investments in corporate acquisitions and technology infrastructure of about Euro 140 million also in the ended April 30, 2023, as well as the distribution of dividends and buy-back operations in the same period amounting to about Euro 25.5 million.

Consolidated Shareholders' Equity was further strengthened during the period under review, reaching a total of Euro 424.0 million as of April 2023, compared to Euro 335.2 million as of April 30, 2022, due to the profit for the year, net of dividends distributed in the amount of Euro 13.9 million and the buy-back during the year in the amount of Euro 11.2 million.

Net Financial Position

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Liquidity	(537,507)	(496,311)	(41,196)
Current financial receivables and short-term securities	(7,993)	(2,594)	(5,399)
Current loans	130,710	130,054	656
Current Net Financial Position	(414,790)	(368,851)	(45,939)
Non-current loans	175,294	123,559	51,735
Non-current Net Financial Position	175,294	123,559	51,735
Net Financial Position	**(239,496)**	**(245,292)**	**5,796**
Financial liabilities rights of use IFRS 16	50,075	44,933	5,142
Payables and commitments with minority shareholders for equity investments	155,740	108,397	47,343
Total Net Financial Position Reported	**(33,681)**	**(91,962)**	**58,281**

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 20.4%, Ebitda of 20.5% (Ebitda margin of 4.9% Y/Y) and Net Profit after Tax of 13.2%. The growth achieved in the year was almost entirely organic and reflects the results of investments made in previous years and in particular the positive performance of the Digital Green, Networking and Collaboration, Security. To the strategy of focusing on the market's value-added business areas (Security, Cloud and Digital Green), the Sector consolidates its market share in Italy (48% of the total in the Data Centre, Networking, and Enterprise software categories, source: Sirmi, May 2023). Two major investment transactions for future development were also finalised during the year:

- the acquisition of 100% of Brainworks Computer Technologie Gmbh, a Munich-based company specialising in offering software solutions and networking;
- the acquisition of Altinia Distribuzione Srl, a reference operator in the offer of managed printing solutions. The company joined the Group's consolidation area from May 2023.

The reclassified income statement of the VAD Sector (in Euro thousands) as of April 30, 2023 is provided below, compared and Enterprise Software Business Units. Thanks to the results achieved and with the previous yearended April 30, 2022:

VAD Sector

(Euro thousands)	04/30/2023	%	04/30/2022	%	Change 23/22
Third-party revenues	**2,116,381**		**1,750,678**		**20.9%**
Inter-sector revenues	105,356		90,086		17.0%
Total Revenues	**2,221,737**		**1,840,764**		**20.7%**
Other income	13,990		16,515		-15.3%
Total revenue and other income	**2,235,727**	**100.0%**	**1,857,279**	**100.0%**	**20.4%**
Costs for purchasing products	(2,036,982)	-91.1%	(1,697,189)	-91.4%	20.0%
Gross commercial margin	**198,745**	**8.9%**	**160,090**	**8.6%**	**24.1%**
Costs for services and use of third-party assets	(54,872)	-2.5%	(43,164)	-2.3%	27.1%
Personnel costs	(28,072)	-1.3%	(23,774)	-1.3%	18.1%
Other expenses	(6,689)	-0.3%	(2,571)	-0.1%	160.2%
Ebitda	**109,112**	**4.9%**	**90,581**	**4.9%**	**20.5%**
Depreciation/Amortisation of tangible and intangible assets (software)	(4,566)	-0.2%	(4,509)	-0.2%	1.3%
Provisions and other non-monetary costs	(2,853)	-0.1%	(4,051)	-0.2%	-29.6%
Adjusted operating result (Adjusted Ebit)	**101,693**	**4.6%**	**82,021**	**4.4%**	**24.0%**
Amortisation of client lists and know how (PPA)	(1,723)	-0.1%	(1,332)	-0.1%	29.4%
Operating result (Ebit)	**99,970**	**4.5%**	**80,689**	**4.3%**	**23.9%**
Net financial income and expense	(8,859)		(3,779)		134.4%
Result before taxes	**91,111**	**4.1%**	**76,910**	**4.1%**	**18.5%**
Income taxes	(27,088)		(20,355)		33.1%
Net result for the year	**64,023**	**2.9%**	**56,555**	**3.0%**	**13.2%**

VAD Sector

(Euro thousands)	04/30/2023	%	04/30/2022	%	Change 23/22
Net result attributable to non-controlling interests	991		841		17.8%
Net result attributable to the Group	63,032	2.8%	55,714	3.0%	13.1%
Adjusted net result	**65,249**	**2.9%**	**57,503**	**3.1%**	**13.5%**
Adjusted net result attributable to the Group	**64,258**	**2.9%**	**56,662**	**3.1%**	**13.4%**

Total revenues and other income amounted to Euro 2,235.7 million as of April 30, 2023, an increase of 20.4% compared to April 30, 2022. 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 24.1% from Euro 160.1 million (8.6% of revenue and other income) as of April 30, 2022 to Euro 198.7 million (8.9% of revenue and other income) as of April 30, 2023, due to the development of sales revenue and a more favourable sales mix.
Ebitda for the period under review amounted to Euro 109.1 million (Ebitda margin stable at 4.9% Y/Y), rising considerably (+20.5% Y/Y) from Euro 90.6 million as of April 30, 2022. Net income for the year amounted to Euro 64.0 million, with an increase of 13.2% compared to Euro 56.6 million as of April 30, 2022, due to the favourable development of operating profitability, the reduction of the impact of depreciation and amortisation and other provisions, and despite the increase in financial expenses from Euro 3.8 million as of April 30, 22 to Euro 8.9 million as of April 30, 23 as a result of unfavourable interest rates.

Before amortisation of intangible assets (client lists and know-how) recognised as a result of the PPA process, the Adjusted Net Result attributable to the Group amounted to Euro 64.3 million (+13.4% Y/Y) compared to Euro 56.7 million as of April 30, 2022.

Reclassified Balance Sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	30,456	26,380	4,076
Tangible fixed assets (rights of use)	49,152	48,625	527
Investments carried at equity	11,900	10,953	947
Other non-current receivables and assets and deferred tax assets	9,830	9,322	508
Total non-current assets	**101,338**	**95,280**	**6,058**
Inventories	126,186	119,601	6,585
Trade receivables	344,480	289,826	54,654
Other current assets	47,325	34,449	12,876
Current assets for the year	**517,991**	**443,876**	**74,115**
Trade payables	455,459	420,799	34,660
Other current payables	58,078	33,554	24,524
Short-term liabilities for the year	**513,537**	**454,353**	**59,184**
Net working capital	**4,454**	**(10,477)**	**14,931**
Provisions and other non-current tax liabilities	12,028	11,432	596
Employee benefits	3,017	3,141	(124)
Net non-current liabilities	15,045	14,573	472

Reclassified Balance Sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Net Invested Capital	**90,747**	**70,230**	**20,517**
Shareholders' Equity	**315,351**	**273,625**	**41,726**
Liquidity and other financial assets	(369,209)	(337,282)	(31,927)
Current and non-current loans	108,542	99,019	9,523
Net Financial Position	**(260,667)**	**(238,263)**	**(22,404)**
Financial liabilities rights of use IFRS 16	20,280	21,335	(1,055)
Payables and commitments with minority shareholders for equity investments	14,773	12,519	2,254
Net Financial Position Reported	**(225,614)**	**(204,409)**	**(21,205)**

The main balance sheet indicators improved.
Thanks to the reduction in Net Working Capital and current cash generation, the Net Financial Position showed a further improvement, from a positive balance of Euro 238.3 million as of April 30, 2022 to a positive balance of Euro 260.7 million as of April 30, 2023. Shareholders' Equity further strengthened during the period under review, reaching a total of Euro 315.4 million as of April 30, 2023, compared to Euro 273.6 million as of April 30, 2022.

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 22.8% in Revenues and Other Income, 25.1% in Ebitda (Ebitda margin of 12.1% compared to 11.9% in the previous year) and 16.9% in Net Profit in the period under review. The Sector's growth during the year was mainly organic (accounting for about 70% of the total), although the development strategy continued with bolt-on M&A transactions including the main acquisitions of corporate control shown below:

- Durante SpA (design and offer of Digital Workspace, Collaboration and multimedia system integration solutions);
- YoctoIt Srl (Cloud and Security services and solutions);
- Mediamente Consulting Srl (Data Science and enterprise data analysis solutions);
- Cyres Consulting Services GmbH (cyber security technical and compliance consulting);
- Amaeco Srl (development and design of energy monitoring systems);
- Assit Informatica Srl (software solutions for the agri-food segment);
- Next Step Solution Srl (software solutions for the digitisation of public service payments).

The reclassified income statement of the SSI Sector (in Euro thousands), as of April 30, 2023 is provided below, and compared with the previous year ended April 30, 2022.

SSI Sector

(Euro thousands)	04/30/2023	%	04/30/2022	%	Change 23/22
Third-party revenues	**672,880**		**555,481**		**21.1%**
Inter-sector revenues	6,000		4,713		27.3%
Total Revenues	**678,880**		**560,194**		**21.2%**
Other income	23,758		11,974		98.4%
Total revenue and other income	702,638	100.0%	572,168	100.0%	22.8%
Cost of purchasing products	(254,320)	-36.2%	(200,870)	-35.1%	26.6%
Costs for services and rent, leasing, and similar costs	(180,763)	-25.7%	(154,912)	-27.1%	16.7%
Personnel costs	(175,115)	-24.9%	(144,886)	-25.3%	20.9%
Other operating expenses	(7,558)	-1.1%	(3,645)	-0.6%	107.4%
Ebitda	**84,882**	**12.1%**	**67,855**	**11.9%**	**25.1%**
Depreciation/Amortisation of tangible and intangible assets (software)	(26,780)	-3.8%	(22,227)	-3.9%	20.5%
Provisions and other non-monetary costs	(3,447)	-0.5%	(3,091)	-0.5%	11.5%
Adjusted operating result (Adjusted Ebit)	**54,655**	**7.8%**	**42,537**	**7.4%**	**28.5%**
Amortisation of client lists and know how (PPA)	(12,339)	-1.8%	(8,376)	-1.5%	47.3%
Operating result (Ebit)	**42,316**	**6.0%**	**34,161**	**6.0%**	**23.9%**
Net financial income and expense	(4,081)		(1,439)		183.6%
Result before taxes	**38,235**	**5.4%**	**32,722**	**5.7%**	**16.8%**
Income taxes	(11,522)		(9,864)		16.8%
Net result for the year	**26,713**	**3.8%**	**22,858**	**4.0%**	**16.9%**
Net result attributable to non-controlling interests	4,299		4,403		-2.4%
Net result attributable to the Group	22,414	3.2%	18,455	3.2%	21.5%
Adjusted net result	**35,496**	**5.1%**	**28,820**	**5.0%**	**23.2%**
Adjusted net result attributable to the Group	**31,197**	**4.4%**	**24,417**	**4.3%**	**27.8%**

Total Revenues and Other Income as of April 30, 2023 amounted to Euro 702.6 million with a growth of 22.8% Y/Y, while Ebitda reached Euro 84.9 million, up 25.1% Y/Y.

The increase in operating profitability was driven by the development of the main Strategic 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 in particular:

- Cloud Technology Services and Security Solutions Cyres Consulting Services GmbH from January 1, 2023;
- Smart Services: YoctoIt Srl from July 1, 2022;
- Digital Workspace: Durante SpA and Digital Independent Srl from May 1, 2022;
- Var4industries: Amaeco Srl from January 1, 2023;

- ERP and Vertical Applications: Albalog Srl from September 1, 2022, Alfasap Srl, Dynamic Business Solution Srl from October 1, 2022, Assist Informatica Srl, Next Step Solution Srl, Aldebra Srl, Var 4 Retail Srl from January 1, 2023.
- Data Science: Mediamente Consulting Srl from November 1, 2022.

Net profit for the Sector as of April 30, 2023 amounted to Euro 26.7 million, an improvement of 16.9% compared to Euro 22.9 million as of April 30, 2022, thanks to the favourable trend in revenues and operating profitability, net of a higher impact of amortisation of intangible assets and financial expenses. Before amortisation of intangible assets (Customer Lists and Know-how) recognised as a result of the PPA process in the amount of Euro 12.3 million, net of the related tax effect, the Adjusted Net Profit attributable to the Group amounted to Euro 31.2 million, up 27.8% compared to Euro 24.4 million as of April 30, 2022.

The reclassified balance sheet of the SSI Sector (in Euro thousands) for the year ended April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Reclassified Balance Sheet

	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	226,030	156,158	69,872
Tangible fixed assets (right of use)	63,102	54,466	8,636
Investments carried at equity	13,103	3,691	9,412
Other non-current receivables and assets and prepaid taxes	14,582	13,322	1,260
Total non-current assets	**316,817**	**227,637**	**89,180**
Inventories	29,746	22,259	7,487
Trade receivables	195,468	159,176	36,292
Other current assets	80,521	53,596	26,925
Current assets for the year	**305,735**	**235,031**	**70,704**
Trade payables	160,538	131,758	28,780
Other current payables	162,943	121,979	40,964
Short-term liabilities for the year	**323,481**	**253,737**	**69,744**
Net working capital	**(17,746)**	**(18,706)**	**960**
Provisions and other non-current tax liabilities	62,664	43,224	19,440
Employee benefits	38,319	34,293	4,026
Net non-current tax liabilities	100,983	77,517	23,466
Net Invested Capital	**198,088**	**131,414**	**66,674**
Shareholders' Equity	**57,046**	**35,611**	**21,435**
Liquidity and other financial assets	(143,832)	(141,999)	(1,833)
Current and non-current loans	154,478	141,555	12,923
Net Financial Position	**10,646**	**(444)**	**11,090**
Financial liabilities rights of use IFRS 16	24,343	18,548	5,795
Payables and commitments with minority shareholders for equity investments	106,053	77,699	28,354
Net Financial Position Reported	**141,042**	**95,803**	**45,239**

The Net Financial Position as of April 30, 2023 was negative in the amount of Euro 10.6 million, compared to a positive balance of Euro 444 thousand as of April 30, 2022, and reflects the operating cash flow net of investments referred mainly to corporate acquisitions and technological infrastructures realised in the last 12 months.

The Reported Net Financial Position (calculated net of future commitments for the purchase of equity investments in the amount of Euro 106.1 million and IFRS 16 liabilities in the amount of Euro 24.3 million) as of April 30, 2023 was negative in the amount of Euro 141.0 million compared to Euro 95.8 million and reflects the increase in payables and commitments for the purchase of equity investments from shareholders in the amount of Euro 28.4 million, following the investments in corporate acquisitions made during the year that include medium and long-term involvement components of key people.

Consolidated shareholders' equity as of April 30, 2023 amounted to Euro 57.0 million, an increase compared to Euro 35.6 thousand as of April 30, 2022, and reflects 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, continues its growth path, intensifying investments in software platforms and expertise in support of future growth. As of April 30, 2023, the Sector achieved revenue of Euro 84.4 million, up 43.2%, an Ebitda increase of 92% (Ebitda margin of 13.0%, a significant increase compared to 9.7% Y/Y) and a Net Profit of Euro 2.1 million compared to a loss of Euro 90 thousand as of April 30, 2022.

The results for the year particularly reflect the start-up of the Vertical Banking Application Business Unit ("BDX"), which specialises in the development of software platforms for the financial services market recently strengthened following the establishment of BDY Srl, a company operating in the offering of core banking software, BPO and application services born from the strategic partnership with Banca Sella, and the acquisition of control of Euro Finance Systems S.A., operating in the development of software solutions for the derivatives market.

Growth by external leverage also relates to the Digital Platform Business Unit with the purchase of a majority stake in DVR Srl, Emmedi Srl and Ever Green Mobility Rent Srl, companies dedicated to the development of digital platforms and process automation. An agreement for the purchase of 51% of 130 Servicing SpA, a company offering consulting services and master servicing solutions for the management of securitisation transactions, was signed in March 2023. The acquisition of 130 Servicing SpA and the related start of consolidation, subject to Bank of Italy authorisation, is expected to be completed in the first half of the new financial year.

Overall. the use of external leverage contributed about 40% to the growth in revenue and 30% to growth in operating profitability.

The reclassified income statement of the Business Services Sector (in Euro thousands) for the year ended April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Business Services Sector

(Euro thousands)	2023	%	2022	%	Change 23/22
Third-party revenues	**77,527**		**55,696**		**39.2%**
Inter-sector revenues	1,626		2,116		-23.2%
Total Revenues	**79,153**		**57,812**		**36.9%**
Other income	5,198		1,090		376.9%
Total revenue and other income	**84,351**	**100.0%**	**58,902**	**100.0%**	**43.2%**
Cost of purchasing products	(10,223)	-12.1%	(5,711)	-9.7%	79.0%
Costs for services and rent, leasing, and similar costs	(35,203)	-41.7%	(25,077)	-42.6%	40.4%

Business Services Sector

(Euro thousands)	2023	%	2022	%	Change 23/22
Personnel costs	(27,489)	-32.6%	(22,121)	-37.6%	24.3%
Other operating expenses	(462)	-0.5%	(276)	-0.5%	67.4%
Ebitda	**10,974**	**13.0%**	**5,717**	**9.7%**	**92.0%**
Depreciation/Amortisation of tangible and intangible assets (software)	(3,595)	-4.3%	(2,858)	-4.9%	25.8%
Provisions and other non-monetary costs	(110)	-0.1%	(343)	-0.6%	-67.9%
Adjusted operating result (Adjusted Ebit)	**7,269**	**8.6%**	**2,516**	**4.3%**	**188.9%**
Amortisation of acquired client lists and technological know-how	(4,216)	-5.0%	(1,991)	-3.4%	111.8%
Operating result (Ebit)	**3,053**	**3.6%**	**525**	**0.9%**	**481.5%**
Net financial income and expense	(1,320)		(445)		196.6%
Result before taxes	**1,733**	**2.1%**	**80**	**0.1%**	**2066.3%**
Income taxes	351		(170)		-306.5%
Net result for the year	**2,084**	**2.5%**	**(90)**	**-0.2%**	**-2415.6%**
Net result attributable to non-controlling interests	347		140		147.9%
Net result attributable to the Group	1,737	2.1%	(230)	-0.4%	-855.2%
Adjusted net result	**5,085**	**6.0%**	**1,327**	**2.3%**	**283.1%**
Adjusted net result attributable to the Group	**4,738**	**5.6%**	**1,187**	**2.0%**	**299.1%**

Revenues and other income of the Business Services segment amounted to Euro 84.4 million as of April 30, 2023, up 43.2% Y/Y, with an Ebitda result of Euro 11.0 million (+92.0% Y/Y). The Ebitda margin increased from 9.7% as of April 30, 2022 to 13.0% as of April 30, 2023, due to growth in the scope of application solutions offered to customers.

Net income as of April 30, 2023 was Euro 2.1 million, growing significantly from a loss of Euro 90 thousand as of April 30, 2022, boosted by increased operating profitability. The increase in amortisation of client lists and technological know-how for corporate acquisitions of Euro 2.2 million reflects investments in M&A during the year. The Adjusted Net Profit for the sector before amortisation of intangible assets (client lists and know-how) recognised as a result of the PPA process, was a positive Euro 4.7 million (+299.1% Y/Y), compared to Euro 1.2 million as of April 30, 2022.

The reclassified balance sheet of the Sector (in Euro thousands) as of April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Reclassified balance sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	112,077	43,941	68,136
Tangible fixed assets (right of use)	12,225	8,183	4,042
Investments carried at equity	128	130	(2)
Other non-current receivables and assets and prepaid taxes	4,971	3,830	1,141
Total non-current assets	**129,046**	**56,084**	**73,317**
Inventories	3,319	2,413	906
Trade receivables	27,400	22,457	4,943

Reclassified balance sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Other current assets	6,073	4,277	1,796
Current assets for the year	**36,792**	**29,147**	**7,645**
Trade payables	18,260	14,541	3,719
Other current payables	21,433	17,035	4,398
Short-term liabilities for the year	**39,693**	**31,576**	**8,117**
Net working capital	**(2,901)**	**(2,429)**	**(472)**
Provisions and other non-current tax liabilities	26,082	12,537	13,545
Employee benefits	4,921	5,024	(103)
Net non-current tax liabilities	31,003	17,561	13,442
Net Invested Capital	**95,497**	**36,094**	**59,403**
Shareholders' Equity	**43,141**	**16,250**	**26,891**
Liquidity and other financial assets	(30,562)	(16,069)	(14,493)
Current and non-current loans	42,984	12,997	29,987
Net Financial Position	**12,422**	**(3,072)**	**15,494**
Financial liabilities rights of use IFRS 16	5,065	4,782	283
Payables and commitments with minority shareholders for equity investments	34,869	18,134	16,735
Net Financial Position Reported	**52,356**	**19,844**	**32,512**

The Net Financial Position as of April 30, 2023 is negative in the amount of Euro 12.4 million, compared to a positive balance of Euro 3.1 million as of April 30, 2022, and reflects the positive dynamics of operating cash flow and higher investments in tangible and intangible assets mainly referring to the controlling shareholdings acquired during the year. The Reported Net Financial Position (calculated net of future commitments for the purchase of equity investments in the amount of Euro 34.9 million and IFRS 16 liabilities in the amount of Euro 5.1 million) as of April 30, 2023 was negative in the amount of Euro 52.4 million compared to Euro 19.8 million following the increase in payables and commitments for the purchase of equity investments from minority shareholders in the amount of Euro 16.7 million.

The Sector Shareholders' Equity was further strengthened, reaching a total of Euro 43.1 million as of April 30, 2023, compared to Euro 16.3 million as of April 30, 2022.

3.2.4. Results of the Corporate Sector

The Corporate Sector is active in strategic governance and the management of corporate management services (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 perimeter and the integration process following the acceleration of corporate acquisitions by the Group.

The reclassified income statement of the Corporate Sector (in Euro thousands) as of April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Corporate Sector

(Euro thousands)	2023	%	2022	%	Change 23/22
Third-party revenues	**912**		**748**		**21.9%**
Inter-sector revenues	13,555		12,037		12.6%
Total Revenues	**14,467**		**12,785**		**13.2%**
Other income	5,176		3,084		67.8%
Total revenue and other income	**19,643**	**100.0%**	**15,869**	**100.0%**	**23.8%**
Cost of purchasing products	(71)	-0.4%	(61)	-0.4%	16.4%
Costs for services and use of third-party goods	(6,833)	-34.8%	(5,129)	-32.3%	33.2%
Personnel costs	(7,809)	-39.8%	(6,999)	-44.1%	11.6%
Other operating expenses	(182)	-0.9%	(193)	-1.2%	-5.7%
Ebitda	**4,748**	**24.2%**	**3,487**	**22.0%**	**36.2%**
Depreciation/Amortisation of tangible and intangible assets (software)	(405)	-2.1%	(413)	-2.6%	-1.9%
Provisions and other non-monetary costs	(6,743)	-34.3%	(4,312)	-27.2%	56.4%
Adjusted operating result (Adjusted Ebit)	**(2,400)**	**-12.2%**	**(1,238)**	**-7.8%**	**93.9%**
Amortisation of client lists and technological know-how (PPA)					
Operating result (Ebit)	(2,400)	-12.2%	(1,238)	-7.8%	93.9%
Net financial income and expense	**(126)**		**551**		**-122.9%**
Result before taxes	(2,526)	-12.9%	(687)	-4.3%	267.7%
Income taxes	120		(58)		-306.9%
Net result for the year	**(2,406)**	**-12.2%**	**(745)**	**-4.7%**	**223.0%**
Net result attributable to minority shareholders					
Net result attributable to the Group	(2,406)	-12.2%	(745)	-4.7%	223.0%
Adjusted net result	**192**	**1.0%**	**64**	**-4.7%**	**198.6%**
Adjusted net result attributable to the Group	**192**	**1.0%**	**64**	**-4.7%**	**198.6%**

Total revenues and other income of the Sector, equalling Euro 19.6 thousand, result in growth of 23.8%, thanks to the development of organisation, administration and financial management, planning and control, human resource management, corporate governance, legal and IT services supplied by Sesa SpA to the Group companies, which recorded a further expansion of the user companies during the year. Operating profitability (Ebitda) as of April 30, 2023 was Euro 4.7 million, up by 36.2% from Euro 3.5 million as of April 30, 2022.

Depreciation, amortisation, provisions and other non-monetary costs mainly include the notional cost of Euro 6.7 million related to the annual (Euro 3.1 million) and three-year (Euro 3.6 million) portion of the Stock Grant Plan accrued with the approval of the financial statements as of April 30, 2023, compared to Euro 4.3 million as of April 30, 2022. After depreciation, amortisation and provisions totalling Euro 405 thousand, net financial expense of Euro 126 thousand and taxes of Euro 120 thousand, the result for the year was a loss of Euro 2.4 million as of April 30, 2023, compared to a loss of Euro 745 thousand as of April 30, 2022.

Reclassified Balance Sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	283	2,159	(1,876)
Tangible fixed assets (right of use)	1,431	678	753
Investments carried at equity	702	768	(66)
Other non-current receivables and assets and prepaid taxes	99,565	94,081	5,484
Total non-current assets	**101,981**	**97,686**	**4,295**
Inventories			
Trade receivables	12,930	6,796	6,134
Other current assets	758	709	49
Current assets for the year	**13,688**	**7,505**	**6,183**
Trade payables	4,460	3,158	1,302
Other current payables	9,148	4,561	4,587
Short-term liabilities for the year	**13,608**	**7,719**	**5,889**
Net working capital	**80**	**(214)**	**294**
Provisions and other non-current tax liabilities	78	620	(542)
Employee benefits	2,007	1,921	86
Net non-current liabilities	2,085	2,541	(456)
Net Invested Capital	**99,977**	**94,931**	**5,046**
Shareholders' Equity	101,442	98,131	3,310
Liquidity and other financial assets	(1,897)	(3,555)	1,658
Current and non-current loans		42	(42)
Net Financial Position	(1,897)	(3,513)	1,616
Financial liabilities rights of use IFRS 16	387	268	119
Payables and commitments with minority shareholders for equity investments	45	45	
Net Financial Position Reported	**(1,465)**	**(3,200)**	**1,735**

From a balance sheet and financial point of view, the balance of the main indicators compared to the previous year was confirmed. The growth in Net Invested Capital from Euro 94.9 million as of April 30, 2022 to Euro 100.0 million as of April 30, 2023 due to investments in IT infrastructure and the increase in equity investments for the year, mainly referring to the capital increase made by Sesa in Base Digital Group Srl for Euro 2.9 million, is of particular note. The Corporate Sector ended the year with Euro 101.4 million in shareholders' equity, compared to Euro 98.1 million as of April 30, 2022 due to the result for the period net of the distribution of dividends of Euro 13.9 million in September 2022 and the change in reserves resulting from the purchase and movement of treasury shares to service the Stock Grant Plan 2021-2023.

The Net Financial Position as of April 30, 2023 is positive (net cash) in the amount of Euro 1.9 million, down from a positive balance of Euro 3.5 million as of April 30, 2022, and reflects operating cash generation net of investments for the period, the treasury share buy-back plan in the amount of Euro 11.2 million, and the distribution of dividends in the amount of Euro 13.9 million in September 2022.

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

The reclassified income statement (in Euro thousands) as of April 30, 2023 is provided below, and compared with the previous year ended April 30, 2022.

Reclassified income statement

	04/30/2023	%	04/30/2022	%	Change 23/22
Net revenue	13,664		12,273		11.3%
Other Income	5,211		3,074		69.5%
Total Revenues and Other Income	**18,875**	**100.0%**	**15,347**	**100.0%**	**23.0%**
Purchase of goods	(66)	0.3%	(57)	0.4%	15.8%
Costs for services and use of third-party goods	(6,429)	34.1%	(4,824)	31.4%	33.3%
Personnel costs	(7,735)	41.0%	(6,858)	44.7%	12.8%
Other operating expenses	(224)	1.2%	(204)	1.3%	9.8%
Total Operating Costs	**(14,454)**	**76.6%**	**(11,943)**	**77.8%**	**21.0%**
Gross Operating Margin (Ebitda)	**4,421**	**23.4%**	**3,404**	**22.2%**	**29.9%**
Amortisation and Depreciation	(398)		(413)		-3.6%
Provisions and other non-monetary costs	(6,743)		(4,312)		56.4%
Operating Result (Ebit)	**(2,720)**	**-14.4%**	**(1,321)**	**-8.6%**	**105.9%**
Financial income and expense	23,941		18,552		29.0%
Result before tax (Ebt)	**21,221**	**112.4%**	**17,231**	**112.3%**	**23.2%**
Income taxes	(216)		(35)		-517.1%
Net result	**21,437**	**113.6%**	**17,196**	**112.0%**	**24.7%**

Total revenues and other income amounted to Euro 18.9 million as of April 30, 2023, up Euro 3.5 million (+23.0% Y/Y) compared to the previous year, following the development of administrative and financial management services, organisation, planning and control, management of information systems, human resources, and the general, corporate and legal affairs in favour of the Group companies.

Total operating expenses as of April 30, 2023 amounted to Euro 14.5 million, an increase of Euro 2.5 million (+21.0% Y/Y) compared to Euro 11.9 million as of April 30, 2022, as a result of the greater need for resources related to the increase in the scope of the user companies. The workforce increased from 132 resources to 144 resources as of April 30, 2023 to cope with the increase in the perimeter of the activities performed. The Gross margin (Ebitda) amounted to Euro 4.4 million as of April 30, 2023, up 29.9% compared to the previous year.

Provisions and other non-monetary costs mainly include the notional cost of Euro 6.7 million related to the annual and three-year portion of the Stock Grant Plan accrued with the approval of the financial statements as of April 30, 2023, compared to Euro 4.3 million as of April 30, 2022. Net financial income increased from Euro 18.5 million as of April 30, 2022 to Euro 23.9 thousand as of April 30, 2023, thanks to the distribution of higher dividends by the subsidiaries. The Net result after taxes is Euro 21.4 million as of April 30, 2023, up 24.7% compared to the net profit as of April 30, 2022 of Euro 17.2 million.

The reclassified balance sheet (in Euro thousands) for the year ended April 30, 2023 is provided below and compared with the previous year ended April 30, 2022.

Reclassified Balance Sheet

(Euro thousands)	04/30/2023	04/30/2022	Change 23/22
Intangible fixed assets	285	197	88
Tangible fixed assets (including rights of use)	1,412	671	735
Investments and Other non-current receivables	100,469	96,519	3,950
Total non-current assets	**102,166**	**97,387**	**4,779**
Inventories			
Trade receivables	3,525	1,659	1,866
Other current assets	8,937	4,632	4,305
Other current assets	**12,462**	**6,291**	**6,171**
Trade payables	2,191	1,154	1,037
Other current payables	10,500	5,749	4,751
Short-term liabilities for the year	**12,691**	**6,903**	**5,788**
Net working capital	**(229)**	**(612)**	**383**
Provisions and other non-current tax liabilities	28	41	(13)
Employee benefits	2,032	1,947	85
Net non-current liabilities	2,060	1,988	72
Net Invested Capital	**99,877**	**94,787**	**5,090**
Shareholders' Equity	**100,801**	**97,650**	**3,151**
Liquidity and other financial assets	(1,335)	(3,217)	1,882
Current and non-current loans		42	(42)
Net Financial Position	**(1,335)**	**(3,175)**	**1,840**
Financial liabilities rights of use IFRS 16	366	267	99
Payables and commitments with minority shareholders for equity investments	45	45	
Total Net Financial Position Reported	**(924)**	**(2,863)**	**1,939**

The balance sheet as of April 30, 2023 shows an increase in net invested capital of Euro 5,090 thousand, referring to the equity segment.

In terms of financial sources, the Net Financial Position was positive by Euro 1.3 million as of April 30, 2023 compared to Euro 2.9 thousand as of April 30, 2022. 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 April 30, 2023 amounted to Euro 100.8 million, an increase compared to Euro 97.6 million as of April 30, 2022, mainly due to the profit for the year, net of dividends distributed in September 2022 in the amount of Euro 13.9 million and the purchase of treasury shares made during the year in the amount of approximately Euro 11.2 million.

Net Financial Position

(Euro thousands)	April 30, 2023	04/30/2022	Change 23/22
Liquidity	(1,335)	(3,217)	1,882
Current financial receivables			
Current loans		42	(42)
Current financial payables	**(1,335)**	**(3,175)**	**1,840**
Non-current financial debt			
Non-current financial debt			
Net Financial Position	**(1,335)**	**(3,175)**	**1,840**
Liabilities IFRS 16	366	267	99
Commitments to purchase equity investments (Earn out, Put Option, price deferrals)	45	45	
Net Financial Position Reported	**(924)**	**(2,863)**	**1,939**

3.4. Key sustainability performance

DNF

Sustainability Indicators

Environmental Performance Indicators[10]	April 30, 2023	04/30/2022	04/30/2021
Energy Consumption (GJ)	**38,391**	**39,265**	**35,500**
- Electricity purchased (GJ)	32,016	33,011	28,443
- Natural gas (GJ)	6,376	6,254	7,057
Per capita emissions (tCO_2)[11]	**5,413**	**5,165**	**5,963**
Scope 1 + Scope 2 GHG emissions (tCO_2)	**1.22**	**1.36**	**1.99**
Total electricity consumed (kWh)	**10,196,090**	**10,207,630**	**7,900,912**
- electricity purchased from low-impact renewable sources (kWh)	8,266,123	7,921,934	
- self-generated energy from renewable sources (kWh)	1,302,765	1,037,902	250,773
Natural Gas (tCO2)	**358**	**352**	**397**
- smc	180,707	177,266	200,011
Diesel for generators (tCO2)	**15**	**8**	**9**
- litres	5,600	2,890	3,280
- GJ	206	105	119
Water withdrawals (Megalitres12)	**28.90**	**26.37**	**30.73**
- of which from water-stressed areas	18.30	18.28	22.09
Fuel consumption (tCO2)	**4,391**	**4,038**	**2,987**
Fuel consumption (GJ)	**59,491**	**54,711**	**40,617**
Total waste (t)	**135**	**157**	**326**
Total waste per capita (t)	**0.03**	**0.04**	**0.11**

Net Economic Value Generated	**383,913**	**314,898**	**250,180**
Retained Value	**74,722**	**64,674**	**42,138**
Distributed Value	**309,191**	**250,255**	**208,042**
Of which remuneration of Human Resources	238,426	197,163	162,972
Of which remuneration of the Public Administration	39,312	31,750	26,378
Of which remuneration of Shareholders*	15,495	13,946	13,171

(*) determined on the basis of the proposed allocation of the 2023 annual result submitted to the Shareholders' Meeting on August 28, 2023 (August 29, on second call).

10. Compared to the previous year, the group's HR perimeter as of April 30, 2023 increased by 13.3% and revenue increased by 21.7%
11. GHG emissions Scope 1 + Scope 2 market-based (tCO2) / organic average
12. 1 Megalitre equals 1,000 cubic metres

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 ended April 30, 2023, in which the Sesa Group increased its human resources by 13% and revenues by more than 21% compared to the previous year, with an expansion of both domestic and European locations, electricity and natural gas consumption amounted to 38,391 GJ with a reduction of 2.2%, recording a significant reduction in CO2 emissions linked to the consumption of electricity (-15.6%) and further growth in self-generation of energy from renewable sources (+25% Y/Y, 438 tonnes of emissions avoided).

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 (with an energy requirement of 2,439,365 kWh in the year ended April 30, 2023, fully covered by 100% green energy) and technological 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.

ELECTRICITY

As far as electricity consumption is concerned, a total of 10.2 million kWh (-0.11% Y/Y), was used as of April 30, 2023, with green and self-produced energy accounting for 92% of the total. Electricity consumption is in line with the previous year despite the increase in the workforce, the expansion of the premises used for office purposes, and of the companies included in the consolidation area. There has been a significant reduction in the "kWh per capita" index (average annual electricity consumption per person, measured in kilowatt hours) from 2,685 kWh to 2,296 kWh (-14.5% Y/Y).

At the Empoli Technological hub and at the offices of the companies P.M. Service, Di.Tech, BDS Factory and Base Digitale, in particular, photovoltaic systems are operating with an annual production of over 1.3 million kWh as of April 30, 2022 (+25 Y/Y). We calculate greenhouse gas emissions according to the GHG Protocol reporting standard by applying both methods: market-based and location-based.

The market-based method applies zero emission factors for purchases of electricity from renewable sources. The location-based method, on the other hand, applies emission factors equal to the national average.

Electricity consumption[13]

	04/30/2023	04/30/2022	04/30/2021
kWh	10,196,090	10,207,630	7,900,912
GJ	32,016	33,011	28,443
tCO_2 Scope 2 Location-based	3,426	3,430	2,570
tCO_2 Scope 2 Market-based	648	768	
Self-production of electricity			
tCO_2 avoided - Scope 2	438	349	85
Total (kWh)	1,302,765	1,037,902	250,773
Total (GJ)	4,691	3,736	903

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

Natural gas consumption[14]

	04/30/2023	04/30/2022	04/30/2021
tCO_2 - Scope 1	358	352	397
Smc	180,707	177,266	200,011
GJ	6,375	6,254	7,057

NATURAL GAS

As regards the consumption of natural gas, used only in heating systems, a total of 358 tonnes of CO_2 were produced as of April 30, 2023, compared to 351 tonnes in the previous year (+1.99% Y/Y) and 397 tonnes as of April 30, 2021. A substantial stability in consumption Y/Y and a consistent reduction in gas consumption compared to FY 2021 (-10% Y/Y) as a result of efficiency actions at the Group's locations and, in particular, the replacement of heat generators and cooling units at the Empoli and Milan Technological Hubs have been highlighted.

DIESEL FOR GENERATORS

The consumption of diesel for generators increased from 2,890 litres as of April 30, 2022 to 5,610 litres as of April 30, 2023. This increase is the result of increased use of generators to ensure operational continuity of the Data Centres and increased frequency of operational testing (increased certifications and quality audits).

Diesel consumption for generators

	04/30/2023	04/30/2022	04/30/2021
tCO_2 - Scope 1	15.11	7.78	8.79
litres	5,610	2,890	3,280
GJ	206	105	119

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 April 30, 2023, the Sesa Group used 59,491 GJ of fuel, compared to 54,711 GJ in the previous year, with a growth that reflects the expansion of the scope. Fuel consumption was substantially stable compared to the Full Year as of April 30, 2022, despite an increase in scope 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.

14. For the emissions of greenhouse (gas scope 1), deriving from the consumption of natural gas, diesel for power generators and fuel for the vehicle fleet (methane, diesel, petrol and LPG) were used emission coefficients in the table of national standard parameters of the Ministry of the Environment, updated to 2021

Fuel consumption by type (GJ)

	04/30/2023	04/30/2022	04/30/2021
Total consumption	**59,491**	**54,711**	**40,617**
Petrol	6,093	3,285	1,776
Diesel	53,308	51,218	38,722
Methane	72	171	49
LPG	18	37	70

Fuel consumption by type (tCO_2)

	04/30/2023	04/30/2022	04/30/2021
Total	**4,391**	**4,038**	**2,987**
Petrol	445	240	130
Diesel	3,940	3,786	2,849
Methane	4	10	3
LPG	1	2	5

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, the consumption of water compared to the previous year ended April 30, 2022 was substantially stable, with a notable decrease compared to the pre-pandemic year ended April 30, 2020 (-11% 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. Regarding the type of water withdrawn (100% of water withdrawals come from aqueducts), all water consumption falls into the freshwater category with ≤1,000 mg/l total dissolved solids.

Water withdrawals

	04/30/2023	04/30/2022	04/30/2021
Total (Cubic Metres)	**28,905**	**26,374**	**30,729**
Total (Mega Litres)	**28.9**	**26.4**	**30.7**
Withdrawal from water-stressed areas (Mega Litres)	**18.3**	**18.3**	**22.1**
% of total withdrawals	**63%**	**69%**	**72%**

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 the Sesa reference area.

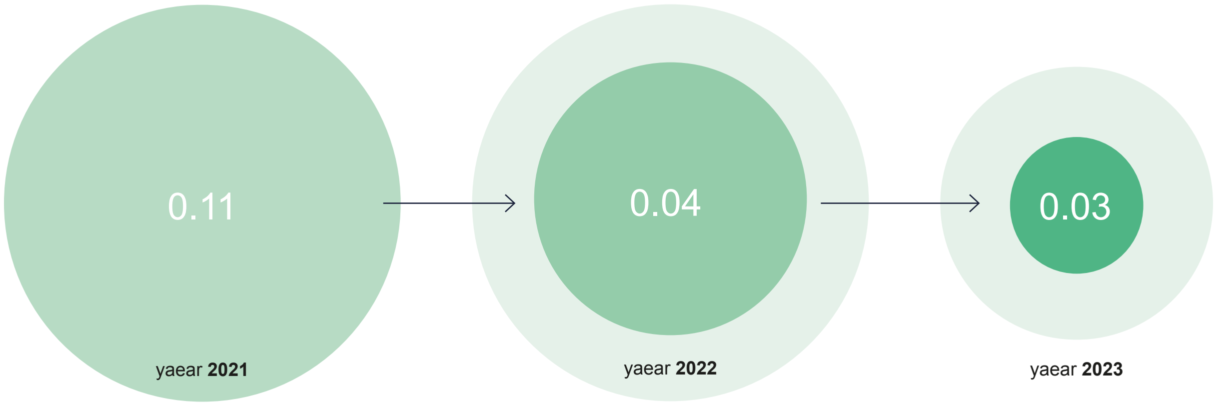
WASTE

Municipal solid waste is managed by the public collection service and its quantity and method of disposal cannot be determined. Waste of paper and cardboard, plastic, wood and discarded electronic equipment are considered “special” and therefore treated with specific methods and recorded. As of April 30, 2023, 135 tonnes of this waste were produced by the Group, decreasing compared to the previous year (-14% Y/Y). This decrease is due to the progressive adoption of management policies and procedures envisaged by ISO 14001 Environmental Certification. In relation to the average number of human resources, the per capita consumption of waste is significantly reduced from 0.04 tonnes as of April 30, 2022 to 0.03 tonnes per employee as of April 30, 2023 (-27% Y/Y).

Waste generated by type (Tonnes)

	04/30/2023	04/30/2022	04/30/2021
Total	**135**	**157**	**326**
Paper and cardboard	52	75	68
Wood and pallets	32	41	27
Plastic	8	11	10
Other types:			
WEEE	35	29	41
Toner	0,3	1	
Septic tank sludge			119
Other waste[15]	8	1	61

Waste per capita in tonnes[16]



15. Mixed waste from construction and renovation activities belongs to this category
16. Total waste/ average organic waste

3.4.2. People

Breakdown of Human Capital

	04/30/2023	04/30/2022	04/30/2021
Total Human Resources	**4,717**	**4,163**	**3,441**
- Men	3,204	2,821	2,374
- Women	1,513	1,342	1,067
Total recruitment	760	607	402
Total terminations*	379	361	218
Incoming turnover	16.4%	14.9%	11.7%

(*) total terminations includes voluntary resignations only

Job classification and gender

	04/30/2023	04/30/2022	04/30/2021
Executives	49	46	35
Middle Management	457	372	331
White collars	4,028	3,547	2,974
Blue collars	91	98	101
Trainees[17]	92	100	
Total	**4,717**	**4,163**	**3,441**

Other indicators

Average workforce in the year	4,440	3,802	2,994
Personnel costs	238,426	197,673	162,972
Average cost per employee	53.7	52.0	54.5
Percentage of permanent employees	98%	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 well-being and quality of working life of its human resources, applying distinctive values such as integrity, fairness, attention to people, inclusion and sustainability, which guide the Group's strategy in the management of human capital. As of April 30, 2023, the number of employees of the Group reached a total of 4,717 (employees and trainees of the companies included in the scope of consolidation), with an increase of 554 employees (+13.3% Y/Y) compared to the previous year. This confirms the long-term growth and development trend that has characterised the Sesa Group since its establishment. Human capital, as the primary value of the Group, is a strategic resource that must be fostered and developed through long-term professional growth. The Sesa Group is therefore pursuing a policy of hiring its resources on an open-ended basis, which as at April 30, 2023 accounted for 98% of the total workforce, implemented through targeted hiring plans for young graduates and university graduates, with development and retention tools (training, career

17. The number of trainees was first reported from the period ended April 30, 2022

plans, work-life balance initiatives and corporate welfare). During the year ended April 30, 2023, there was an outgoing turnover rate of 7.69% in relation to the Group companies operating throughout the national territory. The figure is extremely positive when compared to the averages for the sector in which the Group operates, which has a structural situation of professional shortages and a mobility of human resources well above the national average, testifying to the effectiveness and quality of the personnel management and retention processes implemented by the Group. Incoming turnover is also on the rise, with a ratio of new recruits to leavers of 2.03, benefiting from a total of 760 new resource entries through internal hiring during the year.

OCCUPATIONAL HEALTH AND SAFETY PROGRAMMES

Health and Safety

	04/30/2023	04/30/2022	04/30/2021
Total accidents	**17**	**17**	**8**
- Men	10	10	4
- Women	7	7	4
Rate of accidents at work*	2.28	2.71	1.38
Severity index**	0.04	0.01	0.03
Absenteeism (accidents, illness, parental leave)			
- Absenteeism rate***	2.80%	2.72%	2.30%

(*) 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

	04/30/2023		04/30/2022		04/30/2021	
	Men	Women	Men	Women	Men	Women
Parental leave	72	56	80	98	78	61
Returns at the end of leave	71	54	80	98	78	58
Return rate[18]	99%	96%	100%	100%	100%	95%
Post-parental leave retention rate[19]	**94%**	**98%**	**85%**	**97%**	**97%**	**93%**

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, Medical Officer, RLS) 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 FY 2023 there were very few accidents, all of them minor, consistent with previous years. The absenteeism rate is 2.80% (calculated based on the hours of absence excluding holiday and leave). 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 April 30, 2023, 128 Group employees had taken parental leave, 3.7% of the female workforce and 2.2% of the male workforce, respectively.

18. The exit turnover rate of Italian private sector companies in the year 2020 (latest available data) was about 18% (Source: Centro Studi Assolombarda)
19. 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

	04/30/2023		04/30/2022		04/30/2021	
Total Human Resources	**4,717**		**4,163**		**3,441**	
Gender	**n**	**%**	**n**	**%**	**n**	**%**
Men (%)	3,204	68%	2,821	68%	2,374	69%
Women (%)	1,513	32%	1,342	32%	1,067	31%
Geographic area						
Northern Italy	2,372	50%	2,047	49%	1,294	38%
Central Italy	1,894	40%	1,766	42%	1,909	55%
Southern Italy	130	3%	69	2%	36	1%
Abroad	321	7%	281	7%	202	6%
Age						
≥ 21-30 ≤	1,069	23%	900	22%	605	18%
≥ 31-50 ≤	2,310	49%	2,165	52%	1.89	55%
> 50	2,338	28%	1,098	26%	946	27%

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 and Romania with over 320 employees.

The Group encourages the integration of different age groups: as of April 30, 2023, personnel under 50 years of age made up 72% of the workforce, and those under 30 years of age 23%, with over 1,000 employees, up from 22% as of April 30, 2022 and 18% as of April 30, 2021. The Group's average length of service is 9.2 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 of April 30, 2023, female employment constituted a significant component, amounting to 32% of the total workforce, 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.

The Group has also invested in welcoming disabled staff into its work structures, mainly with permanent contracts. Multi-year recruitment and integration programmes have been defined for the integration of workers belonging to protected categories, with ongoing collaboration with the institutional bodies in charge of targeted employment. At April 30, 2023, the number of protected categories employed by Group companies is 131.

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 most of the 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 scope 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 and training 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 targets 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 ratio, i.e., the ratio of women's fixed and variable wages to men's expressed in percentage points, shows positive indices that are below the European averages, despite the fact that the business sector in which the Group operates has historically been characterised by technical and scientific professions with significant male gender quotas as well as the large number of new companies that have joined the Group in the last financial year, with sustainability indices progressively aligned with the Group's gender equality policies.

Gender pay ratio

	Fixed remuneration	Total remuneration
Executives	88%	85%
Middle Management	96%	93%
White collars	92%	90%
Blue collars	95%	88%

HIRING PROGRAMMES

Recruitment by area and age bracket

	April 30, 2023	04/30/2022	04/30/2021
Total recruitment	**760**	**607**	**402**
- Men	538	427	318
- Women	222	180	84
Age group (n)			
≥ 21-30 ≤	405	283	197
≥ 31-50 ≤	290	252	159
> 50	65	72	46

Incoming Turnover Rate

	04/30/2023	04/30/2022	04/30/2021
Total recruitment	**760**	**607**	**402**
Total employees	4,717	4,163	3,441
% Incoming Turnover Rate	16.43%	14.94%	11.70%
% Men	17.12%	15.44%	13.40%
% Women	14.98%	13.88%	7.90%
Age group (%)			
≥ 21-30 ≤	41.45%	35.38%	32.60%
≥ 31-50 ≤	12.55%	11.64%	8.40%
> 50	4.86%	6.56%	4.90%

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 (98% of the total workforce) and the inclusion of young 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 total of 760 new hires. Of these, about 53% are young resources under 30, mostly based in Central and Northern Italy.

The personnel recruitment and selection programme is implemented through:

- collaborations with the best Professional Schools, Universities and Business Schools, with which the Group has well-established relationships, which include internships for students or recent graduates, development of projects and degree theses;
- 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.
- academies with a specific focus on 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 manages the regional post-diploma training programmes mainly at the Empoli Technological Pole, with the aim of meeting the need to develop technical skills in the digital sphere. For the educational year 2023/24, six specialisation courses have been planned to train a total of about 150 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 April 30, 2023, 92 internships were active, including curricular and extra-curricular internships.

The total number of apprentices in vocational training and development courses increased to 394 as of April 30, 2023.

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 three years, the main training programmes have been strengthened in relevant areas, also in light of market developments such as safety and sustainability. As of April 30, 2023, 69,511 hours of training were provided, an increase of 14% compared to the previous year, with a focus on technical, sustainability and soft skills.

Training

Number of trained employees	04/30/2023	04/30/2022	04/30/2021
Compulsory training and Compliance	2,327	1,716	2,022
Training in basic and transversal skills	687	478	233
Technical training	931	1,247	503
Training hours			
Total	**69,511**	**60,907**	**26,302**
Compulsory training and Compliance	14,930	11,225	11,539
Training in basic and transversal skills	12,621	16,262	2,409
Technical training	41,960	33,420	12,354

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, activated through digital e-learning platforms that have enabled an ever-increasing number of resources to be involved. As of April 30, 2023, more than 1,000 hours of specific training have been provided on the issues in question (Sustainability, UN Global, Human Rights and Code of Ethics), involving more than 750 resources.

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.

The new welfare plan for 2023-24, further strengthened compared to the previous year's plan, includes a further boost to well-being, health, and the quality of people's working lives, with renewed focus on parenting, education, sustainability and wellness, and new initiatives for younger people.

- **Diversity and parenthood:** economic support when children are born, subsidies for babysitting services, pedagogy, daycare (at the Empoli location access to the Sesa Baby company crèche); subsidies for enrolment in summer schools; scholarships for the purchase of schoolbooks and IT tools for children; economic support for healthcare and social assistance for family members with disabilities.
- **Well-being and education:** flexible benefits to supplement food shopping, for sports activities, culture, well-being and parenting services; contributions for the purchase of IT tools; support for housing mobility; scholarships for attendance of university and for the purchase of textbooks; international education and Erasmus programmes.
- **Environmental sustainability:** grants dedicated to the sustainable mobility of human resources for the use of

public and electric transportation and E-Car Sharing schemes aimed at reducing the consumption of natural resources.

- **Work-life balance:** solidarity and people caring for the well-being and health of human resources; corporate Microcredit programmes for access to subsidised loans; psychology and counselling desk available free of charge; health packages for the reimbursement of healthcare expenses; well-being programmes and sports activities, also through digital platforms.

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, also through monthly contributions for the children of employees of other Group locations who attend the crèche.

Sesa Group Welfare Plan

Number of interventions	04/30/2023	04/30/2022	04/30/2021
Total	**10,917**	**7,996**	**6,312**
- Provisions	3,271	1,965	1,553
- Flexible Benefits	7,529	5,951	4,700
- Crèche	117	80	59
Extraordinary Energy Bonus 2023	4,476		

In December 2022, against a backdrop of great macroeconomic instability and uncertainty characterised by a sharp increase in energy costs, the Group also disbursed an extraordinary contribution to support employees and their families by providing reimbursement, up to the amount of Euro 400, for household utility costs (water, electricity or natural gas) incurred in 2022. The total sum disbursed amounted to Euro 829 thousand, against a total number of 4,776 applications processed.

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 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 year ended April 30, 2023.

Sesa Baby, company crèche inside the Empoli Technological Hub

3.4.3. Community

SOCIAL RESPONSIBILITY

Sesa, partly through the Foundation that bears its name, promotes social initiatives and projects. For Sesa it is important to pay attention to people and social needs. 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: schools, universities, and economic and third sector 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 scope of its institutional purposes, 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 in favour of economically disadvantaged social categories, including but not limited to the territory of reference;
- promotes welfare initiatives and activities, including those relating to health care, aimed at contributing particularly to the well-being of Sesa Group employees.

ACTIVITIES DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

The initiatives and activities carried out in 2022 (reporting year January - December 2022) 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 2022 reached a total value of about Euro 127 thousand (+55% Y/Y) with the goal of further growth in 2023.
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. The Centre was active from April 2021 to December 2022 with the administration of over 270,000 vaccines. The Foundation also took care of the supply of computer equipment necessary to supply the service. The project was a great example of collaboration between businesses, institutions and public entities, providing tangible answers to the needs of the community.
- **The "Family Room" project**: donation to the Ronald McDonald Italy Children's Foundation, which inaugurated a space in Florence dedicated to the families of children hospitalised in neonatal intensive care at Careggi Hospital.
- **The "Rehabilitation of Adolescents" project:** donation of personal computers to the "House of Francis and Chiara", a therapeutic residential community for adolescents suffering from mental distress and psychological difficulties, in order to set up a computerised classroom to facilitate the rehabilitation process
- **"Un passo per te" (One step for you) project:** donation to the University of Pisa's Muscular Disease Research Foundation. Donation to the University of Pisa's Muscular Disease Research Foundation for basic and clinical research projects.
- **The "Lab Casa Verde" project:** donation of computer equipment to "Casa Verde" in San Miniato (Stella Maris Foundation), a healthcare residence for the disabled and rehabilitation centre.
- **The "Fundraising for the Ukrainian Population" project:** collection of funds and basic essentials for the Ukrainian population so tragically affected by the war. The proceeds, supplemented by the Sesa Foundation, were allocated in part to the Italian Red Cross and to support the initiative promoted by Beenear, a Group company based in Romania, in collaboration with Fundatia Comunitaria of Iasi for the hospitality of Ukrainian refugees.

- **The “Leggenda Festival 2022” project:** support for the organisation of the Festival, an initiative dedicated to reading and listening aimed at children and young people from 0 to 14 years old, promoted by the Municipality of Empoli, bookshops and cultural and social associations in the area, through the provision of space, IT equipment and technical support.
- **The “Bus for the Disabled” project”:** donation to the Santa Croce sull’Arno Public Assistance Association, for the purchase of a bus equipped to transport people with disabilities and in fragile conditions.

PROGRAMMES FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023

The 2023 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 social solidarity:** support for associations in the area that are increasingly turning to the Foundation, with a special focus on the social inclusion of disadvantaged groups, such as the disabled and the elderly, and support for the most vulnerable, in order to provide effective solutions to their needs;
- **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 2023:

- donations in favour of health and safety initiatives and projects, such as “The Heart of Empoli”, a major programme to support the needs of the Azienda USL Toscana Centro and its 13 hospitals by purchasing the necessary machinery and health equipment;
- contribution for the organisation and operation of the Sesa Baby company crèche located within the Empoli technological hub, Via del Pino, Via Piovola providing daycare for about 30 children, offered as part of the Group’s welfare plan for employees’ children;
- support for micro-credit programmes made available to the group’s employees.

Sesa Vaccine HUB

DNF

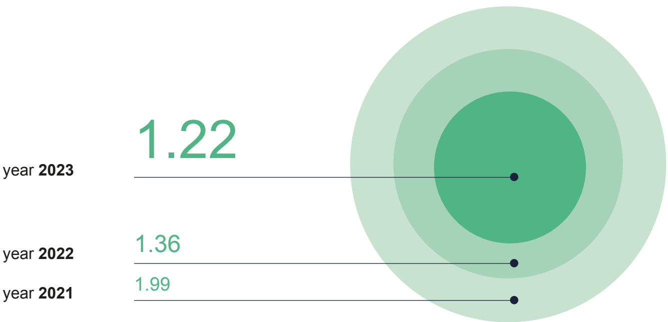
3.5. ESG indices, objectives, and targets

The growing importance of non-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).

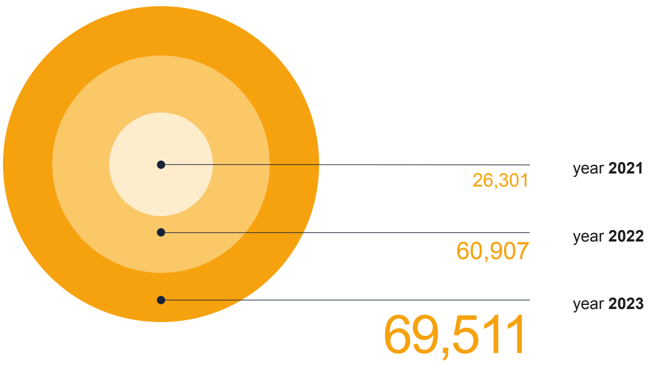
ESG Indices

	Unit of measure	04/30/2023	04/30/2022	04/30/2021	Change 23/22	Change 22/21
Energy Intensity Index[20]	GJ/€ million	13.21	16.43	17.43	-19.61%	-5.73%
Per-capita energy intensity index[21]	GJ/HR	8.65	10.33	11.68	-16.27%	-12.90%
Emissions per-capita[22]	tCO2/HR	1.22	1.36	1.99	-10.27%	-31.79%
Scope 1 emissions per-capita[23]	tCO2/HR	1.07	1.16	1.13	-7.22%	2.08%
Scope 2 market-based emissions per-capita[24]	tCO2/HR	0.15	0.20	0.86	-27.75%	-76.47%
Energy consumptions per-capita[25]	kWh/HR	2,296	2,685	2,639	-14.47%	1.74%
Water withdrawals per-capita[26]	litres/HR	6.51	6.94	10.26	-6.15%	-32.41%
Waste per-capita[27]	t/HR	0.03	0.04	0.11	-26.72%	-62.18%
Open-ended contracts	HR	4,538	3,999	3,135	13.48%	27.56%
Welfare interventions	Number of interventions	10,918	7,996	6,312	36.54%	26.68%
Training	Number of training hours	69,511	60,907	26,302	14.13%	131.57%

Per capita emissions (tCO_2)



Training hours



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

To this end, 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 Report. The targets cover the main ESG areas and so refer to environmental, social and governance aspects.

ESG Target

	KPI	TARGET 2023 (Y/Y)	RESULTS FY 2023	TARGET 2024 (Y/Y)
Energy consumptions	Energy intensity index (consumption in GJ/turnover)	-2%	-20%	-2%
	100% renewable, low-impact energy supply	>90% (threshold)	94%	>90% (threshold)
	Per capita emissions (tCO_2)	-2%	-10%	-2%
Emissions	tonne emissions Scope 1	-2%	-11%	-2%
	tonne emissions Scope 2 market-based	0 by 2024		
Water consumption	annual consumption in Litres/HR	-5%	-7%	-5%
Waste	kg waste produced/HR	-5%	-30%	-5%
Responsible supply chain	% suppliers subject to self-evaluation	>60% (threshold)	70%	>60% (threshold)
Relationship with local communities	Amount of donations in euro (Sesa Foundation)	+10%	+15%	+10%
Occupation	Number of permanent human resources	+5%	+14%	+5%
	% incoming turnover	>10% (threshold)	16%	>8% (threshold)
	% outgoing turnover	<10% (threshold)	8%	<12% (threshold)
Corporate welfare	Bonuses paid in Euro/HR	+5%	+15%	+5%
	Number of welfare/HR interventions	+5%	+17%	+5%
Development of skills and staff training	Hours devoted to training	+10%	+14%	+2%
	Number of Employees trained	+10%	+15%	+2%
Equal opportunities and diversity	% women of total HR	>30% (threshold)	32%	>30% (threshold)
Staff health and safety	Accident Severity Index	<0.05 (threshold)	0.05	
Protection of Human Rights	Number of reports arising from the whistleblowing system	Maintain at 0	0	Maintain at 0
Ethics, compliance, anti-corruption	% HR trained on Code of Ethics/Anti-Corruption Programme	+10%	+15%	+5%

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

Regulation (EU) on the new **European Taxonomy 2020/852** (hereinafter also referred to as the "Regulation," "Taxonomy," or "European Taxonomy") came into force on July 12, 2020 with the aim of defining a framework for the **classification of economic activities defined as sustainable.** 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 Regulation introduces a unique EU-wide classification system for identifying eco-sustainable economic activities.
The regulations state that to determine whether or not an activity is eco-sustainable, it must contribute to the achievement of one or more of the following six environmental goals: (i) mitigation of climate change,
(ii) adaptation to climate change, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) prevention and reduction of pollution, and (vi) protection and restoration of biodiversity and ecosystems.

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 goals. 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 June 22, 2020 and entered into force on July 12 of the same year.

As of January 2022, companies subject to the obligation to publish a consolidated non-financial statement (DNF) 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, the Taxonomy currently identifies 13 sectors that include a total of over 100 economic activities, 86 of which can make a substantial contribution to both the climate change mitigation and adaptation goals, eight to mitigation only, and 15 to adaptation only. In relation to the financial year ended April 30, 2023, non-financial enterprises subject to the Regulations, such as Sesa, are required to publish a disclosure of their eligible and taxonomy-aligned economic activities, with reference to the first two climate goals, and the quantitative economic performance indicators (KPIs)- i.e., the shares of turnover, capital expenditures (CapEx), and operating expenditures (OpEx)-attributable to them.

ELIGIBILITY ANALYSIS AND ALIGNMENT

In line with the work begun in the previous financial year, for the year ended April 30, 2023, Sesa updated the eligibility analysis aimed at determining the activities exercised by the Group that match those listed and described in Annexes I and II of the Climate Delegated Act - dedicated to climate mitigation and adaptation goals, respectively. The company also analysed any eligible activities with reference to CapEx (Annex 1 of Delegated Regulation (EU) 2021/2178, par. 1.1.2.2 point (c)) and OpEx (Annex 1 of Delegated Regulation (EU) 2021/2178, par. 1.1.3.2 point (c)) related to the purchase of products from eligible economic activities aligned with the taxonomy and individual measures that enable the target activities to reduce their emission profile. This analysis led to the identification of the following eligible activities for the climate change mitigation goal (Annex I of the Climate Delegated Act):

- **4.1 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;
- **7.2 Renovation of existing buildings.** With reference to CapEx related to interventions aimed at rehabilitating and refurbishing buildings owned or leased;
- **7.6 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.
- **8.1 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.

With the aim of assessing their alignment, the activities considered as eligible were assessed according to the technical screening criteria.

Substantial contribution criteria

For the purpose of the alignment assessment, each of the economic activities considered eligible was checked for compliance with the substantial contribution criteria, defined in Annex I and II of the Climate Delegated Act, in order to determine the substantial contribution of each activity to the achievement of climate mitigation and adaptation goals.

Activity 8.1 Data processing, hosting and related activities

As described above, the Group carries out activities that correspond to the description of the activity in Annex I of the Climate Delegated Act (climate change mitigation), 8.1 - Data processing, hosting and related activities - and therefore considered eligible for the purposes of this analysis. However, subsequent verification of the substantial contribution criteria proved hard to apply. For this reason, following a conservative and prudent approach, the Group considered this activity not aligned with the substantial contribution criteria.

Activity 7.2 Renovation of existing buildings

With regard to capital expenditures related to interventions aimed at the recovery and refurbishment of owned or leased buildings, compliance with the substantial contribution criteria requires that the building renovation must comply with the applicable requirements for major renovations, or alternatively lead to a reduction in primary energy requirements of at least 30%. For this reporting year, taking a conservative and conservative approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be not aligned with the substantial contribution criteria.

Do No Significant Harm (DNSH) criteria

DNSH criteria define the conditions under which activities are carried out without causing harm to other environmental goals. These criteria may consist of detailed requirements or general "recurring" criteria. In the former case, the requirements are specific to the activity under analysis and impose circumscribed verifications. Recurring criteria, on the other hand, are outlined in the five Appendices supplementing Annexes I and II of the Climate Delegated Act and refer, for the most part, to compliance with European or national standards or the performance of assessment activities.

Activity 8.1 Data processing, hosting and related activities

With reference to Activity 8.1, Annex II of the Climate Delegated Act envisages DNSH criteria with respect to three other goals: adaptation to climate change, sustainable use and protection of water and marine resources, and transition to a circular economy. With reference to the data processing activity, in the absence of sufficient evidence to allow a full assessment of compliance with the criteria, according to a conservative and prudent approach, the Group considers the activity not aligned with these criteria.

Activity 7.2 Renovation of existing buildings

For activity 7.2 for the climate change mitigation goal, the

Regulations envisage DNSH criteria with respect to the goals of adaptation to climate change, use and protection of water and marine resources, transition to a circular economy, and preventing and reducing pollution. With reference to the interventions carried out during the year ended April 30, 2023 on owned or leased buildings, according to a conservative and prudent approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be non-aligned.

MINIMUM SAFEGUARDS

Finally, the Group analysed its degree of adherence to the aforementioned principles of Article 18 of the Regulation, which defines the minimum safeguards ("Minimum Safeguards") aimed at ensuring that an economic activity is carried out with respect for human and labour rights in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including those established by the eight core conventions of the International Labour Organization (ILO), and the International Charter on Human Rights. The Group then carried out an analysis of the elements made explicit in the documents referred to in Article 18, also on the basis of the guidance provided by the Platform on Sustainable Finance, verifying the level of oversight in place with regard to human rights, consumer interests, corruption, competition and taxation. Compliance with minimum safeguards by the Group's suppliers was also analysed.

The Group has instruments aimed at promoting compliance with minimum safeguards, both internally and externally to the organisation. These include:

- **Code of Ethics:** with which the Group undertakes to ensure compliance with the principles and values of ethical business in accordance with current regulations, thereby fostering the moral and social responsibility that the whole Group must adopt with regard to its stakeholders, both internal and external to the Group.
- **Organisational Model 231:** set of protocols which regulate and define the corporate structure and management of its sensitive processes pursuant to Legislative Decree 231/20021, the Group undertakes to regulate and develop the management of human rights issues and corporate governance. This includes, in particular, the whistleblowing procedure for reporting potential conduct that violates the Code of Ethics, the Code of Ethics itself, the identification of the Oversight Committee (OC), and the set of specific procedures for sensitive areas at risk of crime.

In addition to acting in compliance with the national regulations in force in the countries where the Group operates, Sesa carries out its activities by pursuing sustainable and inclusive growth, operating in line with the Universal Declaration of Human Rights, the ILO Conventions, and the principles issued by the United Nations Global Compact to which it has adhered.

It should be noted that as of April 30, 2023, there were no non-compliances related to the issues of human rights, competition, corruption or taxation, nor were any customer complaints received.

Based on the tools and measures adopted by the Group with reference to aspects related to minimum social safeguards, Sesa considers the activities carried out directly (8.1 Data processing, hosting and related activities) to be aligned with minimum safeguards criteria. Conversely, Sesa, following a conservative and prudential approach, does not consider the current practices in place on the supply chain sufficient to consider activities related to the purchase of products from eligible economic activities aligned with the minimum safeguards criteria and aligned with the taxonomy and individual measures that allow the target activities to reduce their emission profile (7.2 Renovation of existing buildings).

KPI CALCULATION METHODOLOGY

The Annexes to the Disclosure Delegated Act (EU) 2021/2178 (hereafter "Disclosure Delegated Act") require the calculation of the percentage of Turnover, CapEx and OpEx associated with eligible and aligned activities. To comply with this regulatory requirement, as outlined in the preceding paragraphs, the Group identified its eligible assets and, after assessing

which of them were in line with the alignment criteria, it calculated the three KPIs required by the Regulations.

The following paragraphs present details of the analyses carried out to meet the disclosure requirements of the Disclosure Delegated Act, detailing the methodologies applied and the accounting items considered in calculating the three KPIs. The financial data used to determine the quotas are those extracted from the Sesa Group's Integrated Financial Statements as of April 30, 2023:

Turnover

IIn line with the Disclosure Delegated Act, the Group considered the following values to calculate the Turnover share:

- **denominator:** net turnover from the provision of services after deducting sales discounts and value-added taxes directly related to turnover. In order to avoid any possible double counting, intercompany items have been eliminated and do not contribute to the determination of the KPI.
- **numerator:** the portion of net turnover (considered for the calculation of the denominator) associated with eligible activities aligned with the European Taxonomy. For this assessment, the approach taken envisaged the identification, through the Income Statement of the Group Companies in the perimeter, of the revenue components that can be associated with Data Processing, hosting and related activities.

CapEx

In calculating the denominator of the CapEx KPI, the Group considered the additions incurred in the reporting period related to tangible assets (development and restructuring of business assets), intangible assets (patents, software, and capitalised R&D costs), and Right of Use Assets (RoU). The approach used for the extraction of the above numerical figures involved a detailed analysis of management reports showing the investments conducted during the year by all companies within the scope of consolidation. In line with the Disclosure Delegated Act, the Group considered the following values to calculate the CapEx figure:

- **denominator:** for the purpose of calculating the denominator, the Group considered tangible assets and leases;
- **numerator:** for the purpose of determining the numerator, CapEx related to both assets and processes associated with eligible economic activities were considered (Annex I of the Disclosure Delegated Act, par. 1.1.2.2 point (a)) point (a)) and to the purchase of products from eligible economic activities aligned with the European Taxonomy and individual measures that enable the target activities to reduce their emission profile (Annex I of the Disclosure Delegated Act, par. 1.1.2.2 point (c).

OpEx

In line with the Disclosure Delegated Act, the Group considered the following values to calculate the OpEx figure:

- **denominator:** for the calculation of the denominator, a detailed analysis of the Group's Consolidated Plan of Accounts was carried out, identifying the items that can be associated with the cost categories expressly mentioned by the Disclosure Delegated Act;
- **numerator:** following the guidance of the Disclosure Delegated Act (par. of Annex I) and the clarifications provided by the European Commission as mentioned above, the decision was made not to provide an indication of the value of the numerator of the KPI in question, as the denominator assumes an insignificant value of the Group's total operating expenses.

European taxonomy KPIs

Turnover (figures in Euro thousands)				Substantial Contribution						DNSH Criterion										
Economic Activities	Codes	Absolute turnover (Euro thousands)	Portion of turnover (%)	Climate change mitigation (%)	Adaptation to climate change (%)	Water and marine resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Mitigation of climate change	Adaptation to climate change	Water and marine resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Portion of revenue aligned with taxonomy, Year 2022 (%)	Portion of revenue aligned with taxonomy, Year	Category (enabling activity) (A)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Eco-sustainable activities (aligned with the taxonomy)																				
Production of electricity using solar photovoltaic technology	4.1	133	0.0%					133												
Installation, maintenance and repair of renewable energy technology	7.6	356,271	12%					356,271												
Turnover of Eco-sustainable Activities (A.1)		356,404	12%					12%												
"A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxo-nomy)"																				
Data processing, hosting and related activities(38)	8.1	495,770	17%																	
Turnover of activities eligible for the taxonomy but not eco-sustainable (activities not aligned with the taxonomy) (A.2)		495,770	17%																	
Total (A.1 + A.2)		495,770	17%																	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
Turnover of activities not eligible for taxonomy (B)		2,055,465	71%																	
Total (A + B)		2,907,639	100%																	

(38) As reported, the Group has chosen to consider as eligible under Activity 8.1 of Annex 1 of the Climate Delegated Act, the activities of storing, handling, managing, moving, controlling, di-splaying, switching, interchanging, transmitting or processing data through data centres, including edge computing carried out by means of data centres owned by third parties.

European taxonomy KPIs

CapEx (figures in thousands)				Substantial Contribution						DNSH Criterion										
Economic Activities	**Codes**	**Absolute CapEx (Euro thousands)**	**CapEx portion (%)**	**Climate change mitigation (%)**	**Adaptation to climate change (%)**	**Water and marine resources (%)**	**Circular Economy (%)**	**Pollution (%)**	**Biodiversity and ecosystems (%)**	**Mitigation of climate change**	**Adaptation to climate change**	**Water and marine resources (Y/N)**	**Circular Economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards (Y/N)**	**Portion of revenue aligned with taxonomy, Year 2022 (%)**	**Portion of revenue aligned with taxonomy, Year**	**Category (enabling activity) (A)**	**Category (transitional activity) (T)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Eco-sustainable activities (aligned with the taxonomy)																				
Production of electricity using solar photovoltaic technology	4.1																			
Installation, maintenance and repair of renewable energy technology	7.6																			
CapEx of Eco-sustainable Activities (A.1)																				
"A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)"																				
Data processing, hosting and related activities(39)	8.1	1,406	6.7%																	
Renovation of existing buildings	7.2	758	3.6%																	
CapEx of activities eligible for the taxonomy but not eco-sustainable (activities not aligned with the taxonomy) (A.2)		2,164	10.3%																	
Total (A.1 + A.2)		2,164	10.3%																	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
CapEx of economic activities not eligible for taxonomy (B)		18,765	89.7%																	
Total (A + B)		20,929	100%																	

(39) As reported, the Group does not consider activities that can be associated with Activity 8.1 of Schedule 1 of the Climate Delegated Act to be aligned because they are carried out through data centres owned by third parties.

European taxonomy KPIs

OpEx (figures in thousands)				Substantial Contribution						DNSH Criterion										
Economic Activities	Codes	Absolute OpEx (Euro thousands)	OpEx portion (%)	Climate change mitigation (%)	Adaptation to climate change (%)	Water and marine resources (%)	Circular Economy (%)	Pollution (%)	Biodiversity and ecosystems (%)	Mitigation of climate change	Adaptation to climate change	Water and marine resources (Y/N)	Circular Economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Portion of revenue aligned with taxonomy, Year 2022 (%)	Portion of revenue aligned with taxonomy, Year	Category (enabling activity) (A)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Eco-sustainable activities (aligned with the taxonomy)																				
Production of electricity using solar photovoltaic technology	4.1	107	0.0%					107												
Installation, maintenance and repair of renewable energy technology	7.6	7,737	3%					7,737												
CapEx of Eco-sustainable Activities (A.1)		7,844	3%					3%												
"A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)"																				
Data processing, hosting and related activities(39)	8.1	29,040	11.9%																	
Renovation of existing buildings	7.2	29,040	11.9%																	
OpEx of activities eligible for the taxonomy but not eco-sustainable (activities not aligned with the taxonomy) (A.2)		29,040	11.9%																	
Total (A.1 + A.2)		36,884	15.2%																	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																				
CapEx of economic activities not eligible for taxonomy (B)		206,469	84.8%																	
Total (A + B)		83,173	100%																	

(39) As reported, the Group does not consider activities that can be associated with Activity 8.1 of Schedule 1 of the Climate Delegated Act to be aligned because they are carried out through data centres owned by third parties.

3.7. Significant events occurring after the end of the year

In the first months of the new financial year, the Sesa Group continued its operations and its development of business and skills, thanks in part to a number of additional corporate acquisition transactions:

- the acquisition in May 2023 by Var Group SpA of 51% of the capital of Visualitics Srl, a reference operator for data management and analysis. With a staff of about 40 human resources, it offers enterprise data management and analysis tools, developing crucial areas to enable the digital transformation of businesses and organisations;
- the acquisition in June 2023 by Var Group SpA of the entire capital of InformEtica Consulting Srl, a company based in Verona and a reference operator in application consulting on the Sap Business One platform, with a staff of about 40 resources and a strong presence in the Triveneto market and in the manufacturing sector;
- the acquisition in June 2023 by Var Group SpA of 55% of Sangalli tecnologie Srl, an operator specialising in the design and offer of Digital Workspace, Collaboration and multimedia systems integration solutions. With a staff of about 30 resources, it operates in the domestic market and also abroad;
- the acquisition in July 2023 by Var Group SpA of 51% of the capital of Wise Security Global SL, a player specialised in IT security with offices in Barcelona, Bilbao, Madrid, Pamplona and Zaragoza (Spain) and a staff of 120 human resources. Wise offers consulting in corporate data protection thanks to a dedicated SOC) and internally developed Definitive ID and Digital Evidence solutions based on Blockchain technology.

Finally, in the first months of the new financial year, the integration programmes of the companies that entered the scope of the Group continued. In particular, the purchase of a majority stake in Altinia Distribuzione Srl was finalised in May 2023, allowing the start of consolidation, and the preliminary activity with the Bank of Italy for the acquisition of control of 130 Servicing Srl continued smoothly, with completion expected in the first half of the new financial year.

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

3.8. Business outlook

In view of the developments in the first months of the new financial year, the Group's expectation of continued growth is confirmed, benefiting from its strategic positioning and the development of the demand for digitisation of businesses and organisations, which continues to be significant, particularly in the areas with the highest innovation content.

In the new financial year, the Group will continue to operate with a strategy of skill aggregation through investment in human capital development and industrial bolt-on acquisition operations, further implementing sustainability programmes, with the goal of generating value for all stakeholders.

Consolidated non-financial statement

DNF

4.1. Reporting principles and criteria

This Consolidated Non-Financial Statement as of April 30, 2023 is an integral part of the Sesa Group's Integrated Annual 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 six 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 chose a "GRI - Referenced" approach for the drafting of this document, in accordance with the Sustainability Reporting Standards published by the Global Reporting Initiative - GRI 2021, with reference to the latest update, which came into force on January 1, 2023.
To date, these guidelines represent the most widespread standard recognised at European level 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 Integrated Annual Report and other corporate documents, if the information is already contained therein or to which reference is made for further details.

Specifically,

- 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 "System of Internal Controls and Risk Management" and "Risk Management and Mitigation Matrix", 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 of April 30, 2023" 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 of April 30, 2023", 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 to 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 DNF, 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 Statements28. Any changes in this perimeter are appropriately reported in the document.
With reference to changes in the scope of consolidation during the period under review, relating to corporate acquisitions, we report in the Software and System Integration Sector, the companies Albalog Srl, Aldebra SpA, Alfasap
Srl, Amaeco Srl, Assist Informatica Srl, Cyres Consulting Gmbh, Data Science Srl, DBS Srl, Digital GDO Srl, Digital Indipendent Srl, Durante SpA, Eurolab Srl, Mediamente Consulting Srl, Mr. Fleet Srl, Next Step Solution Srl, Pluribus Srl, Var4retail Srl e Yoctoit Srl; in the Business Services Sector, Ausilia Srl, BDX

28. 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.

Srl, BDY Srl, DVR Italia Srl, Emmedi Srl, Eurofinance SA, Evergreen 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. The document was also submitted for review by Sesa's Sustainability Committee, which monitored and received feedback during data collection, analysis and consolidation.

To allow the comparability of data over time, a comparison was made for the financial years ended April 30, 2021, April 30, 2022 and April 30, 2023. The use of estimates has been limited, in order to ensure the reliability of the data, and any estimates are highlighted as such within the document. These are:

- electricity: for companies that did not have the value of consumption in kWh but only in Euro, this value was converted proportionally to the actual consumption in kWh of the internally managed companies;
- natural gas: for companies that did not have the value of consumption in smc but only in Euro, the value in smc was estimated through the average cost of natural gas related to the actual gas consumption of the internally managed companies;
- fuel: for those companies that did not have the value of consumption in specific units of measurement, the available value in Euro of fuel consumption was converted, considering the average price of diesel, petrol, LPG and methane incurred by the internally managed companies.

The water, electricity and natural gas consumptions of the companies that entered the scope of consolidation during the year ended April 30, 2023 (Albalog Srl, Aldebra SpA, Alfasap Srl, Amaeco Srl, Assist Informatica Srl, Ausilia Srl, BDX Srl, BDY Srl, Cyres Consulting Gmbh, DBS Srl, Digital Independent Srl, Durante SpA, DVR Italia Srl, Emmedi Srl, Eurofinance SA,

Eurolab Srl, Evergreen Srl, Mr. Fleet Srl, Next Step Solution Srl, Var4retail Srl, and Yoctoit Srl) were accounted for on an accrual basis only, based on the actual number of months. Water consumption was reported precisely and, where not available, the figure was estimated based on the number of HR.

Regarding the KPI "Total training hours," we would like to clarify that for the companies that entered the scope of consolidation during the financial year ended April 30, 2023, a total value of 12 months was considered, as it was not possible to use a precise estimate for the months in question.

Within the KPI "% Suppliers Subject to Verification" on page 36, "non-strategic" suppliers with turnover for the period of less than 1% of the Group's total passive turnover are not considered. The Gender Pay Gap was calculated including the Group's Italian companies.

This Sesa Group Integrated Annual Report was approved by the Board of Directors of Sesa SpA on July 18, 2023 and, in compliance with the provisions of Legislative Decree 254/2016, submitted for judgement of compliance by the independent auditor KPMG SpA ("limited assurance engagement" according to the criteria indicated by ISAE 3000 Revised) and published on the institutional website of Sesa SpA (www. sesa.it).

Chronologically, the present 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 independent auditor KPMG SpA;
- placed at the disposal of the Shareholders and to the public within the same time limits and in the ways envisaged 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 2021 and 2022 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 estimates have been necessary, they have been appropriately indicated in the text.
Promptness	Sesa's Integrated Annual 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 Integrated Annual Report contains information presented in a way that is understandable and accessible to all stakeholders.

4.2. Correlation table in compliance with Legislative Decree 254/2016

DNF

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 254/2016.

Topic Legislative Decree 254/2016	Material Topic	Risks identified	Policies practised	Topic specific standard disclosure	Chap./Par. Of reference	Reporting Perimeter	Notes
Transversal	Transversal	Chap. 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	Chap. 3 Par. 2.4 Par. 1.4.3	Consolidated companies as of 04.30.2023	
Emissions	Energy consumptions	Chap. 3 Par. 3.4.1	Chap. 3 Par. 3.4.1	302-1: Energy consumed 302-3: Energy intensity	Chap. 3 Par. 3.4.1	Consolidated companies as of 04.30.2023	1
	Environmental			305-1: Direct emissions of GHG (Scope 1) 305-2: Indirect GHG Emissions (Scope 2)[29] 305-4: Intensity of GHG emissions			2
	Management of waste and circular economy			306-3: Waste produced			3
	Water consumption			303-3: Water withdrawals			4
Social	Responsible supply chain	Chap. 1 Par. 1.6	Chap. 1 Par. 1.6	N/A	Chap. 1 Par. 1.6	Consolidated companies as of 04.30.2023	5
	Creating value for the community	Chap. 3 Par. 3.4.3	Chap. 3 Par. 3.4.3	201-1: Economic value generated and distributed	Chap. 3 Par. 3.4.3		6
	Transparent relationship with customers	Chap. 1 Par. 1.6	Chap. 1 Par. 1.6	N/A	Chap. 1 Par. 1.6		
	Sustainability environmental local community	Chap. 3 Par. 3.4.3	Chap. 3 Par. 3.4.3	N/A	Chap. 3 Par. 3.4.3		
Relating to personnel and respect of human rights	Corporate welfare and occupation	Chap. 3 Par. 3.4.2	Chap. 3 Par. 3.4.2	102-8: Information on employees and other workers 401-1: New recruitments and turnover 401-3: Parental leave	Chap. 3 Par. 3.4.2	Consolidated companies as of 04.30.2023	7
	Occupational health and safety			403-5: Employee training on occupational health and safety 403-9: Accidents in the workplace			8
	Diversity and equal opportunities			405-1: Diversity in governing bodies and employees			10
				405-2: Ratio of basic salary and wages of women to men		See note 11 for more details	11
	Protection of human rights	Chap. 2 Par. 2.4.2	Chap. 2 Par. 2.4.2	406-1: Discriminatory incidents and corrective measures implemented	Chap. 2 Par. 2.4.2	Consolidated companies as of 04.30.2023	12
Fight against active and passive corruption	Anti-corruption	Chap. 1 Par. 1.4.3 Chap. 2 Par. 2.4.3	Chap. 1 Par. 1.4.3 Chap. 2 Par. 2.4.3	419-1: Non-compliance with social and economic laws and regulations 205-3: Corruption incidents ascertained and actions undertaken	Chap. 1 Par. 1.4.3 Chap. 2 Par. 2.4.3	Consolidated companies as of 04.30.2023	
	Ethics and compliance	Chap. 2 Par. 2.4.3	Chap. 2 Par. 2.4.3		Chap. 2 Par. 2.4.3		
	Data and privacy protection	Chap.2 Par. 2.4.4	Chap.2 Par. 2.4.4	418-1: Proven complaints regarding breaches of customer privacy and loss of customer data	Chap.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 ratio indicator, it was not possible to report the tonnes of municipal solid waste as it is 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 allocated to socially motivated 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. 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 providing details for the Italian companies of the Group only. The Society does not report the percentage of the governance body by age group. **(12)** Indicator: the total number of incidents of discrimination during the reporting period is 0.

29. 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 April 30, 2023	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- areas and among all stakeholders, whether they are Group employees or suppliers. Activities are carried out in compliance with the fundamental standards of human rights. The Group's policies and practices are aligned with the International Bill 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 and the UN Global Compact Ten Principles. Sesa promotes sustainability and business ethics in the supply chain, carrying out supplier audits on matters of human rights, the environment, occupational health and safety. Sesa protects occupational health and safety by means of training, awareness and information.	**58-66**
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 forms of violence and harassment. Sesa regulates relations with political organisations and trade unions exclusively on the basis of 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 in the supply chain, carrying out supplier audits on matters of human rights, the environment, occupational health and safety. Sesa protects occupational health and safety by means of training, awareness and information.	**58-66** **96-105**
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 its suppliers.	**32-41**
Principle 10 - Businesses undertake to fight corruption in all its forms, including extortion and bribery.	**Fight against corruption** Sesa disseminates ethical principles and corporate values and provides training activities on legality and anti-corruption. Sesa conducts reputational audits among suppliers and third parties. No cases of corruption were reported as of April 30, 2023. Sesa promotes sustainability and business ethics in the supply chain, carrying out supplier audits on matters of human rights, the environment, occupational health and safety. Sesa protects occupational health and safety by means of training, awareness and information.	**58-66**
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.	**44-46**

COMMUNICATION ON PROGRESS

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.

GRI CONTENT INDEX

For easier searching for information within the NFS, an analytical index of the indicators envisaged by the GRI Standards Guidelines is available below.

For each indicator there is a summary description of the content, reference to the paragraph in this document or any commentary notes, as well as an indication of any omissions.

Statement of use	The Sesa Group has reported with reference to the GRI Standards for the period 05/01/2022 - 04/30/2023
GRI 1 used	GRI 1: Core Principles as of 2021
GRI Sector Standard applicable	Not available

GRI Content Index

Material Topic	GRI	Description	Page/paragraph
Transversal	207-1	Approach to taxation	Chap. 3 Par. 2.4 Par. 1.4.3
	207-2	Tax governance, control and risk management	
	207-4	Reporting country by country	
Energy consumptions	302-1	Energy consumed	Chap. 3 Par. 3.4.1
	302-3	Energy intensity	
Materiality	3-3	Management of material issues	Cap. 2 Par. 2.2.2
Emissions	305-1	Direct emissions of GHG (Scope 1)	Chap. 3 Par. 3.4.1
	305-2	Indirect emissions of GHG (Scope 2)	
	305-4	Intensity of GHG emissions	
Waste management and circular economy	306-3	Waste produced	
Water consumption	303-3	Water withdrawals	
Responsible supply chain	N/A	N/A	Chap. 1 Par. 1.6
Creating value for the community	201-1	Economic value generated and distributed	Chap. 3 Par. 3.4.3
Transparent relationship with customers	N/A	N/A	Chap. 1 Par. 1.6
Environmental sustainability local community	N/A	N/A	Chap. 3 Par. 3.4.3

GRI Content Index

Material Topic	GRI	Description	Page/paragraph
Corporate Welfare and occupation	102-8	Information on employees and other workers	Chap. 3 Par. 3.4.2
	401-1	New recruitments and turnover	
	401-3	Parental leave	
Staff health and safety	403-5	Employee training on occupational health and safety	
	403-9	Occupational accidents	
Development of skills and staff training	404-1	Average hours of training per year and per employee	
Diversity and equal opportunities	405-1	Diversity in governing bodies and employees	
	405-2	Ratio of basic salary and remuneration of women to men	
Protection of human rights	406-1	Discriminatory incidents and corrective measures implemented	Chap. 2 Par. 2.4.2
Anti-corruption	205-3	Corruption incidents ascertained and actions taken	Chap. 2 Par. 2.4.3
Ethics and compliance	419-1	Non-compliance with social and economic laws and regulations	Chap. 1 Par. 1.4.3
Data and privacy protection	418-1	Proven complaints regarding breaches of customer privacy and loss of customer data	Chap.2 Par. 2.4.4

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Sesa S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 10.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2023 consolidated non-financial statement of the Sesa Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 18 July 2023 (the "NFS").

Our procedures did not cover the information set out in the "European taxonomy for environmentally sustainable activities" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and audit committee of Sesa S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), selected as specified in the "Methodological note" section of the NFS (the "GRI Standards – GRI-Referenced option), which they have identified as the reporting standards. In the Integrated Annual Report, the information making up the DNF can be identified by the symbol .

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The audit committee is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards – GRI-Referenced option. We carried out our work in accordance with the criteria established by "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 applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements at 30 April 2023.
4. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
   - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
   - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at group level:
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
   - we visited Sesa S.p.A., Computer Gross S.p.A. and Var Group S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 consolidated non-financial statement of the Sesa Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards – GRI-Referenced option.

Our conclusion does not extend to the information set out in the "European taxonomy for environmentally sustainable activities" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Other matters

The NFS presents the corresponding figures included in the 2022 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed their unqualified conclusion on 25 July 2022.

Florence, 28 July 2023

KPMG S.p.A.

(signed on the original)

Giuseppe Pancrazi
Director of Audit

Consolidated financial statements as of April 30, 2023

CONSOLIDATED INCOME STATEMENT

Year ended April 30

(Euro thousands)	Note	2023	2022
Revenues	7	2,867,700	2,362,603
Other income	8	39,939	27,220
Consumables and goods for resale	9	(2,201,582)	(1,818,391)
Costs for services and rent, leasing, and similar costs	10	(250,096)	(203,805)
Personnel costs	11	(238,426)	(197,673)
Other operating costs	12	(21,246)	(14,053)
Amortisation and Depreciation	13	(53,624)	(41,706)
Operating result		**142,665**	**114,195**
Share of profits of companies valued at equity	14	1,572	1,744
Financial income	15	17,385	9,054
Financial expenses	15	(33,343)	(15,910)
Profit before taxes		**128,279**	**109,083**
Income taxes	16	(38,062)	(30,464)
Profit for the year		**90,217**	**78,619**
of which:			
Profit attributable to non-controlling interests	28	5,764	5,100
Profit attributable to the Group	28	84,453	73,519
Earnings per share - basic (in Euro)	28	5.47	4.76
Earnings per share - diluted (in Euro)	28	5.45	4.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended April 30

(Euro thousands)	Note	2023	2022
Profit for the year		**90,217**	**78,619**
Actuarial gain/loss for employee benefits - Gross effect	28	**2,180**	2,213
Actuarial gain/loss for employee benefits - Tax effect	28	(524)	(562)
Comprehensive income for the year		**91,873**	**80,270**
of which:			
Comprehensive income attributable to non-controlling interests		5,928	5,313
Comprehensive income attributable to the Group		85,945	74,957

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At April 30

(Euro thousands)	Note	2023	2022
Intangible assets	17	368,488	228,280
Rights of use	18	63,361	57,401
Property, plant and equipment	19	62,540	54,542
Investment property	20	290	290
Equity investments value at equity	14	24,884	14,593
Receivables for deferred tax assets	21	17,893	15,910
Other non-current receivables and assets	22	18,427	16,655
Total non-current assets		555,883	387,671
Inventory	23	158,736	144,034
Current trade receivables	24	530,268	434,579
Current tax receivables	25	11,913	6,651
Other current receivables and assets	22	127,354	86,718
Cash and cash equivalents	26	537,507	496,311
Total current assets		1,365,778	1,168,293
Non-current assets held for sale	27	476	
Total assets		**1,922,137**	**1,555,964**
Share capital	28	37,127	37,127
Share premium reserve	28	33,144	33,144
Other reserves	28	(49,810)	(44,978)
Profits carried forward	28	354,473	290,148
Total shareholders’ equity attributable to the Group		**374,934**	**315,441**
Shareholders' equity attributable to non-controlling interests	28	49,116	19,718
Total Shareholders’ equity		**424,050**	**335,159**
Non-current loans	29	175,294	123,559
Financial liabilities for non-current rights of use	29	37,374	33,849
Non current financial liabilities and commitments for purchase of shares from non-controlling interests	30	110,679	76,808
Employee benefits	31	48,264	44,379
Non-current provisions	32	4,794	4,240
Deferred tax liabilities	21	95,818	63,333
Total non-current liabilities		472,223	346,168
Current loans	29	130,710	130,054
Financial liabilities for current rights of use	29	12,701	11,084
Current financial liabilities and commitments for purchase of shares from non-controlling interests	30	45,061	31,589
Trade payables	33	586,074	525,879
Current tax payables	25	22,272	10,940
Other current liabilities	34	229,046	165,091
Total current liabilities		1,025,864	874,637
Total liabilities		**1,498,087**	**1,220,805**
Total shareholders' equity and liabilities		**1,922,137**	**1,555,964**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended April 30

(Euro thousands)	Note	2023	2022
Profit for the year		**90,217**	**78,619**
Adjustments for:			
Amortisation and Depreciation	13	53,625	41,706
Income taxes	16	38,062	30,464
Accruals to provisions relating to personnel and other provisions	12,11	13,271	12,235
Net financial (income) expense	15	14,672	3,344
Profit of companies valued using the equity method	14	(1,572)	(1,743)
Other non-monetary entries		(3,497)	829
Cash flows generated by operating activities before changes in net working capital		**204,778**	**165,454**
Change in inventory	23	(12,915)	(50,042)
Change in trade receivables	24	(89,524)	(46,860)
Change in payables to suppliers	33	45,858	120,232
Change in other assets	22	(19,557)	(9,960)
Change in other liabilities	34	51,405	868
Use of provisions for risks	32	(1,866)	(2,152)
Employee benefits	31	(3,718)	(2,538)
Change in deferred taxes	21	(5,622)	(5,217)
Change in receivables and payables for current taxes	25	(6,456)	2,600
Interest paid	15	(14,966)	(4,449)
Taxes paid		(31,968)	(22,460)
Net cash flow generated by operating activities		**115,450**	**145,476**
Investments in companies net of cash acquired	5	(44,202)	(25,381)
Investments in property, plant and equipment	19	(20,929)	(18,525)
Investments in intangible assets	17	(15,565)	(6,973)
Disposal of property, plant and equipment and intangible assets	17,19	144	
Disposal of investment property	14		
Disposal of assets held for sale		(476)	
Investments in associated companies	14	(4,058)	(810)
Non-current equity investments in other companies	22	(2,023)	(1,181)
Disposals of non-current equity investments in other companies	22	260	
Dividends collected		612	1,367
Interest collected	15	1,044	588
Net cash flow generated by/(used in) by investment activity		**(85,193)**	**(50,915)**
Subscription of long-term loans	4,29	146,032	80,650
Repayment of long-term loans	4,29	(90,946)	(89,416)
(Reduction)/increase in short-term loans	4,29	(3,231)	18,289
Repayment of financial liabilities for rights of use	29	(14,308)	(13,555)
Investments/disinvestments in financial assets	22	(3,877)	(236)
Change in Group's equity	28	2,814	
Change in equity attributable to non-controlling interests	28	376	
Treasury shares	28	(11,189)	(6,005)
Dividends distributed	28	(14,732)	(14,642)
Net cash flow generated by/(used in) financial activities		**10,939**	**(24,915)**

Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**41,196**	**69,646**
Opening balance of cash and cash equivalents	26	496,311	426,665
Closing balance of cash and cash equivalents	**26**	**537,507**	**496,311**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Please refer to Note 28 for details of the changes in the consolidated shareholders' equity items

(Euro thousands)	**Share capital**	**Share premium reserve**	**Other resers**	**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 April 30, 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 April 30, 2022	**37,127**	**33,144**	**(44,978)**	**290,148**	**315,441**	**19,718**	**335,159**
Profit for the year				84,453	84,453	5,764	90,217
Actuarial gain/(loss) for employee benefits - gross			1,964		1,964	216	2,180
Actuarial gain/(loss) for employee benefits - tax effect			(472)		(472)	(52)	(524)
Comprehensive income for the year			1,492	84,453	85,945	5,928	91,873
Transactions with shareholders							
Purchase of treasury shares			(11,189)		(11,189)		(11,189)
Sale of treasury shares							
Distribution of dividends				(13,945)	(13,945)	(787)	(14,732)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plan - shares vesting in the period			6,743		6,743		6,743
Allocation of profit for the year			3,251	(3,251)			
Change in the scope of consolidation and other changes			(5,129)	(2,932)	(8,061)	24,257	16,196
At April 30, 2023	**37,127**	**33,144**	**(49,810)**	**354,473**	**374,934**	**49,116**	**424,050**

Notes to the Consolidated Financial Statements

1. General Information

Sesa SpA (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), and in the provision of security services, digital platforms and banking applications, for the finance & banking sector (BS Sector).
The list of listed companies and joint ventures included in the scope of consolidation is annexed to the explanatory notes.

The Company is controlled by ITH SpA, which holds 52.81% of the share capital. In turn, ITH SpA is controlled by HSE SpA, which holds 73.28 percent, of the share capital of ITH SpA. Sesa SpA has a duration, as stated in the Articles of Association, until April 30, 2075.

This document was approved by the Company's Board of Directors on July 18, 2023.

These Consolidated Financial Statements are subject to independent audit by KPMG SpA.

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 April 30, 2023 (hereinafter the "Consolidated financial statements") are illustrated below.

2.1. Basis of Preparation

The Consolidated financial statements for the year ended April 30, 2023, have been prepared in accordance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The "IFRS" also include all revised international accounting standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).
The set of all standards and interpretations referred to above is referred to below as "IFRS". These Consolidated Financial Statements have been prepared in implementation of paragraph 3 of art. 9 of Legislative Decree no. 38 of February 28, 2005.
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 statement of changes in Shareholders' Equity.

Assets and liabilities are shown separately and without offsetting.

An asset is considered current when:

- the asset is expected to be realised, or is expected to be sold or used in the normal course of the organisation's operating cycle;
- it is held primarily for trading;
- it is expected to be realised within twelve months of the end of the financial year; or
- it is in the form of cash or cash equivalents, unless it is precluded from trading or used to settle a liability for at least twelve months after the end of the financial year.

A liability is considered current when:

- the liability is expected to be settled in the normal course of the organisation's operating cycle;
- it is held primarily for trading;
- it is expected to be settled within twelve months of the end of the financial year; or
- the organisation does not have an unconditional right to defer settlement of the liability for at least twelve months following the end of the financial year.

The Consolidated Financial Statements are prepared on a going concern basis, applying the historical cost method, except for those items that are recognised at fair value under IFRS, as indicated in the valuation criteria for individual items.
The currency used by the Group for the presentation of the consolidated financial statements is the Euro, the functional currency of the Parent Company; all amounts are expressed in Euro thousands, except where otherwise indicated.
For the purpose of Consob disclosure on related parties, please see the specific Note 36 with details of related parties and impact on the relative items in the financial statements.
The Consolidated Financial Statements provide comparative information for the previous year.
The Consolidated Financial Statements have been prepared in consideration of all specific disclosure requirements and only the information deemed relevant in accordance with the definition of IAS 1.7 has been reported.

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 of April 30. The subsidiaries as of April 30, 2023 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 year under review, see note 5.

SUBSIDIARIES
Subsidiaries are the companies over which the Group holds control. The Group controls a company, regardless of the nature of their formal relationship, when it is exposed to variable returns, or holds rights to those returns, arising from its relationship with it and has the ability to affect those returns by exercising its power over that company.

The values of subsidiaries are fully consolidated line by line in the consolidated accounts from the date on which the Group acquires control until the date on which such control ceases to exist.

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:

- 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. Par. 5 of IFRS 3 identifies five steps that make up the business combination:
    - identification of the buyer;
    - definition of the acquisition date;
    - recognition and measurement of identifiable assets and liabilities and non-controlling interests;

  - recognition and measurement of goodwill or a gain from a purchase at a favourable price;
  - determination of the value of the consideration, cost or purchase price, of the business combination;
- the Group identifies the party obtaining control of the other acquired party as the buyer. As envisaged by IFRS 10, the Group considers that it has obtained control of the acquired party only if it possesses all of the following:
  - power over the subsidiary;
  - Exposure to the variability of the subsidiary's performance;
  - ability to influence the company, such as to have an effect on the results (positive or negative) for the investor;
- the Group defines the acquisition date as the date on which the Group obtains control of the party acquired. The acquisition date does not necessarily coincide with the date of signing the contract or the date of payment of the consideration;
- 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. When recording business combinations, i.e. when allocating the purchase price, the Group generally identifies the following intangible assets:
  - technological Know-How, in relation to key and specialised competences acquired with the entry of the target companies into the Group, this know-how is protected by employment contracts with non-competition agreements for strategic personnel;
  - client lists in relation to the customer portfolio of the specific segment in which the acquired companies operate;
- 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. Sub sequent changes in fair value are recognised in the income statement 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;
- the interests of minority shareholders are recognised in shareholders' equity, on the acquisition date, in cases where the Group holds an interest of less than 100% (through share ownership or through put options granted to vendors of less than 100%). The measurement of minority interests becomes a decisive variable in the measurement of intangibles arising from the acquisition, in the case of technological know-how and client lists;
- minority interests are recognised on the basis of the percentage of fair value ownership in the buyer's net assets;
- 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';
- • 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 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 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. Significant accounting standards

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Class of property, plant and equipment	Useful life in years
Buildings	33
General installations	7
Specific data centre installations	20
Furniture and furnishings	8
Office equipment	2-5
Vehicles	4

The useful life of property, plant and equipment is reviewed and updated, where applicable, at least at the end of each financial year. Land is not subject to depreciation.

RIGHT OF USE

Contracts for the leasing of property, plant and equipment entered into as a lessee entail the recognition of an asset representing the right to use the leased asset and the financial liability for the obligation to make the payments envisaged by the contract. In particular, the lease liability is recognised initially as equal to the current value of the future payments to be made, adopting a discount rate equal to the interest rate implicit in the lease or, if this cannot be easily determined, using the lessee's incremental financing rate.
After initial recognition, the lease liability is measured at amortised cost using the effective interest rate and is restated following contractual renegotiations, changes in rates and changes in the valuation of any contractual options envisaged.

The right of use is initially recognised at cost and is subsequently adjusted to take into account amortisation and depreciation, any impairment losses and the effects of any recalculations of lease liabilities.
The Group has decided to adopt certain simplifications envisaged by the Standard, excluding contracts with a duration of less than or equal to 12 months (so-called "short-term", calculated on the residual duration at first-time adoption) and those with a value of less than Euro five thousand (so-called "low-value").

INTANGIBLE ASSETS

Intangible assets are assets without physical substance that are identifiable, controlled by the Group and capable of producing future economic benefits. They are recognised at purchase or internal production cost when it is likely that future economic benefits will be generated from their use and the related cost can be reliably determined. The cost includes directly attributable accessory expenses necessary to make the assets available for use. Development costs are recognised as intangible assets only when the Group can demonstrate the technical feasibility of completing the asset and that it has the ability, intention and availability of resources to complete the asset for use or sale.
Research costs are recognised in the Income Statement.
Intangible assets with a definite useful life are recognised net of the provision for amortisation and any impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed at least annually; any changes in the amortisation criteria are applied prospectively.
See Note 4 "Estimates and Assumptions" for more details on the estimated useful life. Amortisation begins when the intangible asset becomes available for use. Consequently, intangible assets not yet available for use are not amortised but are subject to annual impairment tests.

The Group's intangible assets have a definite useful life.

In particular, the following main intangible assets can be identified within the Group:

(a) Goodwill

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

(b) Other intangible assets with a definite useful life

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

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

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

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

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

INVESTMENT PROPERTY

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

INVESTMENTS RECOGNISED WITH THE EQUITY METHOD - ASSOCIATED COMPANIES

Associated companies are those over which the Group exercises significant influence, which is presumed to exist when 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 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 speci-

fic 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.

IMPAIRMENT OF NON-FINANCIAL ASSETS - 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 of April 30, 2023, the Sesa Group has not recognised any goodwill. 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 above-mentioned 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 (CGU) to which the asset belongs.

The Sesa Group opertes through four operating segments: The VAD Sector, the SSI Sector, the Business Services Sector and the Corporate Sector. Strategic Business Units ("SBUs") are identified within the Sectors, bringing together companies that share common characteristics in terms of strategy, target business, go to market, key people, skills and marketing activities. The breakdown of the business by SBUs reflects the Group's operational and participative management and the way in which management assesses performance. The Group has structured a monthly control system that assesses performance at SBU level and has been consolidating and integrating minority shareholders into SBU holding companies for years. This allows the alignment of interests, a single market approach and synergies in marketing, sales and specialist structures. SBU management is measured on the performance of the SBU. For the above reasons, the CGU is identified in the SBU. If the SBU is not yet established, the CGU is identified in the individual subsidiary. This breakdown reflects the management of the group.

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;
- the financial asset generates, at contractually predetermined dates, cash flows that are exclusively representative of the return on the financial asset.

Financial assets representing debt instruments with a business model that envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value, recording the effects under comprehensive income (FVTOCI).

A financial asset represented by debt securities that is not measured at amortised cost or FVTOCI is measured at fair value, recording the effects in the income statement (FVTPL).

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

IFRS 9 defines a new impairment/write-down model for these assets, with the aim of providing useful information to users of the financial statements on the relative expected losses. For trade receivables, the Group adopts a simplified approach to valuation which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable.
Receivables are entirely written down when there is objective evidence that the Group will not be able to recover the receivable due from the counterparty on the basis of the contractual terms.

Objective evidence includes events such as:

- significant financial difficulties of the debtor;
- legal disputes with the debtor relating to receivables;
- the likelihood that the debtor will go bankrupt or that other financial restructuring procedures will be initiated.

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

INVENTORY

Inventories are recorded at the lower between purchase or production cost and net realisable value, represented by the amount that the Group expects to obtain from their sale in the normal course of business, net of sale costs. The cost is determined using the FIFO method. The cost of finished and semi-finished products includes design costs, raw materials, direct labour costs and other production costs (determined on the basis of normal operating capacity). The valuation of inventories does not include financial expense, which is charged to the income statement when incurred, as the timing conditions for capitalisation are not met. Inventories of raw materials and semi-finished products that can no longer be used in the production cycle, and inventories of finished products that cannot be sold, are written down.

CASH AND CASH EQUIVALENTS

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

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets with a book value that will be recovered mainly through sale rather than through continuous use are classified as held for sale and reported separately from other assets in the balance sheet and financial report. 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 LIABILITIES

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.

FINANCIAL LIABILITIES FOR RIGHTS OF USE

Lease agreement liabilities are initially measured at the current value of future lease payments unpaid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. In general, the Group uses its own incremental borrowing rate as the discount rate.
The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.
Lease payments included in the measurement of the lease liability are as follows:

- fixed payments;
- the purchase option exercise price that the Group is reasonably certain to exercise and penalties for early termination of a lease, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured in the event of a change in future lease payments resulting from a change in an index or a rate, in the event of a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, in the case of a change in the Group's assessment of the exercise of a purchase, extension or termination option or in the case of early termination of a purchase, extension or termination option, or if the payment of a fixed lease is revised in substance.

When the lease liability is remeasured in this way, an adjustment corresponding to the carrying amount of the right of use is made, or it is recognised in the income statement if the carrying amount of the right of use has been reduced to zero.
The Group has chosen not to recognise assets and liabilities arising from the right of use for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis for the duration of the lease.

FINANCIAL LIABILITIES WITH MINORITY SHAREHOLDERS - PAYABLES AND COMMITMENTS WITH MINORITY SHAREHOLDERS FOR EQUITY INVESTMENTS

Financial liabilities arising from put and call option agreements on minority interests and the variable components of the purchase cost of equity investments (so-called earn-outs) are recognised at fair value at the date the agreements are signed. The valuation of the liability is subsequently remeasured at the end of each reporting period and any changes are recognised in the income statement.

In cases in which less than 100 percent of the shares of a subsidiary in a business combination are acquired, a put option may be granted to the seller allowing them to sell their remaining interest in the subsidiary to the buyer at a specified price or in accordance with a predetermined pricing model.

Financial liabilities arising from put option agreements

As already mentioned in the "Subsidiaries and Consolidation Procedures" section, the acquisition of control of a business is recognised in accordance with IFRS 3.
With regard to the put option granted to the selling shareholders, regardless of whether the price of exercising the put option is fixed or variable, in accordance with IAS 32 (paragraph 23), as these agreements entail an obligation for the Company to purchase shares, the Group recognises the a financial liability at the current value of the amount that the counterparty could be required to pay under the option agreement.

Reference is made to IFRS 10, IAS 32 and IFRS 9 for the purpose of defining the balancing entry for the initial recognition of the financial liability for the purchase of equity investments. To this end, the transfer to the Group of the risks and rewards associated with the investment and the residual interests arising from the performance of the investment is analysed. If the way in which the put option price is defined is predetermined in the option agreement, i.e., with a fixed multiplier, the Group considers that the transfer of risks and rewards has already taken place and, as a result, the value of the financial liability arising from the put option is recognised as a reduction of minority interests. Moreover, based on the way the final price is determined, the Group considers that the selling shareholders do not retain any residual interest from the equity investment. Therefore, the shares of the results of the subsidiaries are not attributed to minority interests and any dividends paid to them are recorded as a balancing entry to the financial liability related to the put options granted to minority shareholders.
Subsequent changes in the current value of the financial liability in connection with these put options are recognised in the income statement.

Financial liabilities for earn-outs

Contingent consideration identified as an earn-out is an obligation of the buyer to transfer further financial assets to the former owners of the company acquired as part of the exchange of control of the company acquired if specific future events occur or certain conditions are met. All contingent consideration is measured at fair value on the acquisition date and included in the consideration transferred in the acquisition.

The fair value of contingent consideration is initially recognised by the buyer on the acquisition date as part of the consideration transferred, measured at fair value on the acquisition date. Subsequent changes in the current value of contingent consideration resulting from additional information about facts and circumstances existing on the acquisition obtained by the buyer during the measurement period are measurement period adjustments; consequently, the recognition of the acquisition is adjusted. Contingent consideration classified as an asset or liability is subsequently remeasured at the current value on each balance sheet date until the event is extinguished, and changes in the current value are recognised in the income statement.

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 above-mentioned adjustments and changes in actuarial assumptions are recognised in comprehensive statement of income.

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

STOCK GRANT PLAN

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

PROVISIONS FOR RISKS AND CHARGES

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

This amount represents the best estimate of the cost of extinguishing the obligation. The rate used to determine the current value of the liability reflects current market values and takes into account the specific risk associated with each liability. When the financial effect of time is significant and the dates of payment of the obligations can be reliably estimated, the provisions are measured at the current value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time and the specific risk associated with the obligation. The increase in the value of the provision, determined by changes in the cost of money over time, is recorded as interest expense.

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

TRADE PAYABLES AND OTHER LIABILITIES

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES RELATED TO TRADE RECEIVABLES

The company uses contracts for the assignment of trade receivables "without recourse". Financial assets referring to trade receivables are derecognised whenever one of the following conditions occurs:

- the contractual right to receive the cash flows associated with the receivable has expired;
- the Group has transferred substantially all risks and rewards associated with the receivable, either by transferring its rights to receive cash flows from the asset or by entering into a contractual obligation to transfer the cash flows received to one or more possible beneficiaries under a contract that meets the requirements of IFRS 9 (the "pass through test"); the Group has neither transferred nor substantially retained all the risks and rewards associated with the financial asset related to the assigned trade receivables, but has transferred control.

Financial liabilities related to trade receivables assigned are derecognised when they are settled, i.e. when the contractual obligation is fulfilled, cancelled or expired.

EARNINGS PER SHARE

(a) Earnings per share - basic

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

(b) Earnings per share - diluted

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

TREASURY SHARES

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

RECOGNITION OF REVENUES

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

- 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.

In application of IFRS 15, the Group has identified the distribution of specific software solutions and the sale of cloud-based software as revenues to be recognised in agent mode.

RECOGNITION OF COSTS

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

OTHER FINANCIAL INCOME AND EXPENSE

For all financial assets and liabilities measured at amortised cost and interest-bearing financial assets classified as at fair value and recognised in the Comprehensive Income Statement, interest income and interest expense are recognised using the effective interest rate method.

Interest income is recognised to the extent that it is likely that the Group will reap economic benefits and their amount can be reliably measured. Other financial income and expenses also include changes in the fair value of financial instruments other than derivatives.

DIVIDENDS

Dividends are recognised when the unconditional right to receive payment is established. Dividends and interim dividends payable to shareholders of the Parent Company and to minority interests are recognised as a change in shareholders' equity on the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

TAXES

Current income taxes

Current income taxes for the year, recorded under "current tax payables" net of payments on account, or under "current tax receivables" if the net balance is a receivable, are determined on the basis of estimated taxable income and in accordance with current regulations.
These payables and receivables are determined by applying the tax rates envisaged by measures enacted or substantially enacted as of the balance sheet date.
Current taxes are recognised in the Income Statement, with the exception of those relating to items recognised outside the Income Statement, which are recognised directly in shareholders' equity.

Deferred income tax assets and liabilities

Deferred tax liabilities and deferred tax assets are calculated on the temporary differences between the book values of liabilities and assets recognised in the financial statements and the corresponding values recognised for tax purposes, applying the tax rate in force on the date the temporary difference occurs, determined on the basis of the tax rates envisaged by measures enacted or substantially enacted as of the balance sheet date.
Deferred tax liabilities are recognised in relation to taxable temporary differences, unless such liabilities arise from the initial recognition of goodwill or with reference to taxable temporary differences relating to investments in subsidiaries, associated companies, when the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets refer to all deductible temporary differences, as well as to the carrying forward of unused tax losses and tax credits.
Deferred and prepaid income taxes are recognised in the Income Statement, with the exception of those related to items recognised outside the Income Statement, which are recognised directly in shareholders' equity.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realise the assets and settle the liabilities simultaneously, in each subsequent period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4. Newly issued accounting standards

Listed below are the standards that had already been issued on the date of preparation of the Group's consolidated financial statements but were not yet in force. The list refers to standards and interpretations that the Group expects will be reasonably applicable in the future. The Group intends to adopt these standards when they become effective. Amendment to IAS 1: Classification of liabilities into current and non-current In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying

liabilities as current or non-current.
The amendments clarify:

- what is meant by a right of subordination of maturity;
- that the right of subordination must exist at the end of the financial year;
- classification is not affected by the likelihood that the entity will exercise its subordination right;
- only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability not impact its classification.

The amendments will be effective for financial years beginning on or after January 1, 2023, and shall be applied retrospectively. The Group is currently assessing the impact the amendments will have on the current situation.

DEFERRED TAXES RELATING TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (AMENDMENTS TO IAS 12)

The amendments narrow the scope of application of the exemption
to the initial recognition of deferred taxes in order to exclude transactions that result in equal and offsettable temporary differences, such as leases and decommissioning obligations. The amendments will become effective for financial years beginning on or after January 1, 2023. Deferred tax assets and liabilities relating to leases and decommissioning obligations must therefore be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to profits carried forward or among other equity components as of that date. For all other transactions, the amendments apply to transactions occurring after the beginning of the earliest period presented. The Group is currently assessing the impact that the changes will have on the statement of financial position; from the analyses performed at this time, no effect on profits carried forward is expected and the Group will recognise the deferred tax asset and liability separately.

DEFINITION OF ACCOUNTING ESTIMATE - AMENDMENTS TO IAS 8

In February 2021, the IASB issued amendments to IAS 8, introducing a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and correction of errors. They also clarify how entities use measurement techniques and input to develop accounting estimates. The amendments are effective for financial years beginning on or after January 1, 2023 and apply to changes in accounting standards and changes in accounting estimates that occur on or after the beginning of the period. Earlier application is permitted on condition that it is disclosed. The changes are not expected to have a significant impact on the Group.

ACCOUNTING POLICY DISCLOSURE - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidelines and examples to help entities apply materiality judgements to accounting standard disclosures. The amendments aim to help entities provide information on the most useful accounting standards, replacing the requirement for entities to disclose their “significant” accounting standards with the requirement to disclose their “relevant” accounting standards; furthermore, guidelines on how entities apply the concept of relevance in making decisions with regard to the disclosure of accounting standards are added. The amendments to IAS 1 are applicable for financial years beginning on or after January 1, 2023. Earlier application is permitted. As the amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory indications on the application of the definition of materiality to the disclosure of accounting standards, a date for the entry into force of these amendments is not required. The Group is currently assessing the impact of the amendments to determine the effect they will have on the Group’s accounting standard disclosures.

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. 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 by 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 of April 30, 2023 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.

As of April 30, 2023, there were 113 forward contracts in force, with a negative fair value of Euro 1,915 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 of April 30, 2023, almost all of the financial and cash resources are deposited with contracted or investment grade counterparties.

To mitigate credit risk related to commercial counterparties, the Group has implemented procedures aimed at

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

With reference to trade receivables, the most risky situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts. See note 24 for more details on the provision for bad debts.

The following table provides a breakdown of current trade receivables as at April 30, 2023 and April 30, 2022, grouped by due date, net of the portion of the provision for bad debts.

Current Trade Receivables

(Euro thousands)	At April 30, 2023	At April 30, 2022
Yet to mature	416,978	378,552
Expired by 0-90 days	83,119	45,644
Expired by 90-180 days	14,079	4,191
Expired by 180-360 days	13,652	3,753
Expired by over 360 days	2,440	2,438
Total	**530,268**	**434,579**

The change in past due receivables reflects the increase in the Group's business volume and is concentrated in the 0-90 day range. Within this band, the relevant portion is that referring to past due receivables in the 0-30 day range with a lower risk profile. The evolution of past due receivables is adequately monitored by the Group and is assessed in the estimate of the provision for bad debts.

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 as of April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current loans	253,767	78,473	175,294	
Short-term loans	51,475	51,475		
Payables and commitments for the purchase of participations from minority shareholders	155,740	45,061	91,357	19,322
Advances received from factoring companies	762	762		
Financial liabilities for rights of use	50,075	12,701	26,109	11,265
Trade payables	586,074	586,074		
Other current and non-current payables	229,046	229,046		

At April 30, 2022

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current loans	202,756	79,197	123,559	
Short-term loans	50,267	50,267		

At April 30, 2022

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Payables and commitments for the purchase of participations from minority shareholders	108,397	31,589	59,693	17,115
Advances received from factoring companies	590	590		
Financial liabilities for rights of use	44,933	11,084	23,584	10,265
Trade payables	525,879	525,879		
Other current and non-current payables	165,091	165,091		

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 as of April 30, 2023 and April 30, 2022. 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 as of April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousands)	Assets and liabilities at amortised cost	Assets and liabilities at FVPL	Assets and liabilities at FVPL / Derivate financial instruments	Total
Assets				
Current trade receivables	530,268			530,268
Other current and non-current assets	128,297	17,484		145,781
Cash and cash equivalents	537,507			537,507
Total assets	**1,196,072**	**17,484**		**1,213,556**
Liabilities				
Current and non-current loans	306,044			306,044
Payables and commitments for the purchase of participations from minority shareholders	34,823	120,917		155,740

At April 30, 2023

(Euro thousands)	Assets and liabilities at amortised cost	Assets and liabilities at FVPL	Assets and liabilities at FVPL / Derivate financial instruments	Total
Financial liabilities for rights of use	50,075			50,075
Trade payables	586,074			586,074
Other current liabilities	227,131		1,915	229,046
Total liabilities	**1,204,107**	**120,917**	**1,915**	**1,326,939**

At April 30, 2022

(Euro thousands)	Assets and liabilities at amortised cost	Assets and liabilities at FVPL	Assets and liabilities at FVPL / Derivate 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	253,612			253,612
Payables and commitments for the purchase of participations from minority shareholders	19,174	89,224		108,398
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**

FAIR VALUE ESTIMATE

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, as of April 30, 2023, were measured and recorded at fair value, indicating the hierarchical level of their fair value:

Estimate fair value

(Euro thousands)	Level 1	Level 2	Level 3
Asset measured at Fair Value			
Derivative financial instruments			
Assets available for sale			
Investments in other companies			12,380
Other Assets		5,104	
Total		**5,104**	**12,380**
Liabilities measured at Fair Value			
Derivative financial instruments		1,915	
Financial liabilities at fair value through profit or loss		29,050	
Other Liabilities		91,867	
Total		**122,832**	

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 as of April 30, 2023.

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 April 30, 2023:

(Euro thousands)	Level 1
Balance at April 30, 2022	
Profits and (losses) through profit or loss	
Increases/(Decreases)	
Balance at April 30, 2023	
Total	

(Euro thousands)	Level 2
Balance at April 30, 2022	(87,408)
Profits and (losses) through profit or loss	6,545

(Euro thousands)	Level 2
Increases/(Decreases)	(36,865)
Balance at April 30, 2023	(117,728)
Total	**(117,728)**

(Euro thousands)	Level 3
Balance at April 30, 2022	11,955
Profits and (losses) through profit or loss	(1,339)
Increases/(Decreases) and reclassifications	1,764
Balance at April 30, 2023	12,380
Total	**12,380**

4. Estimates and Assumptions

The preparation of the financial statements requires the application by the directors of accounting standards and methods that, in some circumstances, are based on difficult and subjective assessments and estimates based on historical experience and assumptions that are considered reasonable and realistic in relation to the relative circumstances.

The application of these estimates and assumptions influences the amounts reported in the financial statements, the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the notes provided.

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

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

(A) REDUCTION OF VALUE OF ASSETS

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

The correct identification of the elements that indicate the existence of a potential reduction in the value of property, plant and equipment, intangible assets and investment property, as well as the estimates for their determination, depend on factors that may vary over time, influencing the evaluations and estimates made by the directors.

(B) AMORTISATION AND DEPRECIATION

The cost of property, plant and equipment and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful life of the relative assets.

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

(C) PROVISION FOR BAD DEBTS

The provision for bad debts reflects the estimated losses on the Group's portfolio of receivables. Provisions have been made for losses expected on receivables, calculated on the whole life of the receivable. Estimates and assumptions are reviewed on a regular basis and the effects of each change are reflected in the income statement in the year to which they refer.

(D) INVENTORY OBSOLESCENCE PROVISION

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

(E) EMPLOYEE BENEFITS

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

The current value is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and which takes into account the duration of the relative pension plan. For further information, see notes 27 Employee benefits and 11 Personnel costs.

(F) BUSINESS COMBINATIONS

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

(G) POTENTIAL LIABILITIES

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

(H) FINANCIAL LIABILITIES WITH MINORITY SHAREHOLDERS – PAYABLES AND COMMITMENTS WITH MINORITY SHAREHOLDERS FOR EQUITY INVESTMENTS

Financial liabilities with minority shareholders (both for put options and for earn-outs) are determined by applying formulas contractually defined with the counterparties and based on economic-financial indicators that must be inferred from the subsidiaries' financial statements available as of the reference date. The estimation process carried out by the Group's directors with reference to these liabilities is based on the profitability and cash flow forecasts of the subsidiaries in the reference period and on the discount rate.
These valuations are based on assumptions and analyses that are complex and changeable over time and could therefore lead to subsequent changes.

(I) FINANCIAL LIABILITIES FOR RIGHTS OF USE

The initial recognition of a right of use and the related finance lease liability for leasing agreements for assets depends on various estimation factors relating, mainly, to the duration of the non-cancellable period of the lease, the interest rate applied to the lease, and the costs of dismantling/replacing/restoring the asset at the end of the lease term.
As of the commencement date, the lessee shall measure the lease liability at the current value of the lease payments over the non-cancellable period.
The non-cancellable period is, in turn, dependent on assessments of the likelihood that the lessee will exercise the options to renew or terminate and, if the right to terminate early is also under the control of the lessor, the possible costs of termination to the lessor.
Payments due under the lease shall be discounted using

the implicit interest rate of the lease, if this can be easily determined. If this is not possible, the lessee must use the marginal lending rate.
The interest rate that makes the current value of the lease payments and the unguaranteed residual value equal to the sum of the fair value of the underlying asset and any up-front initial costs of the lessor.
The marginal lending rate is the interest rate the lessee would have to pay for a loan, with a similar term and with similar security, required to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context.
In order to determine the non-cancellable period of each agreement, particularly with regard to property, the contractual terms were analysed and hypotheses were made in relation to possible renewal periods connected to their location, the possibility of moving to other areas and the costs involved in such operations.
The leasing agreements in place do not show the implicit lending rate, so the marginal lending rate applicable to the Company was determined, separately for clusters of agreements with the same duration. In order to quantify the marginal lending rate, valuations were conducted in relation to the spread applicable to the Company based on its rating, the risk-free lending rates applicable in the Company's countries of operation, the guarantees which would support these loans, and the materiality with respect to the Company's level of indebtedness The above valuations are based on assumptions and analyses that are complex and changeable over time, which could therefore lead to subsequent changes in the non-cancellable period of the agreement or to the quantification of different rates at later dates for new agreements to which they apply.

(J) RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised to the extent that it is likely that there will be adequate future taxable profits against which any temporary differences or tax losses can be used. On this subject, the Group's management estimates the likely timing and amount of future taxable profits.

5. Business Combinations

Details of the most significant business combinations realised during the year, in terms of net assets acquired, are given below.

In the VAD sector, 100% of Brainworks Computer Technologie Gmbh, a Munich-based company specialising in the offer of software solutions and networking, with a customer set of 2,000 business partners in the DACH region (Germany, Austria and Switzerland) and revenues of approximately Euro 10 million in 2022, was acquired. The transaction with Brainworks supports the Sesa Group's internationalisation strategy within the DACH region.

The development strategy in the SSI sector continued with bolt-on M&A transactions, including the main acquisitions of corporate control reported below:

(i) Durante SpA, based in Milan and with a workforce of about 140 employees, specialises in the design and offer of Digital Workspace, Collaboration and multimedia system integration solutions with over 500 primary national and international clients. With the Durante transaction, Var Group will develop a new business unit dedicated to the development of solutions in the Digital Workspace and Collaboration sector, with a view to further strengthening its skills and customer set;
(ii) YoctoIt Srl , based in Monza, has a workforce of about 20 human resources specialising in value-added solutions and services in the datacenter and cloud sectors, which include the assessment and design of monitoring and control solutions for complex IT infrastructures, with the integration of technologies based on security and business intelligence. The aim of the transaction is to develop the skills and offerings on the market in the On-premises and Cloud infrastructure sectors;
(iii) Mediamente Consulting Srl, a company founded as a startup within the incubator of Turin Polytechnic in 2012, operates with a staff of about 45 human resources, and has developed skills and specialisations in corporate data management and analysis, developing solutions in the Corporate Performance Management, Data Visualization, Data Integration and Data Management areas, which are crucial to enable the digital transformation of companies and organisations into Data Driven Companies;
(iv) (iv) Cyres Consulting Services GmbH is a leading player in technical and compliance consulting in the field of cyber

security for the automotive industry, with a focus on the entire production chain. The company has a workforce of over 50 specialised human resources, and the transaction aims to further strengthen the skills of the Var Group Digital Security division in the field of cyber security, expanding its vertical solutions for the automotive sector and its supply chain in this field;

(v) Amaeco Srl, based in Fiorano Modenese (MO) and with a workforce of about 15 human resources, operates in the development and design of energy monitoring systems and eco-sustainability performance through proprietary software solutions with a focus on the enterprise market. The aim of the transaction is to expand the range of energy-saving solutions and consultancy, and thanks to the skills of the human resources, this will make it possible to support companies and organisations in digital processes to improve overall eco-sustainability, further strengthening the positioning of the Sesa Group in the Digital Green sector and supporting Italian manufacturing companies in energy efficiency and sustainability programmes;

(vi) Assit Informatica Srl, based in Bastia Umbra (PG) and employing over 20 human resources, specialises in the development of proprietary software solutions for the agrifood supply chain, with a customer set of SMEs operating throughout Italy. The company has internally developed a web-based software solution for the digitisation of the agrifood supply chain, and the transaction aims to strengthen Var Group SpA's organisation in ERP and vertical applications;

(vii) (vii) Next Step Solution Srl , based in Collecchio (PR) and with a workforce of about 15 human resources, offers software and digital transformation solutions to local public companies to support the digitisation of public service payments. The company has internally developed a web-based software solution for the financial management of local revenue (EntraNext), aligned with Public Administration standards. The aim of the transaction is to strengthen the ERP organisation in the area of software solutions for the digitisation of public service payments.

In the Business Services sector, we should mention:

(i) the establishment of BDY Srl, a company offering core banking software, BPO and application services born out of the strategic partnership with Banca Sella. The agreement aims to expand the scope of the digital platforms and application development services of the Sesa Group's Business Services sector.

(ii) the acquisition of control of Euro Finance Systems S.A., based in Nogent-sur-Marne (Paris Metropolitan Area, France) and employing a workforce of approximately 10 human resources, a company specialising in the development of software platforms for Middle and Back Office for the Finance and Derivatives sector with leading national and international customers operating on OTC, equity and organised Futures &Options markets. Euro Finance's solutions will be incorporated into the Base Digitale Group's range of vertical applications in Finance and Treasury.

(iii) The purchase of the majority of the capital of DVR Srl, a company based in Turin and with a team of 11 resources, active in the design of robotization systems with a proprietary contact management platform, integrated with artificial intelligence solutions and focused on the finance and insurance segments; the purchase of the majority of the capital of Emmedi, based in Udine and with 11 dedicated resources, a company active in the development of dematerialisation and process automation solutions for the banking world; and Ever Green Mobility Rent Srl, based in Florence and with a team of 12 resources, founded in 2013, developing a proprietary platform for the management of processes of companies in the fleet management and sustainable mobility sector. The three transactions were aimed at developing Digital Platform solutions to support the digital transformation and evolution of the business of customers.

Business combinations

(Euro thousands)	Durante SpA	Emmedi Srl	Dvr Italia Srl	Evergreen Srl	Digital Indipendent Srl	Yoctoit Srl	Eurolab Srl	Albalog Srl
Intangible assets	18,798	6,189	4,363	295		6,353	95	3,200
Property, plant and equipment	1,806	10	25	8	4	331	154	47
Other current and non-current assets	1,526	212	130	102	38	159	459	195
Inventory	1,138	454				0	441	12
Trade receivables	3,136	197	413	1,688	340	1,249	1,228	377
Cash and cash equivalents	7,041	795	153	360	545	553	370	580
Assets purchased	**33,445**	**7,857**	**5,084**	**2,453**	**927**	**8,645**	**2,747**	**4,411**
Non-current loans	452			25		359	31	
Employee benefits	2,332	50	159	33	146	16		491
Current loans				3		2	75	
Deferred tax liabilities	4,541	1,769	1,233	83		1,852	11	901
Trade payables	3,197	683	44	1,202	128	1,001	745	79
Other liabilities	3,176	605	399	246	227	65	490	657
Provisions							367	83
Liabilities purchased	13,698	3,107	1,835	1,592	501	3,295	1,719	2,211
Non-controlling interests						(377)	(451)	
Net assets purchased	**19.747**	**4.750**	**3.249**	**861**	**426**	**4.973**	**577**	**2.200**
Price	19.747	4.750	3.249	861	95	4.973	577	2.200
Cash and cash equivalents	7.041	795	153	360	545	553	370	580
Financial liabilities for purchase of shares from non-controlling interests	(13,530)	(3,730)	(2,364)	(1,167)		(4,201)		(449)
Net Price	**(824)**	**225**	**732**	**(666)**	**(450)**	**219**	**207**	**1,171**
Acquisition date	22-may	22-may	22-may	22-may	22-jul	22-jul	22-oct	22-jul
% control	100%	86.87%	86.87%	87%	100%	100%	55%	100%

Business combinations

(Euro thousands)	Ausilia Srl	Mediamente Consulting Srl	Amaeco Srl	Alfasap Srl	Dynamic Business Solutions Srl	Assist Infor-matica Srl	Next Step Solution Srl	Var4Retail Srl
Intangible assets		5,285	4,557	1,803	821	2,313	4,929	1,916
Property, plant and equipment		29	28	7	23	20	20	12
Other current and non-current assets	1,012	407	35	41	333	637	3	110
Inventory			135					4
Trade receivables		1,680	184	302	131	895	591	293
Cash and cash equivalents	4,057	1,243	476	1	37	464	5	350

Business combinations

(Euro thousands)	Ausilia Srl	Mediamente Consulting Srl	Amaeco Srl	Alfasap Srl	Dynamic Business Solutions Srl	Assist Informatica Srl	Next Step Solution Srl	Var4Retail Srl
Assets purchased	**5,069**	**8,644**	**5,415**	**2,154**	**1,345**	**4,329**	**5,548**	**2,685**
Non-current loans								
Employee benefits		454	66	189		409	70	89
Current loans		175			53	9		210
Deferred tax liabilities		1,521	1,243	10	220	667	1,402	458
Trade payables	4,105	573	684	106	14	93	559	80
Other liabilities		947	206	256	372	627	7	297
Provisions		65				7		174
Liabilities purchased	4,105	3,735	2,199	561	659	1,812	2,038	1,308
Non-controlling interests	(135)	(589)					(876)	
Net assets purchased	**829**	**4,320**	**3,216**	**1,593**	**686**	**2,517**	**2,634**	**1,377**
Price		4,320	3,216	1,593	686	2,517	2,634	1,377
Cash and cash equivalents	4,057	1,243	476	1	37	464	5	350
Financial liabilities for purchase of shares from non-controlling interests		(1,215)	(2,100)	(1,193)	(120)	(2,027)	(1,831)	(586)
Net Price	**(4,057)**	**1,862**	**640**	**399**	**529**	**26**	**798**	**441**
Acquisition date	22-oct	22-nov	22-nov	22-nov	22-nov	23-jan	23-jan	23-jan
% control	87%	100%	100%	78%	100%	100%	75%	100%

Business combinations

(Euro thousands)	Cyres Gmbh	Euro Finance S.A.	Aldebra SpA	Mr Fleet Srl	BDY SRL	Total
Intangible assets	14,702	3,374	2,781	540	40,813	123,127
Property, plant and equipment	80	192	32			2,828
Other current and non-current assets	226	173	379	52		6,229
Inventory			10			2,194
Trade receivables	642	206	1,374	731		15,657
Cash and cash equivalents	241	22	1,262	302		18,857
Assets purchased	**15,891**	**3,967**	**5,838**	**1,625**	**40,813**	**168,892**
Non-current loans				350		1,217
Employee benefits			157	30		4,691
Current loans	380	256	1			1.164
Deferred tax liabilities	4,236	710	850	176	5,999	27,882
Trade payables	409	76	627	785		15,190
Other liabilities	528	367	579	35		10,086

Business combinations

(Euro thousands)	Cyres Gmbh	Euro Finance S.A.	Aldebra SpA	Mr Fleet Srl	BDY SRL	Total
Provisions	296	280				1,272
Liabilities purchased	5,849	1,689	2,214	1,376	5,999	61,502
Non-controlling interests			(877)	(122)		(3.427)
Net assets purchased	**10,042**	**2,278**	**2,747**	**127**	**34,814**	**103,963**
Price	10,042	2,278	2,747	127	17,756	85,745
Cash and cash equivalents	241	22	1,262	302		18,857
Financial liabilities for purchase of shares from non-controlling interests	(5,406)	(963)	(789)		(12,625)	(54,296)
Net Price	**4,395**	**1,293**	**696**	**(175)**	**5,131**	**12,592**
Acquisition date	23-jan	23-jan	23-jan	23-jan	23-mar	
% control	88%	74%	75%	44%	100%	

The investment, net of the cash acquired determined by the aggregation transactions during the year, amounted to Euro 12,592 thousand, out of a total of Euro 44,202 thousand as of April 30, 2023.

The total investment net of cash acquired as of April 30, 2023 amounted to Euro 44,202 thousand and included, in addition to Euro 12,592 thousand in investments in business combinations, Euro 28,709 thousand related to payments on business combinations realised in previous years. See Note 30 for further information.

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 Sector (SSI)** offers software, technological innovation and digital transformation solutions for end user companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly-owned subsidiary Var Group SpA;
- **the Business Services Sector (BS)** processes outsourcing, security and digital ranformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale SpA.

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

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

As Ebitda is not identified as an accounting measure by the IFRS (Non-GAAP Measures), its quantitative determination might not be unequivocal. Ebitda is a measure used by management to monitor and evaluate the operating performance of Group companies.

The criterion for determining the Ebitda reported above and applied by the Group may not be consistent with that adopted by other companies or groups, so its value may not be comparable with that determined by them.

The following table shows information about results of operations by operating sector for the years ended April 30, 2023 and April 30, 2022.

Year ended April 30, 2023

(Euro thousands)	Value Added Distribution	Software e System	Business Services	Corporate	Eliminations	
Third-party revenues	**2,116,381**	**672,880**	**77,527**	**912**		**2,867,700**
Inter-sector revenues	105,356	6,000	1,626	13,555		126,537
Revenues	2,221,737	678,880	79,153	14,467	(126,537)	2,867,700
Other income	13,990	23,758	5,198	5,176	(8,183)	39,939
Total revenues and other income	**2,235,727**	**702,638**	**84,351**	**19,643**	**(134,720)**	**2,907,639**
Consumables and goods for resale	(2,036,982)	(254,320)	(10,223)	(71)	100,014	(2,201,582)
Costs for services and rent, leasing, and similar costs	(54,872)	(180,763)	(35,203)	(6,833)	34,318	(243,353)
Personnel costs	(28,072)	(175,115)	(27,489)	(7,809)	59	(238,426)
Other operating costs	(6,689)	(7,558)	(462)	(182)	55	(14,836)
Ebitda	**109,112**	**84,882**	**10,974**	**4,748**	**(274)**	**209,442**
Amortisation, depreciation, write-downs and other non-monetary costs	(9,142)	(42,566)	(7,921)	(7,148)		(66,777)
Operating Result (Ebit)	99,970	42,316	3,053	(2,400)	(274)	142,665
Net financial income and expense	(8,859)	(4,081)	(1,320)	(126)		(14,386)
Profit before taxes	91,111	38,235	1,733	(2,526)	(274)	128,279
Income taxes	(27,088)	(11,522)	351	120	77	(38,062)
Profit for the year	**64,023**	**26,713**	**2,084**	**(2,406)**	**(197)**	**90,217**
Profit attributable to non-controlling interests	991	4,299	347		127	5,764
Profit attributable to the Group	63,032	22,414	1,737	(2,406)	(324)	84,453

Year ended April 30, 2022

(Euro thousands)	Value Added Distribution	Software e 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, leasing, and similar costs	(43,164)	(154,912)	(25,077)	(5,129)	28,789	(199,493)
Personnel costs	(23,774)	(144,886)	(22,121)	(6,999)	107	(197,673)
Other operating costs	(2,571)	(3,645)	(276)	(193)	117	(6,568)
Ebitda	**90,581**	**67,855**	**5,717**	**3,487**	**58**	**167,698**
Amortisation, depreciation, write-downs and other non-monetary costs	(9,892)	(33,694)	(5,192)	(4,725)		(53,503)

Year ended April 30, 2022

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Operating Result (Ebit)	80,689	34,161	525	(1,238)	58	114,195
Net financial income and expense	(3,779)	(1,439)	(445)	551		(5,112)
Profit before taxes	76,910	32,722	80	(687)	58	109,083
Income taxes	(20,355)	(9,864)	(170)	(58)	(17)	(30,464)
Profit for the year	**56,555**	**22,858**	**(90)**	**(745)**	**41**	**78,619**
Profit attributable to non-controlling interests	841	4,403	140		(284)	5,100
Profit attributable to the Group	55,714	18,455	(230)	(745)	325	73,519

The following table shows the financial information by operating sector for the years ended April 30, 2023 and April 30, 2022.

Year ended April 30, 2023

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Intangible assets	30,456	226,030	112,077	283	(358)	368,488
Property, plant and equipment	32,741	23,757	6,482	381		63,361
Right of use	16,411	39,345	5,743	1,041		62,540
Investment property	281			9		290
Investments valued at equity	11,900	13,103	128	702	(949)	24,884
Receivables for deferred tax assets	6,314	6,750	2,766	2,036	27	17,893
Non-current trade receivables						
Other non-current receivables and assets	3,114	7,832	1,850	97,529	(91,898)	18,427
Total non-current assets	**101,217**	**316,817**	**129,046**	**101,981**	**(93,178)**	**555,883**
Inventory	126,186	29,746	3,319		(515)	158,736
Current trade receivables	344,480	195,468	27,400	11,729	(48,809)	530,268
Current tax receivables	5,760	5,402	733	18		11,913
Other current receivables and assets	41,565	81,895	5,547	740	(2,393)	127,354
Cash and cash equivalents	368,199	137,056	30,355	1,897		537,507
Total current assets	**886,190**	**449,567**	**67,354**	**15,585**	**(52,918)**	**1,365,778**
Non-current assets held for sale	121		355			476
Total assets	**987,528**	**766,384**	**196,755**	**117,566**	**(146,096)**	**1,922,137**
Share capital	40,000	3,800	6,625	37,127	(50,425)	37,127
Share premium reserve		4,050	17,318	33,144	(21,368)	33,144
Other reserves	268,810	28,338	(4,857)	31,170	(18,798)	304,663
Total shareholders' equity attributable to the group	**308,810**	**36,188**	**19,086**	**101,441**	**(90,591)**	**374,934**

Year ended April 30, 2023

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
Shareholders' equity attributable to non-controlling interests	6,541	20,858	24,055		(2,338)	49,116
Total shareholders' equity	**315,351**	**57,046**	**43,141**	**101,441**	**(92,929)**	**424,050**
Non-current loans	40,073	102,354	32,867			175,294
Financial liabilities for non-current rights of use	17,455	16,576	3,229	114		37,374
Non-current financial liabilities and commitments for purchase of shares from non-controlling interests	10,149	74,819	25,711			110,679
Employee benefits	3,017	38,319	4,921	2,007		48,264
Non-current provisions	788	3,358	648			4,794
Deferred tax liabilities	11,240	59,306	25,434	78	(240)	95,818
Total non-current liabilities	**82,722**	**294,732**	**92,810**	**2,199**	**(240)**	**472,223**
Current loans	68,469	52,124	10,117			130,710
Financial liabilities for current rights of use rights	2,825	7,767	1,836	273		12,701
Current financial liabilities and commitments for purchase of shares from non-controlling interests	4,624	31,234	9,158	45		45,061
Trade payables	455,459	160,538	18,260	15,645	(63,828)	586,074
Current tax payables	12,638	7,725	1,184	716	9	22,272
Other current liabilities	45,440	155,218	20,249	8,432	(293)	229,046
Total current liabilities	**589,455**	**414,606**	**60,804**	**13,926**	**(52,927)**	**1,025,864**
Total liabilities	**672,177**	**709,338**	**153,614**	**16,125**	**(53,167)**	**1,498,087**
Total shareholders' equity and liabilities	**987,528**	**766,384**	**196,755**	**117,566**	**(146,096)**	**1,922,137**

Year ended April 30, 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 trade receivables		5,232	1,636	982	(69)	12,987
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

Year ended April 30, 2022

(Euro thousands)	Value Added Distribution	Software e System Integration	Business Services	Corporate	Eliminations	
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**
Non-current assets held for sale						
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	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 purchase of shares from non-controlling interests	10,740	52.321	13,747			76,808
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
Financial liabilities for current rights of use rights	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**

7. Revenues

Group revenues are generated mainly in Italy, amounting to Euro 2,799 million. Consolidated sales abroad also continued to grow, amounting to Euro 68,827 thousand as of April 30, 2023 compared to Euro 59,967 thousand as of April 30, 2022 (+14.77%) as a result of the Group's increasing presence in Europe. The Group's existing foreign-based companies, PBU Gmbh, Beenear, Wss It Sagl, Fen Wo, Cimtec Gmbh, Icos Gmbh, Cadlog France, Cadlog Spain and Cadlog Gmbh were joined during the year by Cyres Gmbh based in Munich and Euro Finance S.A. based in Paris. The contribution of sales of foreign companies to Revenues was Euro
41,376 thousand, plus the foreign sales of Computer Gross SpA and Var Group SpA amounting to Euro 27,451 thousand. Revenues generated with non-EU countries amounted to Euro 13,843 thousand as of April 30, 2023.
The revenues item is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Sale of solutions, software and accessories	2,326,452	1,943,101
Development of software and other services	293,833	215,245
Hardware and software assistance	202,459	168,518
Marketing activities	16,307	16,125
Other sales	28,649	19,614
Total	**2,867,700**	**2,362,603**

Group revenues pf Euro 2,868 million as of April 30, 2023 recorded an increase of 21.4% compared to the previous year, favoured by (i) sales of IT solutions and software, up 19.7% compared to April 30, 2022, (ii) services both in the IT design area (developments, consultancy and other services) and in the infrastructure area (assistance, cloud computing, etc.) which increased 29.3% during the year compared to April 30, 2022.

8. Other Income

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Transport activities	2,317	2,231
Capital gains on disposals	2,291	3,812
Commission	2,693	2,083
Leases and rents	1,323	665
Training courses	191	30
Other income	31,124	18,399
Total	**39,939**	**27,220**

The Other income item refers mainly to marketing contributions from suppliers, recovery of expenses and fair value adjustments to the value of payables and commitments for the purchase of participations from minority shareholders amounting to Euro 12,519 thousand.

9. Consumables and goods for resale

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Purchase of hardware	1,530,712	1,254,914
Purchase of software	663,722	562,329
Consumables and other purchases	7,148	1,148
Total	**2,201,582**	**1,818,391**

The trend in this item continues to be proportional to the increase in turnover of the Group companies.

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

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Technical assistance for hardware and software maintenance	87,019	66,718
Consulting activities	61,215	49,355
Agents' commissions and contributions	14,638	11,321
Rentals and hires	7,169	4,769
Marketing	14,654	9,870
Transport	8,875	7,259
Insurance policies	4,866	3,700
Utilities	3,677	2,892
Logistics and warehouse storage	1,985	1,316
Support and training expenses	2,747	2,040
Maintenance	9,260	8,483
Other service expenses	33,991	36,082
Total	**250,096**	**203,805**

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 and Business Services Sectors, consistently with the Group workforce.
The consultancy item includes the cost related to the annual and three-year stock grant plan assigned to executive directors at the time of the approval of the financial statements as of April 30, 2023 and the residual portion of the three-year plan to be assigned in the forthcoming financial years, which increased from Euro 4,312 thousand as of April 30, 2022 to Euro 6,742 thousand as of April 30, 2023.

11. Personnel Costs

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Wages and salaries	167,569	139,405
Social security payments	46,839	38,484
Contributions to defined contribution pension funds	10,711	9,162
Contributions to pension funds for defined benefits	148	67
Reimbursements and other personnel costs	13,159	10,555
Total	**238,426**	**197,673**

The following table shows the precise number of Group employees:

Average number of employees

	Precise number of employees at April 30	
(in units)	2023	2022
Executives	49	46
Middle Management	457	372
Office Staff	4,028	3,547
Blue Collars	91	98
Interns*	92	100
Total	**4,717**	**4,163**

The average number of employees for the financial year as at April 30, 2023 was 4,440 resources compared to 3,802 average resources in the previous year.

12. Other Operating Costs

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Accrual to the bad debt provision (net of recoveries)	5,263	5,663
Expenses and commissions for the assignment of receivables without recourse	854	1,226
Duties and taxes	1,250	1,286
Capital losses on disposals	51	73
Losses on receivables	110	223
Provisions for risks and charges	1,148	1,821
Other operating costs	12,570	3,761
Total	**21,246**	**14,053**

The item “other operating costs ” includes the fair value adjustments of the debts and commitments for the purchase of minority shareholdings for Euro 5,857 thousand.

13. Amortisation and Depreciation

The item in questioni s detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Intangible assets	26,325	18,572
Right of use	12,083	11,191
Property, plant and equipment	15,216	11,943
Total	**53,624**	**41,706**

The item amortisation of intangible assets includes write-downs for Euro 79 thousand.
The amortisation of intangible assets includes the amortisation of customer lists and acquired technological know-how for Euro 18,278 thousand.

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 April 30, 2023 and April 30, 2022 is provided below:

Year ended April 30

(Euro thousands)	2023	2022
Opening balance	14,593	13,850
Acquisitions and capital increases	7,683	845
Sales and liquidations	(55)	(25)
Dividends received	(270)	(518)
Profit/(loss) of companies evaluated at equity	1,572	1,744
Reclassifications	1,361	(1,303)
Closing balance	**24,884**	**14,593**

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:

Results of the main associated companies

(Euro thousands)	Total assets	Total liabilities	Revenues	Profit (loss) for the year	% held
Attiva SpA	118,116	70,488	594,218	5,354	21.0%
Sistemi Manageriali Srl	3,846	2,996	8,087	348	33.1%
Var It Srl	2,371	2,119	4,357	35	22.0%
Mk Italia Srl	1,983	1,436	5,568	152	45.0%
Webgate Srl	722	48	603	108	30.0%

15. Financial income and Expenses

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Interest expense on sales of receivables	5,715	1,669
Expenses and commissions for sales of receivables with recourse	483	601
Bank and loan interest expense	1,575	425
Other interest payable	7,785	2,355
Commissions and other financial expense	4,515	4,001
Expenses linked to severance indemnity	1,092	332
Losses on exchenges	12,178	6,527
Total financial expenses	**33,343**	**15,910**

Year ended April 30

(Euro thousands)	2023	2022
Interest income on other short-term receivables	994	553
Other financial income.	3,037	1,231
Bank interest income	51	35
Dividends from shareholdings	342	849
Gains on exchanges	12,961	6,386
Total financial incomes	**17,385**	**9,054**
Net financial expenses	**15,958**	**6,856**

Net financial expenses present a net negative balance of Euro 15,985 thousand at April 30, 2023, an decrease compared to a negative balance of Euro 6,856 thousand at April 30, 2022, due to the rise of interest rates that affected the financial market during the year.

16. Income taxes

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Current taxes	45,192	33,415
Deferred tax liabilities	(7,125)	(2,931)
Taxes relating to previous years	(5)	(20)
Total	**38,062**	**30,464**

The following table shows the reconciliation of the theoretical tax burden with the actual tax burden for the years ended April 30, 2023 and April 30, 2022.

Year ended April 30

(Euro thousands)	2023	2022
Result before taxes	128,278	109,084
Theoretical taxes	30,787	26,180
Taxes relating to previous years	489	(20)
Subsidised taxation on dividends	418	251
Permanent differences	683	540
IRAP (regional tax on production); excluding other changes	5,685	3,513
Actual tax charge	38,062	30,464

17. Intangible Assets

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

Intangible assets

(Euro thousands)	Client List	Software and other intangible assets	Know-how technological	Total
Balance at April 30, 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
Depreciations	(5,374)	(6,270)	(6,928)	(18,572)
Disinvestiments				
Other changes				
Balance at April 30, 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)*
Change in the scope of consolidation	40,964	6,208	78,651	125,823
Investments	3,394	6,422	5,692	15,508
Depreciations	(6,691)	(8,047)	(11,587)	(26,325)
Disinvestiments				
Other changes	7,371		17,831	25,202
Balance at April 30, 2023	**110,381**	**17,507**	**240,600**	**368,488**
Of which:				
- historical cost	*134,982*	*46,738*	*269,035*	*450,755*
- accumulated amortisation	*(24,601)*	*(29,231)*	*(28,435)*	*(82,267)*

The balance of intangible fixed assets as of April 30, 2023 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 net of accumulated amortisation.

The change in the “other movements” item refers mainly to investments in additional capital shares of the company BDX Srl, which completed a reorganisation of the business of the companies STB and Omigrade already included in the scope of consolidation as of April 30, 2022.

As envisaged by the impairment indicators analysis procedure, the assessment of the presence of any impairment indicators traceable through internal or external sources of information was carried out at the end of the year, and if such indicators were found, the Group conducted an impairment test on the value of the intangible assets associated with the related CGUs. The analysis of the Group’s economic and financial performance, the evolution of the reference market and the reorganisation operations carried out did not reveal any impairment of intangible assets. Additional information on changes in the scope of consolidation is given in the Business Combinations section.

18. Right of use

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

Right of use

(Euro thousands)	Right of use
Balance at April 30, 2021	**55,220**
Of which:	
- historical cost	*75,908*
- accumulated amortisation	*(20,688)*
Investments	9,457
Disinvestiments	
Change in the scope of consolidation	3,915
Depreciations	(11,191)
Other changes	
Balance at April 30, 2022	**57,401**
Of which:	
- historical cost	*89,280*
- accumulated amortisation	*(31,879)*
Investments	15,899
Disinvestiments	
Change in the scope of consolidation	2,144
Depreciations	(12,083)
Other changes	
Balance at April 30, 2023	**63,361**
Of which:	
- historical cost	*107,323*
- accumulated amortisation	*(43,962)*

The Right of Use item increased during the year mainly due to the entry of new Group companies into the scope of consolidation along with the related property lease and vehicle rental contracts. New lease agreements for properties used by Var Group Srl in Bologna and Treviso were also among the investments.

19. Property, plant and equipement

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

Property, plant and equipement

(Euro thousands)	Land	Buildings	Office equipements	Leashold emprovements	Other property, plant and equipements	Total
Balance at April 30, 2021	**3,152**	**7,180**	**21,935**	**4,760**	**7,695**	**44,722**
Of which:						
- historical cost	*3,152*	*8,369*	*53,046*	*10,723*	*18,352*	*93,642*
- accumulated depreciation		*(1,189)*	*(31,111)*	*(5,963)*	*(10,657)*	*(48,920)*
Investments		131	12,020	3,440	2,934	18,525
Disinvestments						
Change in the scope of consolidation	156	1,212	724	256	890	3,238
Depreciation		(299)	(8,969)	(870)	(1,805)	(11,943)
Other changes						
Balance at April 30, 2022	**3,308**	**8,224**	**25,710**	**7,586**	**9,714**	**54,542**
Of which:						
- historical cost	*3,308*	*9,712*	*65,790*	*14,419*	*22,176*	*115,405*
- accumulated depreciation		*(1,488)*	*(40,080)*	*(6,833)*	*(12,462)*	*(60,863)*
Investments	303	3,205	11,101	1,971	4,349	20,929
Disinvestments	(45)	(99)				(144)
Change in the scope of consolidation			788	883	758	2,429
Depreciation		(366)	(10,593)	(1,258)	(2,999)	(15,216)
Other changes						
Balance at April 30, 2023	**3,566**	**10,964**	**27,006**	**9,182**	**11,822**	**62,540**
Of which:						
- historical cost	*3,566*	*12,818*	*77,679*	*17,273*	*27,283*	*138,619*
- accumulated depreciation		*(1,854)*	*(50,673)*	*(8,091)*	*(15,461)*	*(76,079)*

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 third-party assets consisted mainly of the expansion of Var Group SpA's offices in Milan and Bologna.

20. Investment Property

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

Investment Property

(Euro thousands)	Land	Buildings	Total
Balance at April 30, 2021	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation		*(1)*	*(1)*
Investments			
Disinvestments			
Depreciation			
Balance at April 30, 2022	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation		*(1)*	*(1)*
Investments			
Disinvestments			
Depreciation			
Balance at April 30, 2023	**281**	**9**	**290**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated depreciation		*(1)*	*(1)*

21. Deferred tax assets and liabilities

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

At April 30

(Euro thousands)	2023	2022
Receivables for deferred tax assets within 12 months	15,820	12,739
Receivables for deferred tax assets after 12 months	2,073	3,171
Total receivables for deferred tax assets	**17,893**	**15,910**
Deferred tax liabilities	95,818	63,333
Total deferred tax liabilities	**95,818**	**63,333**

Net changes in these items are detailed as follows:

At April 30

(Euro thousands)	2023	2022
Opening balance	**(47,423)**	**(23,002)**
Of which:		
- receivables for deferred tax assets	*15,910*	*12,987*
- deferred tax liabilities	*63,333*	*35,989*
Change in the scope of consolidation	(37,103)	(25,205)
Impact on income statement	7,125	1,346
Impact on statement of comprehensive income	(524)	(562)
Closing balance	**(77,925)**	**(47,423)**
Of which:		
- receivables for deferred tax assets	*17,893*	*15,910*
- deferred tax liabilities	*95,818*	*63,333*

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 andequipment and intangible assets	Provisions for risks and charges and other provisions	Employee benefits	Other Entries	Total
Balance at April 30, 2021	**5,879**	**6,641**	**198**	**269**	**12,987**
Changes 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 April 30, 2022	**8,333**	**7,110**	**198**	**269**	**15,910**
Changes in the scope of consolidation	(1,078)				(1,078)
Impact on income statement	293	2,768			3,061
Impact on statement of comprehensive income					
Balance at April 30, 2023	**7,548**	**9,878**	**198**	**269**	**17,893**

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 April 30, 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	1842	3
Impact on statement of comprehensive income		562		562
Balance at April 30, 2022	**59,366**	**525**	**3,442**	**63,333**
Change in the scope of consolidation	36,025			36,025
Impact on income statement	(4,553)	489		(4,064)
Impact on statement of comprehensive income		524		524
Balance at April 30, 2023	**90,838**	**1,538**	**3,442**	**95,818**

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.

22. Other current and non-current receivables

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Non-current receivables from others	3,964	2,878
Non-current equity investments in other companies	12,380	11,955
Non-current securities	72	461
Other non-current tax receivables	1,961	1,311
Non-current receivables from associated companies	50	50
Total other non-current receivables and assets	**18,427**	**16,655**
Current receivables from others	30,672	25,788
Other current tax receivables	11,321	10,864
Accrued income and prepaid expenses	77,358	47,472
Derivatives contracts		
Other current securities	7,993	2,594
Current receivables from non-consolidated group companies	10	
Total other current receivables and assets	**127,354**	**86,718**

The change in the accrued income and prepaid expenses item, consistent with the increase in the accrued expenses and deferred income item, reflects the increase in Group turnover and the greater weight of the IT services component delivered by the SSI and BS segment on the Group total. Non-current receivables from others mainly include receivables relating to VAT recovery for invoices issued to customers subject to bankruptcy proceedings. The other current securities item mainly comprises bonds and savings funds held by Durante SpA. 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 April 30

(Euro thousands)	2023	2022
Opening balance	**11,955**	**11,147**
Acquisitions and revaluations	2,152	1,956
Sales, write-downs and impairment	(1,703)	(1,224)
Reclassifications	(24)	76
Closing balance	**12,380**	**11,955**

The non-current investments item consists mainly of DV Holding SpA, Euro 5,780 thousand, and Cabel Holding SpA, Euro 2,014 thousand. Increases include the acquisition of 1.96% of Findynamic Srl (Euro 700 thousand) by Var Group SpA and 19% of AD Consulting SpA (Euro 506 thousand) by My Smart Services Srl.
The decrease in this item was due mainly to the write-down of the investment in Addfor Industriale Srl.

23. Inventory

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Finished products and goods for resale	153,235	141,301
Work in progress and semi-finished products	5,501	2,733
Total	**158,736**	**144,034**

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

Finished product and goods

(Euro thousands)	Provision for obsolescence or finished products and goods
Balance at April 30, 2022	**2,577**
Net change	(875)
Balance at April 30, 2023	**1,702**

24. Current Trade Receivables

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Trade receivables	564,489	462,974
Provisions for bad debts*	(35,281)	(29,812)
Trade receivables net of the provision for bad debts	529,208	433,162
Receivables from associates	1,060	1,417
Total current trade receivables	**530,268**	**434,579**

(*)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 April 30, 2023, amounted to Euro 19,588 thousand, compared to Euro 21,974 thousand at April 30, 2022. These positions are fully written down through the recognition of a specific provision.

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

Provision for bad debts

(Euro thousands)	Provision for bad debts
Balance at April 30, 2021	**24,392**
Accrual to provisions	5,898
Use and other changes	(2,880)
Change in the scope of consolidation	2,402
Balance at April 30, 2022	**29,812**
Accrual to provisions	7,023
Use and other changes	(1,984)
Change in the scope of consolidation	431
Balance at April 30, 2023	**35,281**

25. Current tax receivables and payables

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Receivables for IRES	9,052	2,993
Receivables for IRAP	2,861	3,658
Total credit for income taxes	**11,913**	**6,651**
Debts for IRES	17,538	8955
Debts for IRAP	4,734	1,984
Total payables for income taxes	**22,272**	**10,939**

26. Cash and Cash Equivalents

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Bank and post office deposits	536,845	496,189
Cheques	11	26
Cash	651	96
Total cash and cash equivalents	**537,507**	**496,311**

The following table shows the Group's cash and cash equivalents by currency at April 30, 2023 and April 30, 2022:

At April 30

(Euro thousands)	2023	2022
Cash and cash equivalents in euro	531,332	487,390
Cash and cash equivalents in foreign currency	6,175	8,921
Total cash and cash equivalents	**537,507**	**496,311**

27. Non-current assets held for sale

At April 30

(Euro thousands)	2023	2022
Non-current assets held for sale	**476**	**0**

The item consists of property not properly used for the activity owned by PM Service Srl for Euro 121 thousand and BDS Factory Srl for Euro 355 thousand.

28. Shareholder's Equity

SHARE CAPITAL

As of April 30, 2023, 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 of April 30, 2023, Sesa SpA held 81,134 treasury shares, equating to 0.524% of the share capital, (88,784 as of the date of the Report). purchased at an average price of Euro 115.6 under the treasury share purchase plan approved by the shareholders' meeting of August 25, 2022. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity. The Stock Grant Plan 2021-2023 envisages the allocation of 122,000 ordinary shares to the beneficiaries upon reaching the targets set for April 30, 2023. Most of these shares are already available in the company's treasury share portfolio and the remainder may be purchased following the continuation of the buy-back plan in the new financial year ending April 30, 2024.

Share capital

	Numbers of shares
Situation as at April 30, 2022	
Shares issued	15,494,590
Treasury shares in portfolio	40,862
Shares in circulation	15,453,728
Situation as at April 30, 2023	
Assignment of shares in execution of the Stock Grant Plan	58,000
Purchase of treasury shares	98,272
Situation as at April 30, 2023	
Shares issued	15,494,590
Treasury shares in portfolio	81,134
Shares in circulation	15,413,456

The shareholders who, as at April 30, 2023, hold a significant investment in the Issuer's share capital with voting rights are the following:

Share capital with voting rights

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 3%) 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	Group actuarial gain (loss) reserve	Miscellaneous reserves	Total Other reserves	Minority actuarial gain (loss) reserve
At April 30, 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	

Other reserves

(Euro thousands)	Legal Reserve	Treasury shares	Group actuarial gain (loss) reserve	Miscellaneous reserves	Total Other reserves	Minority actuarial gain (loss) reserve
Change in the scope of consolidation and other changes				(23,761)	(23,761)	
At April 30, 2022	**3,996**	**(6,215)**	**(1,390)**	**(41,369)**	**(44,978)**	**(774)**
Actuarial gain(loss) for employee benefits - gross			1,964		1,964	216
Actuarial gain(loss) for employee benefits - tax effect			(472)		(472)	(52)
Purchase of treasury shares		(11,189)			(11,189)	
Sale of treasury shares						
Distribution of dividends						
Assignment of Stock Grants		8,067		(8,067)		
Vesting of Stock Grant plans				6,743	6,743	
Allocation of profit for the year	860			2,391	3,251	
Change in the scope of consolidation and other changes				(5,129)	(5,129)	
At April 30, 2023	**4,856**	**(9,337)**	**102**	**(45,431)**	**(49,810)**	**(610)**

DIVIDENDS

On 22 September 2022 Sesa distributed a dividend for 0.90 Euro per share as resolved by the Ordinary Shareholders'Meeting of Sesa Spa held on 25 August 2022. The total amount of dividend is equal to Euro 13,945 thousand, net of dividend of tresury share for wich there was formal waiver.

EARININGS PER SHARE

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

Year ended April 30

(in Euro, unless otherwise specified)	2023	2022
Profit for the year - Group share in Euro thousands	84,453	73,519
Average number of ordinary shares (*)	15,427,593	15,456,094
Earnings per share - basic	5.47	4.76
Average number of ordinary shares (**)	15,494,590	15,494,590
Earnings per share - diluted	5.45	4.74

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

Other comprehensive income components:

Other comprehensive income

(in Euro thousands, unless otherwise specified)	Provision for result	Totale Gruppo	Equity attributable to non-controlling interest	Total other Comprehensive Income Components
At April 30, 2023				
Items that cannot be reclassified to the income statement				
Actuarial gains / (losses) for employee benefits	1,492	1,492	164	1,656
Total	**1,492**	**1,492**	**164**	**1,656**
Other Comprehensive Income Components	1,492	1,492	164	1,656

29. Current and Non-current Loans and Financial liabilities for Rights of use

The table below provides a breakdown of this item at April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousands)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long term loans	78,473	175,294		253,767
Short term loans	51,475			51,475
Debts and commitments for the purchase of shares in minority shareholders	45,061	91,357	19,322	155,740
Advances received from factoring companies	762			762
Financial liabilities for rights of use	12,701	26,109	11,265	50,075
Total	**188,472**	**292,760**	**30,587**	**511,819**

At April 30, 2022

(Euro thousands)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long term loans	79,197	123,559		202,756
Short term loans	50,267			50,267
Debts and commitments for the purchase of shares in minority shareholders	31,589	59,693	17,115	108,397
Advances received from factoring companies	590			590
Debts for financial leasing	11,084	23,584	10,265	44,933
Total	**172,727**	**206,836**	**27,380**	**406,943**

The table below summarises the main loans in place:

At April 30

Funding entity	Original amount	Company	New loan	Expiry	Rate applied	30-apr-23	Of which current	30-apr-22	Of which current	30-apr-21	Of which current
BNL BNP Paribas SpA	40,000	Var Group SpA	Apr-22	Apr-27	Euribor 6m +0.75%	32,000	8,000	40,000	8,000		
Banca Intesa SpA	25,000	Var Group SpA	May-22	May-27	Euribor 6m +0.75%	22,500	5,000				
BNL BNP Paribas SpA	25,000	Computer Gross Italia S.p.A	Jul-19	Gen-25	Euribor 3m +1.10%	10,000	6,250	15,000	5,000	18,750	5,000
Banca Intesa SpA	25,000	Base Digitale Group Srl	Mar-22	Mar-27	Euribor 6m +0.75%	22,500	5,000				
Banca Popolare Emilia Romagna SpA	20,000	Var Group SpA	Apr-23	Jun-27	Euribor 3m +1.05%	20,000	2,500				
Banca MPS SpA	15,000	Var Group SpA	Sep-22	Dec-27	Euribor 6m +0.95%	15,000	2,943				
Credito Emiliano SpA	15,000	Computer Gross Italia SpA	Nov-22	Nov-27	Euribor 3m +0.90%	14,296	2,080				
Banco BPM SpA	12,000	Var Group SpA	Mar-22	Mar-27	Euribor 3m +1.10%	9,684	2,290	12,000	2,370		
Unicredit SpA	11,500	Computer Gross Italia S.p.A	May-21	Nov-25	Euribor 3m +1.00%	5,846	3,353	9,344	2,875		
Banca Intesa SpA	10,000	Computer Gross Italia S.p.A	May-22	May-27	Euribor 6m +0.75%	9,000	2,000				

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 25.0 million (residual value Euro 7.8 million) subscribed by Var Group SpA with Credit Agricole SpA in July 2020 (maturity 2024);
- Euro 11.5 million (residual value Euro 6.5 million) subscribed by Var Group SpA with Unicredit SpA in May 2021 (maturity 2025);
- Euro 10.0 million (residual value Euro 9.3 million) subscribed by Var Group SpA with Credit Agricole SpA in December 2022 (maturity 2026);
- Euro 10.0 million (residual value Euro 9.0 million) subscribed by Computer Gross SpA with Banca Intesa SpA in May 2022 (maturity 2027);
- Euro 25.0 million (residual value Euro 25.0 million) subscribed by Base Digitale Group SpA with Banca Intesa SpA in May 2022 (maturity 2027);
- Euro 25.0 million (residual value Euro 22.5 million) subscribed by Var Group SpA with Banca Intesa SpA in May 2022 (maturity 2027);
- Euro 40.0 million (residual value Euro 32.0 million) subscribed by Var Group SpA with BNL BNP Paribas in April 2022 (maturity 2027);
- Euro 15.0 million (residual value Euro 15.0 million) subscribed by Var Group SpA with Banco MPS SpA in September 2022 (maturity 2027);
- Euro 12.0 million (residual value Euro 9.7 million) subscribed by Var Group SpA with Banco BPM SpA in March 2022 (ma-

turity 2027);

- Euro 20.0 million (residual value Euro 20.0 million) subscribed by Var Group SpA with Banco BPM SpA in April 2023 (maturity 2027).

These loans require compliance with certain ratios of Net Financial Position/Ebitda of the SSI Sector and/or the Sesa Group. In the financial year ended April 30, 2023, 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 April 30

(Euro thousands)						
Funding entity	**New Loan**	**Expiry**	**2023**	**Of which current**	**2022**	**Of which current**
Leasint SpA	May-18	May-30	3,016	336	3,347	332
Leasint SpA	Jan-17	May-30	5,767	449	6,204	437
Leasint SpA	Sep-13	May-30	422	27	448	25
Leasint SpA	Oct-10	May-30	5,037	309	5,341	304
Leasint SpA	Dec-08	Sep-25	59	59	151	92
Operating leases, car leases and rentals			35,774	11,521	29,442	9,894
Total			**50,075**	**12,701**	**44,933**	**11,084**

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

At April 30

(Euro thousands)	2023	2022
Minimun payments due		
Within 12 months	13,625	11,927
Between 1 and 5 years	28,235	25,296
Over 5 years	11,718	10,831
	53,578	48,054
Future financial expenses	**(3,503)**	**(3,121)**
Current value of financial leasing liabilities	50,075	44,933

In the table below shows the Group's net financial debt at April 30, 2023 and April 30, 2022 in accordance with ESMA and Consob recommendations:

At April 30

(Euro thousands)	2023	2022
A. Cash	651	96
B. Cash equivalents	536,856	496,215
C. Other current financial assets	7,993	2,594
D. Liquidity (A) + (B) + (C)	545,500	498,905
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	52,237	50,857
F. Current portion of non-current financial debt	136,235	121,870
G. Current financial debt (E) + (F)	188,472	172,727
H. Net current financial debt (G) - (D)	(357,028)	(326,178)
I. Non-current financial debt (excluding the current portion and debit instruments)	323,347	234,216
J. Debt instruments		
K. Trade debts and other current debts		
L. Non current financial debt (I) + (J) + (K)	323,347	234,216
M. Net current financial debt (H) + (L)	**(33,681)**	**(91,962)**

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 April 30

(Euro thousands)	2023	2022
Cash flows generated by operating assets before changes in net working capital	211,326	167,726
change in working capital	(89,328)	(17,861)
Cash flow generated by (used in) operating activities before changes in lease liabilities	121,998	149,865
Payment of lease principal	(14,308)	(13,555)
Cash flow generated by (used in) operating activities (A)	107,690	136,310
Cash flow generated by (used in) investment activities (B)	(40,085)	(25,314)
Free cash flow (A+B)	67,605	110,996
Cash flow generated by (used in) acquisition investment activities (C)	(98,246)	(92,311)
(Purchase) sale of other equity investments and securities (D)	(4908)	(757)
Cash flow generated by (used in) investment activities (B+C+D)	(143,239)	(118,382)
Cash flow generated by (used in) operating and investment activities	(35,549)	17,928
Cahnges in Equity	3,190	
Treasury Shares	(11,189)	(6,005)
Dividends distributed	(14,732)	(14,642)
Change in net debt	**(58,281)**	**(2,719)**
Opening Net Financial Position	**91,962**	**94,681**
Change in Net Financial Position	**(58,281)**	**(2,719)**
Closing Net Financial Position	**33,681**	**91,962**

30. Debts and commitments for the purchase of shares in minority shareholders

Below is the handling of debts for commitments for acquisitions ofn minority shareholdings during the year. Please note that this item consists of deferred price payables, Earn Out and Put options outstanding in the acquisition transactions carried out by the Group companies.

	04/30/2022	New in	Payments	Adjustment P&L			Adjustment on Equity	04/30/2023
				Income	Cost	Inter		
Deferred price	19,174	35,862	(20,213)					34,823
Earn Out	20,828	17,735	(6,250)	(3,964)	213	11	480	29,050
PUT options	68,395	22,151	(2,246)	(8,555)	5,644	106	6,369	91,867
Total debt and commitments for the purchase of shares in minority shareholders	**108,397**	**75,748**	**(28,709)**	**(12,519)**	**5,857**	**117**	**6,849**	**155,740**

The detail of the portion of debt maturing within 12 months is as follows:

	2023	2022
Current liabilities and commitments for the acquisition of shareholdings in minority shareholders	45,061	31,589
Non-current liabilities and liabilities on acquisition of holdings in minority shareholders	110,679	76,808
Total	**155,740**	**108,397**

31. 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 April 30

(Euro thousands)	2023	2022
Opening balance	44,379	40,897
Service cost	5,100	4,516
Bond interests	1,092	332
Uses and advances	(3,718)	(3,423)
Actuarial loss/(gain)	(2,088)	(2,213)
Change in the scope of consolidation and purchase of business branches	3,499	4,270
Closing balance	**48,264**	**44,379**

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

At April 30

(Euro thousands)	2023	2022
Economics assumptions		
Rate of inflation	5.9% for 2023 2.3% for 2024 2.0% for 2025	1.70%
Discount rate	3.56%	2.29%
TFR increase rate	5.9% for 2023 3.2% for 2024 3.0% for 2025	2.78%

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

(Euro thousands)	Scenarios	Past service liability
Annual discounting rate	0.50%	46,441
	(0.50%)	49,826
Average annual rate of inflation	0.50%	48,863
	(0.50%)	47,319
Turnover rate	0.50%	48,140
	(0.50%)	47,977

32. Provisions for Risks and Charges

Changes in these items are detailed as follows:

Provisions for Risks

(Euro thousands)	Provision for agent's pension plans	Other risk provisions	Total
At April 30, 2021	**1,323**	**961**	**2,284**
Change in the scope of consolidation	98	272	370
Accrual to provisions	157	1,730	1,887
Uses	(28)	(273)	(301)
At April 30, 2022	**1,550**	**2,690**	**4,240**
Change in the scope of consolidation	932	150	1,082
Accrual to provisions	148	1,147	1,295
Uses	(143)	(1,680)	(1,823)
At April 30, 2023	**2,487**	**2,307**	**4,794**

The Other Provisions for Risks item reflects, in particular:

- changes in the scope of consolidation attributable to the companies that entered the scope of consolidation in the year ended April 30, 2023;
- provisions for sundry charges amounting to Euro 949 thousand referable to litigation and contractual obligations of certain Group companies of negligible unitary amount;
- use of Euro 797 referred to the voluntary settlement of the only significant residual tax dispute related to Var Group SpA opened with the tax audit report of April 2, 2021.

It should also be noted that, as of the date of preparation of this annual report, there are no further significant tax claims.

33. Trade payables

The item in questioni s detailed as follows:

At April 30, 2023

(Euro thousands)	2023	2022
Advance payments	3,274	3,326
Trade payables	582,800	522,553
Total	**586,074**	**525,879**

34. Other current Liabilities

The item in questioni s detailed as follows:

At April 30

(Euro thousands)	2023	2022
Accrued liabilities and deferred income	131,454	95,994
Tax payables	22,962	13,675
Payable to personnel	36,034	30,900
Other payables	17,489	10,493
Payable to social security institutions	8,262	6,681
Advances from customers	10,930	7,180
Derivative liabilities	1,915	168
Total other current liabilities	**229,046**	**165,091**

35. 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 April 30, 2023, 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 April 30

(Euro thousands)	2023
Payments to directors	1,049

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 August 28, 2020 are excluded. In relation to the stock grant plan as at April 30, 2023, the shares relating to the annual target of 58,000 shares and also related to the triennal target of 64,000 shares have matured.

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

PAYMENTS TO THE INDEPENDENT AUDITOR

The following table, prepared in accordance with article 149-duodecies of the Consob Issuers' Regulation, shows the fees for the year ended April 30, 2023 for audit and non-audit services provided by the Independent Auditor and by entities belonging to its network, including expenses.

Payments to the indipendent auditor

Type of service	Service provider	Consignee	Remuneration for the year ended April 30, 2023 8Euro thousands)
Independent audit	KPMG	Parent company Sesa SpA	79
Independent audit	KPMG	Subsidiary companies	312
Other assurance services	KPMG	Subsidiary companies	21

Remuneration includes, in addition to fees, out-of-pocket expenses and the supervisory contribution.

36. 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 April 30, 2023 and April 30, 2022:

Asset balances

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impacton the item
Current trade receivables						
At April 30, 2023	3,859		1		3,860	0.73%
At April 30, 2022	6,101			10	6,111	1.41%
Other current receivables and assets						
At April 30, 2023	29				29	0.02%
At April 30, 2022	29				29	0.17%
Employee benefits						
At April 30, 2023			125		125	0.26%
At April 30, 2022			67		67	0.15%
Trade payables						
At April 30, 2023	4,954		117		5,071	0.87%
At April 30, 2022	3,861		138	71	4,070	0.77%
Other current liabilities						

Asset balances

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Total	Impacton the item
At April 30, 2023			122		122	0.05%
At April 30, 2022			114		114	0.07%

The following table details the economic effects of transactions with related parties in the years ended April 30, 2023 and April 30, 2022:

P&L effects

(Euro thousands)	Associated companies	Parent companies	Top Management	Other related parties	Totale	Impacton the item
Revenues						
At April 30, 2023	9,002	82	9		9,093	0.32%
At April 30, 2022	9,990	78	10	2	10,080	0.43%
Other income						
At April 30, 2023	54	39	17	1	111	0.28%
At April 30, 2022	53	4	15		72	0.26%
Consumable materials and goods						
At April 30, 2023	1,392				1,392	0.06%
At April 30, 2022	1,176				1,176	0.06%
Costs for services and for the use of third party goods						
At April 30, 2023	12,825		8,047	253	21,125	8.45%
At April 30, 2022	9,266		5,680	488	15,434	7.57%
Personnel costs						
At April 30, 2023			1,120		1,120	0.47%
At April 30, 2022			1,117		1,117	0.57%
Other operating costs						
At April 30, 2023						0.00%
At April 30, 2022						0.03%
Financial income						
At April 30, 2023	6				6	0.03%
At April 30, 2022						0.00%
Financial expenses						
At April 30, 2023	7				7	0.02%
At April 30, 2022	2				2	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 mainly are GV Way Srl, Sistemi Manageriali Srl, e Var It Srl, while IT services were mainly purchased from ISD Italy Srl, Gv Way Srl e Var IT Srl e Innorg Srl.

PARENT COMPANIES

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

TOP MANAGEMENT

Relations with top management refer mainly to the remuneration of directors and executives with strategic responsibilities, as well as close family members. In particular, 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.

37. Events Occourring 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".

38. Authorisation for publication

The publication of the consolidated financial statements of the Sesa Group for the year ended April 30, 2023 was authorised by a resolution of the Board of Directors on July 18,2023.

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 February 24, 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 April 30, 2023.

2. The application of the administrative and accounting procedures for the preparation of the consolidated financial statements as at April 30, 2023 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 July 19, 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.

3. 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, July 18, 2023

Paolo Castellacci
Chairman of the Board of Directors

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

Independent Auditor's Report on the Consolidated Financial Statements as of April 30, 2023

KPMG

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Sesa S.p.A.

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 statement of financial position as at 30 April 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Sesa Group as at 30 April 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

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 "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Sesa S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. 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 judgement, were of most significance in the audit of the consolidated financial statements of the current year. 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.

Measurement of trade receivables

Notes to the consolidated financial statements: notes 2 "Summary of accounting policies", 3 "Financial risk management", 4 "Estimates and assumptions" and 24 "Current trade receivables"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 30 April 2023 include trade receivables of €529.2 million, net of a loss allowance of €35.3 million. Assessing the loss allowance is a complex accounting estimate entailing a high level of directors' judgement as it is affected by many factors, including the type of customer, the age of the receivables, credit insurance and any other information. For the above reason, we believe that the measurement of trade receivables is a key audit matter.	Our audit procedures included: • analysing the processes and controls implemented by the group to estimate the loss allowance; • analysing the data and models used to estimate the loss allowance; • holding discussions with the relevant internal departments about the accounting policies applied to estimate the loss allowance; • assessing the reasonableness of estimates based on our understanding of the group's business and past experience; • sending written requests for information to the legal advisors assisting the group with credit recovery and checking the individual assessments made by the group for consistency with the information obtained; • assessing the appropriateness of the disclosures provided in the notes about trade receivables.

Measurement of liabilities and purchase commitments for non-controlling interests

Notes to the consolidated financial statements: notes 2 "Summary of accounting policies", 4 "Estimates and assumptions" and 30 "Liabilities and purchase commitments for non-controlling interests"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 30 April 2023 include liabilities to non-controlling investors for earn-outs and put options of €29.0 million and €91.9 million, respectively. These liabilities originated from business combinations carried out by the group and relate to (i) the contingent consideration for the acquisition of certain subsidiaries (earn-outs) and (ii) put options for non-controlling interests in certain subsidiaries. These liabilities are initially recognised at fair value and subsequently remeasured at each reporting date based on the discounted future expected profits and cash flows of the relevant subsidiaries over the reference period.	Our audit procedures included: • analysing the processes and controls implemented by the group to estimate liabilities to non-controlling investors for earn-outs and put options; • assessing the consistency of the methods used to estimate the liabilities and the related contracts signed with the non-controlling investors; • checking the appropriateness and mathematical accuracy of the model used to estimate the liabilities, including by involving experts of the KPMG network;

Key audit matter	Audit procedures addressing the key audit matter
Measuring financial liabilities for earn-outs and put options is a complex accounting estimate entailing a high level of directors' judgement as it is affected by assumptions which, by their very nature, may vary over time and, hence, are subject to change. For the above reason, we believe that the measurement of liabilities to non-controlling investors for earn-outs and put options is a key audit matter.	• comparing actual figures to forecasts to assess any discrepancies and the reliability of the subsidiaries' estimated financial performance; • analysing the reasonableness of the main assumptions used in the estimation process; • assessing the appropriateness of the disclosures provided in the notes about the liabilities and purchase commitments for non-controlling interests.

Other matters - Comparative figures

The group's consolidated financial statements at 30 April 2022 were audited by other auditors, who expressed their unqualified opinion thereon on 25 July 2022.

Responsibilities of the parent's directors and audit 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 the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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 group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 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 these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude 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 auditors' 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate 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;
- obtain 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.

We communicate with those charged with governance, identified at the appropriate level 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 21 August 2021, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 30 April 2023 to 30 April 2031.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the audit committee prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

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

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 30 April 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 30 April 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's report on operations and report on corporate governance and ownership structure at 30 April 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 30 April 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 30 April 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Sesa S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Florence, 28 July 2023

KPMG S.p.A.

(signed on the original)

Giuseppe Pancrazi
Director of Audit

Annex 1

SUBSIDIARIES

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-23	Percentage held at 30-Apr-22
PLURIBUS SRL	ALBALOG SRL	Sesto Fiorentino (FI)	11,000	100.0%	n.a.
VAR GROUP SPA	ALDEBRA SPA	Trento (TN)	273,657	75.5%	n.a.
VAR ONE SRL	ALFASAP SRL	Roma (RM)	20,000	51.0%	n.a.
BASE DIGITALE SECURITY SOLUTIONS SRL	A PLUS SRL	Empoli (FI)	100,000	Merged into BDS Factory	51.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	ABS TECHNOLOGY SPA	Firenze (FI)	2.300,000	100.0%	100.0%
ADIACENT SRL	ADACTO SRL	Empoli (FI)	100,000	Merged into Adiacent Srl	100.0%
VAR GROUP SPA	ADDFOR INDUSTRIALE SRL	Empoli (FI)	10,000	80.0%	58.5%
ADIACENT SRL	ADVIEW SRL	Empoli (FI)	10,000	100.0%	100.0%
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ADIACENT INTERNATIONAL SRL	Empoli (FI)	10,100	60.4%	60.4%
ADIACENT INTERNATIONAL SRL	ADIACENT APAC LIMITED	Hong Kong	70,000 hkd	75.0%	n.a.
VAR INDUSTRIES SRL	AMAECO SRL	Fiorano Modenese (MO)	20,000	65.0%	n.a.
DATA SCIENCE SRL	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	100.0%	n.a.
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	n.a.	51.0%
VAR GROUP SPA	APRA SPA	Jesi (AN)	151,520	87.5%	87.5%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	55.0%
SEBIC INVESTMENTS SRL	ARGON PRODUZIONE SRL	Pescara (PE)	10,000	100.0%	n.a.
APRA SPA	ASSIST INFORMATICA SRL	Basta Umbra (PG)	95,800	51.0%	n.a.
BDM SRL	AUSILIA SRL	Firenze (FI)	500,000	100.0%	n.a.
SESA SPA	BASE DIGITALE GROUP SRL	Firenze (FI)	6,625,200	87.3%	81.3%
BASE DIGITALE GROUP SRL	BDM SRL	Firenze (FI)	5,435,000	100.0%	81.3%
BASE DIGITALE GROUP SRL	BDX SPA	Collecchio (PR)	50,000	55.0%	n.a.
BASE DIGITALE GROUP SRL	BDY SPA	Firenze (FI)	3,000,000	51.0%	n.a.
BASE DIGITALE GROUP SRL	BASE DIGITALE PLATFORM SRL	Firenze (FI)	20,000	99.5%	81.3%
BASE DIGITALE GROUP SRL	BASE DIGITALE SECURITY SOLUTION SRL	Firenze (FI)	100,000	93.0%	99.0%
DIGITAL SECURITY SRL				3.0%	n.a.
DI.TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	100.0%
VAR BMS SPA	BI4TECH SHPK	Tirana	10,000	97.0%	n.a.

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
VAR GROUP SPA	BLOCKIT SRL	Padova (PD)	27,400	69.8%	69.8%
YARIX SRL				30.2%	30.2%
ICOS GMBH	BRAINWORKS COMPUTER-TECHNOLOGIE GmBH	Munchen	25,659	Merged into Icos GMBH	100.0%
VAR GROUP SPA	CADLOG GROUP SRL	Milano (MI)	100,000	60.0%	60.0%
CADLOG GROUP SRL	CADLOG GMBH	Eching	25,565	100.0%	100.0%
CADLOG GROUP SRL	CADLOG SL	Madrid	3,000	100.0%	94.0%
CADLOG GROUP SRL	CADLOG SAS	Tremblay-en-France	10,000	100.0%	100.0%
PBU CAD-Systeme GMBH	CIMTEC GMBH	Großheirath	25,000	100.0%	100.0%
DIGITAL SECURITY SRL	CYRES CONSULTING SERVICES GMBH	Monaco	25,000	73.5%	n.a.
BASE DIGITALE SECURITY SOLUTIONS SRL	CITEL SPA	Milano (MI)	606,060	Merged into BDS Factory	67.0%
VAR GROUP SPA	DATA SCIENCE SRL	Empoli (FI)	134,000	80.6%	n.a.
VAR GROUP SPA	DATEF SPA	Bolzano (BZ)	126,000	51.0%	51.0%
VAR GROUP SPA	DIGITAL GDO SRL	Empoli (FI)	1.000,000	95.6%	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	DURANTE SPA	Cormano (MI)	1,000,000	51.0%	n.a.
VAR PRIME SRL	DYNAMICS BUSINESS SOLUTIONS SRL	Caserta (CE)	11,765	100.0%	n.a.
VAR GROUP SPA	VAR4TEAM SRL	Bergamo (BG)	253,000	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	80.9%	91.4%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
COMPUTER GROSS SPA	KOLME SRL	Milano (MI)	156,250	63.4%	66.0%
SAILING SRL	MERSY SRL	Empoli (FI)	10,000	100.0%	100.0%
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 SPA	COSESA SRL	Empoli (FI)	15,000	100.0%	100.0%
PLURIBUS SRL	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	100.0%	n.a.
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	n.a.	100.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
DIGITAL GDO SRL	DI.TECH SPA	Bologna (BO)	2,575,780	100.0%	n.a.
VAR GROUP SPA	DI.TECH SPA	Bologna (BO)	2,575,780	n.a.	100.0%
VAR GROUP SPA	DIGITAL CLOUD SRL	Empoli (FI)	83,144	82.4%	79.3%
DURANTE SPA	DIGITAL INDEPENDENT SRL	Milano (MI)	95,000	100.0%	n.a.
VAR GROUP SPA	DIGITAL SECURITY SRL	Empoli (FI)	119,161	75.7%	90.3%
BASE DIGITALE PLATFORM SRL	DIGITAL STORM SRL	Milano (MI)	25,000	60.0%	60.0%
DURANTE SPA	DIGITAL WORKSPACE SRL	Empoli (FI)	170,000	100.0%	n.a.
GENCOM SRL	DIGITAL WORKSPACE SRL	Empoli (FI)	170,000	n.a.	35.0%
MY SMART SERVICES SRL				n.a.	65.0%
BASE DIGITALE PLATFORM SRL	DVR ITALIA SRL	Torino (To)	22,222	72.0%	n.a.
MY SMART SERVICES SRL	TECHNOLOGY CONSULTING SRL	Bolzano (BZ)	200,000	100.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	n.a.	18.0%
VAR SYSTEM SRL				100.0%	82.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	BDS FACTORY SRL	Empoli (FI)	41,600	100.0%	75.0%
VAR GROUP SPA				n.a.	7.5%
YARIX SRL				n.a.	7.5%
BASE DIGITALE PLATFORM SRL	EMMEDI SRL	Udine (UD)	121,000	51.0%	n.a.
APRA SPA	EUROLAB SRL	Fermo (AP)	10,400	55.0%	n.a.
BDX SRL	EURO FINANCE SYSTEMS SA	Parigi	150,000	50.1%	n.a.
BASE DIGITALE PLATFORM SRL	EVER GREEN MOBILITY RENT SRL	Scandicci (FI)	10,000	52.0%	n.a.
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	100.0%	51.0%
ADIACENT INTERNATIONAL SRL	FEN WO (SHANGAI) MANAGEMENT CONSULTING CO., LTD	Shanghai	202,426	55.3%	55.3%
DIGITAL SECURITY SRL	GENCOM SRL	Forlì (FO)	88,400	100.0%	40.0%
YARIX SRL				n.a.	60.0%
BASE DIGITALE PLATFORM SRL	IFM INFOMASTER SPA	Genova (GE)	661,765	89.3%	66.8%
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	676,880	81.3%	81.3%
ICOS SPA	ICOS Deutschland GmbH	Munchen	1,100,000	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%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
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%	70.0%
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%
MF SERVICES SRL	ISD NORD SRL	Frascati (RM)	15,790	25.0%	n.a.
VAR NEXT SRL				25.0%	n.a.
MY SMART SERVICES SRL				20.0%	n.a.
VAR GROUP SPA	KLEIS SRL	TORINO (TO)	10,400	51.0%	51.0%
DIGITAL SECURITY SRL				10.0%	n.a.
EVER GREEN MOBILITY RENT	MR FLEET SRL	Scandicci (FI)	250,000	51.0%	n.a.
DIGITAL CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	49.0%	49.0%
LEONET4CLOUD SRL				51.0%	51.0%
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%	100.0%
DATA SCIENCE SRL	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	100.0%	n.a.
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	1,000,000	70.0%	n.a.
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
PALITALSOFT SRL	NEXT STEP SOLUTION SRL	Collecchio (PR)	30,000	55.0%	n.a.
DIGITAL SECURITY SRL	NGS SRL	Padova (PD)	10,000	100.0%	60.0%
BDX SRL	OMIGRADE SERVIZI SRL	Colecchio (PR)	46,800	100.0%	n.a.
ADVIEW SRL	OTCADA MEX S DE RL DE DV	Guadalajara, Jalisco, Messico	10,000 MXN	100.0%	100.0%
PALITALSOFT SRL	PAL IFM SRL	Catanzaro (CZ)	50,000	55.0%	55.0%
APRA SPA	PALITALSOFT SRL	Jesi (AN)	135,000	55.0%	55.0%
SISTHEMA SPA	PANTHERA SRL	Milano (MI)	500,000	Merged into Sisthema Spa	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	100.0%	51.0%
VAR GROUP SPA	PLURIBUS SRL	Empoli (FI)	50,000	91.0%	n.a.
COMPUTER GROSS SPA	P.M. SERVICE SRL.	Pontassieve (FI)	145,928	70.0%	70.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	Merged into Apra Spa	68.1%

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-23	Percentage held at 30-Apr-22
VAR GROUP SPA	PRAGMA PROGETTI SRL	TORINO (TO)	100,000	36.0%	36.0%
SISTHEMA SPA	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)	1,096,136	27.3%	27.4%
VAR GROUP SPA				50.7%	50.9%
BDM SRL				0.4%	2.5%
APRA SPA				6.9%	7.4%
DIGITAL GDO SRL	SAILING SRL	Reggio Emilia (RE)	10,000	100.0%	n.a.
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	n.a.	87.5%
PM SERVICE SRL	SEBIC INVESTMENTS SRL	Pontassieve (FI)	10,000	100.0%	100.0%
ADIACENT SRL	SEMIO SRL	Empoli (FI)	20,000	100.0%	100.0%
COMPUTER GROSS SPA	SERVICE TECHNOLOGY SRL	Arezzo (AR)	technol	55.0%	55.0%
SESA SPA	SESA GMBH	monaco	100,000	100.0%	n.a.
VAR ONE SRL	VAR ONE NORD EST SRL	Pordenone (PN)	158,690	100.0%	100.0%
VAR GROUP SPA	SISTHEMA SPA	Milano (MI)	1,046,860	53.3%	51.0%
ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	Merged into Adiacent Srl	51.0%
DATA SCIENCE SRL	SPS SRL	Bologna (BO)	10,400	100.0%	n.a.
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	n.a.	30.0%
VAR GROUP SPA	TALENT WARD SRL	Empoli (FI)	50,000	80.0%	80.0%
BDX SRL	T&O SRL	Colecchio (PR)	10,000	65.0%	n.a.
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	51.0%	51.0%
BASE DIGITALE PLATFORM SRL	TECNIKE' SRL	Arezzo (AR)	10,000	51.0%	n.a.
BDM SRL	TECNIKE' SRL	Arezzo (AR)	10,000	n.a.	51.0%
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milano (MI)	308,504	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)	28,000	28.6%	28.6%
ADIACENT SRL				14.3%	14.3%
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	68.8%	50.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
VAR PRIME SRL	VAR 4 RETAIL SRL	Treviso (TV)	170,000	85.0%	n.a.
MY SMART SERVICES SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	96.6%	96.6%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SUISSE SA	Lugano	100,000 CHF	100.0%	n.a.
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
DIGITAL CLOUD SRL	VAR HUB SRL	Empoli	33,333	45.0%	n.a.
VAR GROUP SPA				n.a.	45.0%
DI.TECH SPA				55.0%	55.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	255,364	96.7%	81.0%
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%
SISTHEMA SPA				45.0%	45.0%
VAR ENGINEERING SRL				10.0%	10.0%
VAR GROUP SPA				21.0%	21.0%
MY SMART SERVICES SRL	VAR NEXT SRL	Treviso (TV)	10,000	85.0%	n.a.
MY SMART SERVICES SRL	TECHNOLOGY CONSULTING SRL	Bolzano (BZ)	200,000	100.0%	100.0%
MY SMART SERVICES SRL	VAR4YOU SRL	Empoli (FI)	30,000	100.0%	100.0%
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	Merged into Addfor Industriale Srl	50.0%
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	44.0%	100.0%
DIGITAL SECURITY SRL	YARIX SRL	Montebelluna (TV)	30,000	100.0%	100.0%
VAR GROUP SPA	YOCTOIT SRL	Monza (MB)	152,000	52.1%	n.a.
DIGITAL SECURITY SRL	WEELGO SRL	Bergamo (BG)	10,000	Merged into Gencom Srl	49.0%
GENCOM SRL				Merged into Gencom srl	51.0%
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	100.0%
VAR ENGINEERING SRL	WSS ITALIA SRL	Milano (MI)	35,000	55.0%	n.a.
VAR GROUP SPA	WSS ITALIA SRL	Milano (MI)	35,000	n.a.	55.0%
DIGITAL CLOUD SRL	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	76.3%	n.a.
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	n.a.	55.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-23	Percentage held at 30-Apr-22
APRA SPA	Z3 ENGINEERING SRL	Lanciano (CH)	10,500	35.0%	35.0%
VAR ONE SRL				25.0%	25.0%
DIGITAL CLOUD SRL	ZERO12 SRL	Padova (PD)	10,101	100.0%	100.0%

Annex 2

ASSOCIATED COMPANIES

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-23	Percentage held at 30-Apr-22
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	20.0%	20.0%
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR INDUSTRIES SRL	BEATREEX SRL	Milano (MI)	12,350	20.1%	n.a.
VAR BMS SPA	B.I.T. SRL	Milano (MI)	100,000	n.a.	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%
VAR GROUP SPA	FINCHAIN SRL	Empoli (FI)	10,000	50.0%	n.a.
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%	45.0%
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	n.a.	28.6%
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	50.0%	50.0%
M.F. SERVICES SRL	ISD ITALY SRL	Frascati (RM)	21,000	14.3%	14.3%
MY SMART SERVICES SRL				14.3%	n.a.
VAR BMS SPA	ISO SISTEMI SRL	Genova (GE)	63,000	41.7%	25.0%
VAR GROUP SPA	LABOVAR SRL	Instrana (TV)	50,000	49.0%	49.0%
ADIACENT SRL	LAGUNAROCK SRL	Pontedera (PI)	10,000	35.0%	35.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
BDX SRL	LAW ON CHAIN SRL	Colecchio (PR)	50,000	30.6%	30.6%
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	n.a.	33.0%
MY SMART SERVICES SRL	MTS&CARE	Gorlago (BG)	10,000	45.0%	n.a.
VAR GROUP SPA	NIVOLA SRL	Biella (BI)	11,100,000	49.0%	n.a.
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
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%	33.1%
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%
TECH-VALUE SRL	TEKNO SERVICE SRL	Galbiate (LC)	10,000	44.0%	n.a.
ADIACENT SRL	THE GREENWATCH SRL	Milano (MI)	10,000	35.0%	35.0%
GENCOM SRL	T-STATION ACADEMY SRL	Forlì (FO)	25,000	40.0%	40.0%
VAR BMS SPA	VAR ALFA SRL	Udine (UD)	50,000	25.0%	n.a.
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	44.0%	n.a.
SISTHEMA 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%

Annex 3

OTHER COMPANIES

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
MY SMART SERVICES SRL	AD CONSULTING SPA	Modena	1,296,296	19.0%	n.a.
DIGITAL CLOUD SRL	AIRSPOT SRL	Torino (TO)	13,100	19.1%	n.a.
VAR GROUP SPA	ALDEBRA SPA	Trento (TN)	273,657	n.a.	11.8%
VAR INDUSTRIES SRL	AMAECO SRL	Fiorano Modenese (MO)	20,000	n.a.	10.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at 30-Apr-23	Percentage held at 30-Apr-22
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	n.a.	10.0%
VAR GROUP SPA	AXED SPA	Latina (LT)	2,000,000	0.1%	0.1%
VAR BMS SPA	B.I.T. SRL	Milano (MI)	100,000	12.5%	n.a.
SESA SPA	BLUE FACTORY SRL	Milano (MI)	100,000	17.0%	n.a.
VAR GROUP SPA	CAP SOLUTIONS SRL	Genova (GE)	100,000	15.0%	15.0%
SESA SPA	CABEL HOLDING SPA	Empoli (FI)	12,000,000	1.9%	1.9%
VAR GROUP SPA				1.9%	1.9%
GENCOM SRL	CAVAREI IMPRESA SOCIALE	Forlì	281,925	0.2%	0.2%
YARIX SRL	COMMERC.IO SRL	SCHIO (VI)	370,000	0.7%	0.7%
VAR GROUP SPA				0.7%	0.7%
APRA SPA	COMPUTER VAR TORINO SRL	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	n.a.	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	n.a.	13.8%
VAR PRIME SRL	DYNAMICS BUSINESS SOLUTION SRL	Caserta (CE)	11,765	n.a.	19.9%
VAR GROUP SPA	DITECFER SCARL	Pistoia (PT)	96,000	2.0%	2.0%
SESA SPA	DV HOLDING SPA	Roma (RM)	100,000	6.0%	6.0%
VAR ONE SRL	ECA CONSULT SRL	Mordano (BO)	40,000	n.a.	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	0.98%	0.98%
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%	19.0%
VAR GROUP SA	FD SERVICE SRL	Milano (MI)	100,000	2.1%	n.a.
VAR GROUP SA	FINDYNAMIC SRL	Milano (MI)	25,422	2.0%	n.a.
APRA SPA	G.L. ITALIA Srl	Milano (MI)	10,400	9.0%	9.0%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo (AR)	65,519	10.0%	10.0%
VAR ONE SRL	INFORMETICA CONSULTING SRL	San Martino Buon Albergo (VR)	120,000	15.0%	n.a.
LEONET4CLOUD SRL	INFOSVIL SRL	Firenze (FI)	20,400	10.0%	10.0%
APRA SPA	INNOVAZIONE AUTOMOTIVE E METALMECCANICA SOC CON	Santa Maria Imbaro	115,000	0.6%	n.a.
COLLABORATION VALUE SRL	ITF SRL	Empoli (FI)	100,000	10.0%	10.0%
VAR INDUSTRIES SRL	LINFA DIGITALE SRL	Lucca (LU)	10,000	13.3%	10.0%
VAR GROUP SPA	MACRO GROUP COMMERCIALE SRL	Bologna (BO)	50,000	19.0%	19.0%
SESA SPA	PARENTSMILE SRL	Vicenza (VI)	200,000	10.0%	10.0%
VAR PRIME SRL	PIESSE QUADRO SRL	Bovolone (VR)	20,800	10.0%	10.0%
DELTA PHI SIGLA SRL	PLAYERP SRL	Empoli (FI)	20,000	19.0%	19.0%
ABS TECHNOLOGY SPA	R & C APPALTI SRL	Roma (RM)	13,600	17.0%	17.0%
DATEF SRL	SAIM SRL	Terni	200000	0.0%	2.5%
ADIACENT SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
YARIX SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
GENCOM SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
DATEF SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
VAR4YOU SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
LEONET4CLOUD SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
DIGITAL SECURITY SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
VAR BMS SPA	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
VAR NEXT SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
NEBULA SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
VAR ENGINEERING SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
MF SERVICES SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
APRA SPA	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
WSS ITALIA SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
ZERO 12 SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
MY SMART SERVICES SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
MEDIAMENTE CONSULTNG SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
PALITALSOFT SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				30-Apr-23	30-Apr-22
TECNOLOGY CONSULTING SRL	CONSORZIO VAR GROUP	Empoli (FI)	51,646	4.2%	4.2%
VAR GROUP SPA				4.2%	4.2%
VAR ONE NORD EST 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%	12.4%
VAR GROUP SPA	SPORTEAMS SRL	Bagno a Ripoli (FI)	20,652	0.2%	0.2%
VAR GROUP SPA	SYSDAT.IT Srl	Milano (MI)	100,000	10.0%	10.0%
ALDEBRA SPA	UPSENSE SRL	Trento (TN)	14,134	0.6%	n.a.
VAR PRIME SRL	VAR4RETAIL SRL	Treviso (TV)	23,529	n.a.	15.0%
VAR INDUSTRIES SRL	VAR PLUS SRL	Empoli (FI)	10,000	15.0%	15.0%
MF SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	2.8%	n.a.
VAR GROUP SRL	VAR SOLUTIONS SRL	Milano (MI)	10,000	10.0%	10.0%
APRA SPA	VTF SRL	Empoli (FI)	141,270	1.4%	n.a.

Separate financial stamentes as of April 30, 2022

SEPARATE INCOME STATEMENT

Year ended April 30

(Euro)	Note	2023	2022
Revenues	5	13,663,662	12,272,549
Other incomes	6	5,210,862	3,073,854
Consumables and goods for resale	7	(66,209)	(56,689)
Costs for services and rent, leasing, and similar costs	8	(13,172,463)	(9,135,458)
Personnel costs	9	(7,735,005)	(6,857,865)
Other operating costs	10	(222,974)	(204,274)
Amortisation and Depreciation	11	(398,224)	(413,104)
Operating result		(2,720,351)	(1,320,987)
Financial income	12	24,000,000	18,580,734
Financial expenses	12	(58,495)	(29,064)
Profit before taxes		21,221,154	17,230,683
Income taxes	13	216,026	(34,508)
Profit for the year		**21,437,180**	**17,196,175**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

Year ended April 30

(Euro)	Note	2023	2022
Profit for the year		21,437,180	17,196,175
Items that cannot be reclassified to the Income Statement			
Actuarial gain (loss) for employee benefits - Gross effect	24	109,299	141,579
Actuarial gain (loss) for employee benefits - Tax effect	24	(26,232)	(33,739)
Comprehensive income for the year		**21,520,247**	**17,304,015**

SEPARATE STATEMENT OF FINANCIAL POSITION

At April 30

(Euro)	Note	2023	2022
Intangible assets	14	285,206	197,603
Right of use	15	362,134	262,798
Property, plant and equipement	16	1,043,906	407,680
Investment property	17	6,044	6,336
Equity investments	18,20	90,684,707	87,632,827
Receivables for deferred tax assets	19	1,911,207	1,099,482
Other non-current receivables and assets	20	7,872,818	7,780,806
Total non-current assets		102,166,022	97,387,532
Current trade receivables	21	3,525,319	1,658,403
Current tax receivables	22	17,334	49,202
Other current receivables and assets	20	8,920,181	4,582,891
Cash and cash equivalents	23	1,334,596	3,217,171
Total current assets		13,797,430	9,507,667
Total assets		**115,963,452**	**106,895,200**
Share capital		37,126,928	37,126,928
Share premium reserve		33,144,034	33,144,034
Other reserves		9,093,141	10,182,691
Profits carried forward		21,437,187	17,196,174
Total Shareholders' equity	24	100,801,290	97,649,827
Non-current loans	26		
Financial liabilities for non-current rights of use	26	94,343	145,628
Non current financial liabilities and commitments for purchase of shares from non-controlling interests			
Employee benefits	27	2,031,735	1,947,183
Non-current provisions	28		
Deferred tax liabilities	19	27,980	41,267
Total non-current liabilities		2,154,058	2,134,078
Current loans	26		42,049
Financial liabilities for current rights of use	26	272,164	121,230
Non current financial liabilities and commitments for purchase of shares from non-controlling interests		45,000	45,000
Trade payables	29	2,191,146	1,154,123
Current tax payables	22	642,816	6,279
Other current liabilities	30	9,856,978	5,742,614
Total current liabilities		13,008,104	7,111,295
Total liabilities		15,162,162	9,245,373
Total shareholders' equity and liabilities		**115,963,452**	**106,895,200**

SEPARATE STATEMENT OF CASH FLOWS

Year ended April 30

(Euro thousands)	Note	2023	2022
Profit before taxes		21,437	17,196
Adjustments for:			
Amortisation and Depreciation	11	399	412
Income taxes		(216)	35
Accruals to provisions relating to personnel and other provisions	28	188	305
Net financial (income) expense	12	(23,948)	(17,991)
Capital gains/losses from transfer and other non-monetary entries		6,743	3,738
Cash flows generated by operating activities before changes in net working capital		4,603	3,695
Change in trade receivables	21	(1,866)	236
Change in payables to suppliers	29	1,037	268
Change in other assets	20	(4,337)	(115)
Change in other liabilities	30	4,477	1,858
Employee benefits	27	(39)	(104)
Change in deferred taxes	19	(851)	(349)
Change in receivables and payables for current taxes	22	669	(1,718)
Interest paid		(7)	
Taxes paid		(147)	(638)
Net cash flow generated by operating activities		3,539	3,133
Equity investments	18	(3,052)	(3,500)
Investments in property, plant and equipment	16	(805)	(42)
Investments in intangible assets	14	(170)	(63)
Disposal of tangible and intangible assets			
Non-current equity investments in other companies	20	(92)	(1,481)
Disposals of non-current equity investments in other companies	20		1,000
Dividends collected		24,000	18,000
Interest collected			7
Net cash flow generated by/(used in) investment activity		19,881	13,921
(Reduction)/increase in short-term loans	26	(9)	(197)
Repayment of financial liabilities for rights of use		(181)	(156)
Treasury shares	24	(11,189)	(6,005)
Capital increase and/or Shareholder payment	24	22	
Dividends distributed	24	(13,945)	(13,168)
Net cash flow generated by/(used in) financial activity		(25,302)	(19,526)
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		(1,882)	(2,472)
Opening balance of cash and cash equivalents	23	3,217	5,689
Closing balance of cash and cash equivalents	23	1,335	3,217

SEPARATE STATEMENT OF CHANGES IN SEPARATE SHAREHOLDER'S EQUITY

See note n. 24 for the details of changes in shareholders's consolidated equity.

Changes in separate shareholders' equity

(Euro thousands)	Share Capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Sharesholder's Euqity
At April 30, 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 April 30, 2022	**37,127**	**33,144**	**10,183**	**17,196**	**97,650**
Actuarial gain/(loss) for employee benefits - gross			109		109
Actuarial gain/(loss) for employee benefits - tax effect			(26)		(26)
Transactions with shareholders					
Purchase of treasury shares			(11,189)		(11,189)
Sale of treasury shares					
Distribution of dividends				(13,945)	(13,945)
Assignment of shares in execution of Stock Grants					
Stock Grant Plan - shares vesting in the period			6,743		6,743
Other changes			22		22
Allocation of profit for the year			3,251	(3,251)	
Profit for the year				21,437	21,437
At April 30, 2023	**37,127**	**33,144**	**9,093**	**21,437**	**100,801**

Notes to the Separate Financial Statements

1. General Information

Sesa SpA (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), and in the provision of security services, digital platforms and banking applications, for the finance & banking sector (BS Sector).
The list of listed companies and joint ventures included in the scope of consolidation is annexed to the explanatory notes.
The Company is controlled by ITH SpA, which holds 52.81% of the share capital.
In turn, ITH SpA is controlled by HSE SpA, which holds 73.28 percent, of the share capital of ITH Spa.
Sesa SpA has a duration until April 30, 2075.

This document was approved by the Company's Board of Directors on July 18, 2023.

These Financial Statements are subject to independent audit by KPMG SpA.

2. Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of these separate financial statements for the year ended April 30, 2023 are illustrated below

2.1. Basis of Preparation

The separate financial statements for the year ended April 30, 2023 have been prepared in accordance with the international accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, and with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. The "IFRS" also include all revised international accounting standards ("IAS"), as well as all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

The set of all standards and interpretations referred to above is referred to below as "IFRS".
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 such as to indicate critical issues regarding the Company's ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Company 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 Company 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 Company 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".

Assets and liabilities are shown separately and without offsetting.

An asset is considered current when:

- the asset is expected to be realised, or is expected to be sold or used in the normal course of the organisation's operating cycle;
- it is held primarily for trading;
- it is expected to be realised within twelve months of the end of the financial year;
- it is in the form of cash or cash equivalents, unless it is precluded from trading or used to settle a liability for at least twelve months after the end of the financial year.

A liability is considered current when:

- the liability is expected to be settled in the normal course of the organisation's operating cycle;
- it is held primarily for trading;
- it is expected to be settled within twelve months of the end of the financial year;
- the organisation does not have an unconditional right to defer settlement of the liability for at least twelve months following the end of the financial year.

The Separate Financial Statements are prepared on a going concern basis, applying the historical cost method, except for those items that are recognised at fair value under IFRS, as indicated in the valuation criteria for individual items. The currency used by the Company for the presentation of the Separate financial statements is the Euro; all amounts are expressed in Euro thousands, except where otherwise indicated.
For the purpose of Consob disclosure on related parties, please see the specific Note 32 with details of related parties and impact on the relative items in the financial statements.
The Separate Financial Statements provide comparative information for the previous year.
The Separate Financial Statements were prepared in consideration of all specific disclosure requirements and only the information deemed relevant in accordance with the definition of IAS 1.7 has been reported.

2.2. Significant accounting standards

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 assets 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:

Useful life of tangible asset categories

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

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

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 assets without physical substance that are identifiable and capable of producing future economic benefits. They are recognised at purchase or internal production cost when it is likely that future economic benefits will be generated from their use and the related cost can be reliably determined. The cost includes directly attributable accessory expenses necessary to make the assets available for use. Development costs are recognised as intangible assets only when the Company can demonstrate the technical feasibility of completing the asset and that it has the ability, intention and availability of resources to complete the asset for use or sale.

Research costs are recognised in the Income Statement.
Intangible assets with a definite useful life are recognised net of the provision for amortisation and any impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed at least annually; any changes in the amortisation criteria are applied prospectively.
See Note 4 "Estimates and Assumptions" for more details on the estimated useful life. Amortisation begins when the intangible asset becomes available for use. Consequently, intangible assets not yet available for use are not amortised but are subject to annual impairment tests.
The Group's intangible assets have a definite useful life. In particular, the following main intangible assets can be identified within the Company:

(a) Goodwill

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

(b) Other intangible assets with a definite useful life

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

EQUITY INVESTMENTS

Investments in subsidiaries are valued at purchase cost, in accordance with the provisions of IAS 27. If there are indications that the recoverability of the cost has, in whole or in part, failed, the book value is reduced to the related recoverable amount, in accordance with IAS 36. When, subsequently, this loss ceases to exist or is reduced, the book value is increased to the new estimated recoverable amount, which may not exceed the original cost.

IMPAIRMENT OF NON-FINANCIAL ASSETS - 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 of April 30, 2023, the Sesa Group has not recognised any goodwill.

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

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

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

A loss in value is recognised in the income statement if the book value of the asset, or of the related CGU to which it is allocated, is higher than its recoverable value.

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

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Based on the characteristics of the instrument and the business model adopted for its management, the following three categories are distinguished in compliance with IFRS 9: (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, recording the effects among the other comprehensive income components; (iii) financial assets measured at fair value, recording the effects in the income statement.

Financial assets are measured using the amortised cost method if both of the following conditions are met:

- the financial asset management model consists of holding the financial asset for the sole purpose of collecting the related cash flows; and
- the financial asset generates, at contractually predetermined dates, cash flows that are exclusively representative of the return on the financial asset.

Financial assets representing debt instruments with a business model that envisages both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (so-called business model hold to collect and sell), are measured at fair value, recording the effects under comprehensive income (FVTOCI).

A financial asset represented by debt securities that is not measured at amortised cost or FVTOCI is measured at fair value, recording the effects in the income statement (FVTPL).

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

In the case of factoring transactions for trade receivables that do not involve transferral to the factor of the risks and rewards associated with the receivables assigned (the 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 balance sheet and financial report.

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.

FINANCIAL LIABILITIES FOR RIGHTS OF USE

Lease agreement liabilities are initially measured at the current value of future lease payments unpaid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. In general, the Company uses its own incremental borrowing rate as the discount rate.
The Company determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.
Lease payments included in the measurement of the lease liability are as follows:

- fixed payments;
- the purchase option exercise price that the Company is reasonably certain to exercise and the penalties for early termination of a lease, unless the Company is reasonably certain not to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured in the event of a change in future lease payments resulting from a change in an index or a rate, in the event of a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, in the case of a change in the Group's assessment of the exercise of a purchase, extension or termination option or in the case of early termination of a purchase, extension or termination option, or if the payment of a fixed lease is revised in substance.
When the lease liability is remeasured in this way, an adjustment corresponding to the carrying amount of the right of use is made, or it is recognised in the income statement if the carrying amount of the right of use has been reduced to zero.
The Company has chosen not to recognise assets and

liabilities arising from the right of use for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis for the duration of the lease.

DERIVATIVE FINANCIAL 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 above-mentioned adjustments and changes in actuarial assumptions are recognised in comprehensive statement of income.

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

STOCK GRANT PLAN

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

PROVISIONS FOR RISKS AND CHARGES

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

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

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

TRADE PAYABLES AND OTHER LIABILITIES

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

EARNINGS PER SHARE

a. Earnings per share - basic

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

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.

OTHER FINANCIAL INCOME AND EXPENSE

For all financial assets and liabilities measured at amortised cost and interest-bearing financial assets classified as at fair value and recognised in the Comprehensive Income Statement, interest income and interest expense are recognised using the effective interest rate method.

Interest income is recognised to the extent that it is likely that the Group will reap economic benefits and their amount can be reliably measured.

Other financial income and expenses also include changes in the fair value of financial instruments other than derivatives.

DIVIDENDS

Dividends are recognised when the unconditional right to receive payment is established.

Dividends and interim dividends payable to shareholders of the Parent Company and to minority interests are recognised as a change in shareholders' equity on the date they are approved by the Shareholders' Meeting and the Board of Directors, respectively.

TAXES

Current income taxes

Current income taxes for the year, recorded under "current tax payables" net of payments on account, or under "current tax receivables" if the net balance is a receivable, are determined on the basis of estimated taxable income and in accordance with current regulations. These payables and receivables are determined by applying the tax rates envisaged by measures enacted or substantially enacted as of the balance sheet date. Current taxes are recognised in the Income Statement, with the exception of those relating to items recognised outside the Income Statement, which are recognised directly in shareholders' equity.

Deferred income tax assets and liabilities

Deferred tax liabilities and deferred tax assets are calculated on the temporary differences between the book values of liabilities and assets recognised in the financial statements and the corresponding values recognised for tax purposes, applying the tax rate in force on the date the temporary difference occurs, determined on the basis of the tax rates envisaged by measures enacted or substantially enacted as of the balance sheet date.

Deferred tax liabilities are recognised in relation to taxable temporary differences, unless such liabilities arise from the initial recognition of goodwill or with reference to taxable temporary differences relating to investments in subsidiaries, associated companies, when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets refer to all deductible temporary differences, as well as to the carrying forward of unused tax losses and tax credits.

Deferred and prepaid income taxes are recognised in the Income Statement, with the exception of those related to items recognised outside the Income Statement, which are recognised directly in shareholders' equity.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realise the assets and settle the liabilities simultaneously, in each subsequent period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3. Newly issued standards

Listed below are the standards that had already been issued on the date of preparation of the separate financial statements but were not yet in force. The list refers to standards and interpretations that the Company expects will be reasonably applicable in the future. The Company intends to adopt these standards when they become effective. Amendment to IAS 1: Classification of liabilities into current and non-current. In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- what is meant by a right of subordination of maturity;
- that the right of subordination must exist at the end of the financial year;
- classification is not affected by the likelihood that the entity will exercise its subordination right;
- only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability not impact its classification.

The amendments will be effective for financial years beginning on or after January 1, 2023, and shall be applied retrospectively. TheCompany is currently assessing the impact the amendments will have on the current situation.

DEFERRED TAXES RELATING TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (AMENDMENTS TO IAS 12)

The amendments narrow the scope of application of the exemption to the initial recognition of deferred taxes in order to exclude transactions that result in equal and offsettable temporary differences, such as leases and decommissioning obligations. The amendments will become effective for financial years beginning on or after January 1, 2023. Deferred tax assets and liabilities relating to leases and decommissioning obligations must therefore be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to profits carried forward or among other equity components as of that date. For all other transactions, the amendments apply to transactions occurring after the beginning of the earliest period presented. The Company is currently assessing the impact that the changes will have on the statement of financial position; from the analyses performed at this time, no effect on profits carried forward is expected and the Company will recognise the deferred tax asset and liability separately.

DEFINITION OF ACCOUNTING ESTIMATE - AMENDMENTS TO IAS 8

In February 2021, the IASB issued amendments to IAS 8, introducing a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and correction of errors. They also clarify how entities use measurement techniques and input to develop accounting estimates.

The amendments are effective for financial years beginning on or after January 1, 2023 and apply to changes in accounting standards and changes in accounting estimates that occur on or after the beginning of the period. Earlier application is permitted on condition that it is ndisclosed. The changes are not expected to have a significant impact on the Company.

ACCOUNTING STANDARD DISCLOSURE - AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidelines and examples to help entities apply materiality judgements to accounting standard disclosures. The amendments aim to help entities provide information on the most useful accounting standards, replacing the requirement for entities to disclose their "significant" accounting standards with the requirement to disclose their "relevant" accounting standards; furthermore, guidelines on how entities apply the concept of relevance in making decisions with regard to the disclosure of accounting standards are added. The amendments to IAS 1 are applicable for financial years beginning on or after January 1, 2023. Earlier application is permitted. As the amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory indications on the application of the definition of materiality to the disclosure of accounting standards, a date for the entry into force of these amendments is not required. The Company is currently assessing the impact of the amendments to determine the effect they will have on the Company's accounting standard disclosures.

3. Financial Risk Management

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

MARKET RISK

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

INTEREST RATE RISK

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

EXCHANGE RATE RISK

In the year ended April 30, 2023, the Company did not operate in currencies other than the Euro.

CREDIT RISK

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

information and assessment procedures, with the creation of a provision for bad debts.
The following table provides a breakdown of current customer receivables as at April 30, 2023 and 2022, grouped by due date, net of the provision for bad debts.

Year ended April 30

	2023	2022
Yet to mature	2,826	1,533
Expired by 0-90 days	440	69
Expired by 90-180 days	242	41
Expired by 180-360 days	1	2
Expired by over 360 days	2	2
Yet to mature	14	12
Total	**3,525**	**1,659**

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 April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousands)	Book value	Within 12 months	Between 1 and 5 years	Over 5 years
Current and non-current loans				
Financial liabilities for rights of use	366	272	94	
Trade payables	2,191	2,191		
Other current and non-current payables	10,545	10,545		

At April 30, 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		

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: aat 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 April 30, 2021 and April 30, 2022.
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 as of April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousands)	Assets and liabilities at amortised cost	Assets at FVOCI	Assets and liabilities at FVPL	Derivative financial instruments	Total
Assets					
Current trade receivables	3,525				3,525
Other current and non-current assets	18,722				18,722
Cash and cash equivalents	1,335				1,335
Total assets	**23,582**				**23,582**
Liabilities					
Current and non-current loans					
Financial liabilities for rights of use	366				366
Trade payables	2,191				2,191
Other current liabilities	10,545				10,545
Total liabilities	**13,102**				**13,102**

The other current/non current assets mainly refer to receivables for DTA/current taxes, current taxes, equity investments in other companies and receivables for Ires and VAT regarding companies in Group Tax Consolidation and group's VAT.

At April 30, 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**

FAIR VALUE ESTIMATE

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 from the Company and on the market, as well as on historical experience.

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

b. Amortisation and Depreciation

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

c. Provision for bad debts

The provision for bad debts reflects the estimated losses on the Company's portfolio of receivables.

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

d. Employee benefits

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

The current value is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in the currency in which the liability will be liquidated and which takes into account the duration of the relative pension plan. For further information, see notes 24 Employee benefits and 9 Personnel costs

5. Revenues

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

Year ended April 30

(Euro thousands)	2023	2022
Provision of services and other revenues	12,313	11,185
Other revenues	1,351	1,088
Total	**13,664**	**12,273**

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 April 30

(Euro thousands)	2023	2022
Leases and rents	34	33
Other income	5,177	3,041
Total	**5,211**	**3,074**

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 the two Executive Deputy Chairmen for the activities carried out with regard to subsidiaries.

7. Consumables and goods for resale

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Consumables and other purchases	66	57
Total	**66**	**57**

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

The item in question is detailed as follows:

Year ended April 30		
(Euro thousands)	**2023**	**2022**
Technical assistance for hardware and software maintenance	452	250
Consulting activities	9,170	6,458
Rentals and hires	328	240
Marketing	127	123
Insurance policies	122	147
Utilities	42	71
Support and training expenses	30	19
Maintenance	36	34
Other service expenses	2,865	1,794
Total	**13,172**	**9,136**

The increase in Costs for Services and rent, leasing and similar costs of Euro 4,036 thousand is linked mainly to costs related to the annual and three-year stock grant plan assigned at the time of the approval of the financial statements as of April 30, 2023 and the residual portion of the three-year plan to be assigned in the forthcoming financial years, which increased from Euro 4,312 thousand as of April 30, 2022 to Euro 6,742 thousand as of April 30, 2023.

9. Personnel Costs

The item in question is detailed as follows:

Year ended April 30		
(Euro thousands)	**2023**	**2022**
Wages and salaries	5,475	4,762
Social security payments	1,535	1,340
Contributions to defined contribution pension funds	382	450
Reimbursements and other personnel costs	343	306
Total	**7,735**	**6,858**

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

Number of employees at April 30

(in units)	2023	2022
Executives	5	4
Middle Management	10	12
Office Staff	129	114
Interns	2	
Total	**146**	**130**

The average number of employees as of April 30, 2023 was 138 resources (5 executives, 11 middle management, 121 employees and 1 trainee), compared to 122 resources of the previous year.

10. Other Operating Costs

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Duties and taxes	38	82
Other Operating Costs	185	122
Total	**223**	**204**

The item “other operating cost” mainly includes the costs related to the membership fees, those incurred for the performance of the practices for the chambers of commerce for the companies within the scope of the administrative, financial and control services provided and other different operating charges.

11. Amortisation and Depreciation

The item in question is detailed as follows:

Year anded April 30

(Euro thousands)	2023	2022
Intangible assets	82	64
Right of use	147	136
Property plant and equipement	169	213
Total	**398**	**413**

12. Financial Income and Expenses

The item in question is detailed as follows:

Year ended April 30		
(Euro thousand)	**2023**	**2022**
Commissions and other financial expense	(13)	(13)
Financial expense related to severance indemnities	(46)	(16)
Total financial expense	**(59)**	**(29)**
Other financial income.		574
Bank interest income		7
Dividends from shareholdings	24,000	18,000
Total financial income	**24,000**	**18,581**
Net financial income	23,941	18,552

The item mainly regards dividends collected at April 30, 2023 is equal to Euro 24 million compared to Euro 18 million at April 30, 2022.

13. Income taxes

The item in question is detailed as follows:

Year ended April 30		
(Euro thousands)	**2023**	**2022**
Current taxes	648	309
Deferred taxes relating to previous years	(864)	(274)
Total	**(216)**	**35**

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 April 30, 2023 and April 30, 2022:

Year ended April 30

(Euro thousands)	2023		2022	
Result before taxes	21,221		17,231	
Theoretical taxes	5,093	24.00%	4,135	24.00%
Taxes relating to previous years	(13)		9	
Subsidised taxation on dividends	288		216	
Other differences	(4,912)		(4,181)	
IRAP, including changes in deferred tax assets and liabilities	(672)		(144)	
Actual tax imposition	(216)		35	

The differences between the theoretical taxes and with the actual taxes on dividends are included in the “Other differences”.

14. Intangible Assets

The item in question is detailed as follows:

Intangible Assets

(Euro thousands)	Client List	Software and other intangible assets	Trade marks and patents	Total
Balance at April 30, 2021	**0**	**197**		**197**
Of which:				
- historical cost	*25*	*389*	*9*	*423*
- accumulated amortisation	*(25)*	*(192)*	*(9)*	*(226)*
Investments		82		
Disinvestments		(25)		
Amortisation		(57)		
Balance at April 30, 2022		**197**		
Of which:				
- historical cost	*25*	*446*	*9*	*480*
- accumulated amortisation	*(25)*	*(249)*	*(9)*	*(283)*
Investments		170		
Disinvestments				
Amortisation		(82)		
Balance at April 30, 2023		**285**		**285**
Of which:				

Intangible Assets

(Euro thousands)	Client List	Software and other intangible assets	Trade marks and patents	Total
- historical cost	*25*	*616*	*9*	*650*
- accumulated amortisation	*(25)*	*(331)*	*(9)*	*(365)*

The balance of intangible assets at April 30, 2023 consists mainly of software and software licenses in use at the company. The company has made investments for Euro 170 thousand linked to digital operational platforms for the provision of services and consultancy in the area of human resources, administration, finance and control as well as for the IT infrastructure.

15. Right of use

The item in question is detailed as follows:

Right of use

(Euro thousands)	Right of use
Balance at April 30, 2021	**311**
Of which:	
- historical cost	*542*
- accumulated amortisation	*(231)*
Investments	88
Disinvestments	
Amortisation	(136)
Balance at April 30, 2022	**263**
Of which:	
- historical cost	*630*
- accumulated amortisation	*(367)*
Investments	158
Disinvestments	
Amortisation	(59)
Balance at April 30, 2023	**362**
Di cui:	
- historical cost	*788*
- accumulated amortisation	*(426)*

Tha right of use includes mainly the costs for the the subscription of car rentals for the employees.

16. Property, plant and equipement

The item in question is detailed as follows:

Property, plant and equipement

(Euro thousands)	Office equipements	Other property, plant and equipement	Total
Balance at April 30, 2021	**573**	**5**	**578**
Of which:			
- historical cost	*1,244*	*142*	*1,386*
- accumulated amortisation	*(671)*	*(137)*	*(808)*
Investments	44		44
Disinvestments	(1)		(1)
Amortisation	(211)	(2)	(213)
Balance at April 30, 2022	**405**	**3**	**408**
Of which:			
- historical cost	*1,287*	*142*	*1,429*
- accumulated amortisation	*(882)*	*(139)*	*(1,021)*
Investments	805	1	806
Disinvestments	(1)		(1)
Amortisation	(168)	(1)	(169)
Balance at April 30, 2023	**1,041**	**3**	**1,044**
Of which:			
- historical cost	*2,091*	*143*	*2,234*
- accumulated amortisation	*(1,050)*	*(140)*	*(1,190)*

Investments in the year ended April 30, 2023 include the acquisition of office equipment (servers and storage) for the corporate services activity carried out by the Company for the Group companies.

17. Investiment Property

The item in question is detailed as follows:

Investiment property

(Euro thousands)	Land	Building	Total
Balance at April 30, 2021		**7**	**7**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated amortisation	*(281)*	*(3)*	*(284)*
Balance at April 30, 2022		**7**	**7**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated amortisation	*(281)*	*(3)*	*(284)*
Balance at April 30, 2023		**6**	**6**
Of which:			
- historical cost	*281*	*10*	*291*
- accumulated amortisation	*(281)*	*(4)*	*(285)*

18. Equity investments

The item in question is detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Computer Gross SpA	53,163	53,163
Var Group SpA	13,999	13,999
Base Digitale Group Srl	21,043	18,091
Adiacent Srl	2,244	2,244
C.G.N. Srl	994	994
Parentsmile Srl	100	100
Idea Point Srl	35	35
Sesa GMBH	100	
Total	**91,678**	**88,626**

	%
Computer Gross SpA	100.00%
Var Group SpA	100.00%
Base Digitale Group Srl	87.31%
Adiacent Srl	27.43%
C.G.N. Srl	47.50%
Parentsmile Srl	9.60%
Idea Point Srl	100.00%
Sesa GMBH	100.00%

The presence of any impairment indicators traceable through internal or external sources of information was assessed at the end of the year, and if such indicators were found, the Company conducted an impairment test on the book value of the investments. The analysis of the Group's economic and financial performance, the evolution of the reference market and the reorganisation operations did not reveal any impairment of the investments.

The item in question is detailed as follows:

Changes in equity investments

(Euro thousands)	**Equity investements**
Balance at April 30, 2021	**82,651**
Changes:	
- Purchases or subscriptions	*5,407*
- Sales	*(426)*
Balance at April 30, 2022	**87,632**
Changes:	
- Purchases or subscriptions	*3,052*
- Sales	
Balance at April 30, 2023	**90,684**

The net increase in the item Equity investments mainly refers:
(i) for Euro 2,9 million, to the capital increase carried out in Base Digitale Group Srl and;
(ii) for Euro 100 thousands to Sesa Gmbh established during the year ended on April 30, 2023.

19. Deferred Tax Assets and Liabilities

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

At April 30

(Euro thousands)	2023	2022
Deferred tax assets within 12 months	1,912	1,100
Total receivables for deferred tax assets	1,912	1,100
Deferred tax liabilities within 12 months	18	36
Deferred tax liabilities after 12 months	10	5
Total deferred tax liabilities	**28**	**41**

Net changes in these items are detailed as follows:

At April 30

(Euro thousands)	2023	2022
Opening balance	**1,059**	**808**
Impact on income statement	863	285
Impact on the statement of comprehensive income	(38)	(34)
Reclassification		
Closing balance	**1,884**	**1,059**
Of which:		
- receivables for deferred tax assets	*1,912*	*1,100*
- deferred tax liabilities	*28*	*41*

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

Deferred tax liabilities

(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 April 30, 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 April 30, 2022	**10**	**1,052**	**38**		**1,100**
Impact on income statement		850			850
Total Impact on income statement			(38)		(38)
Other changes					
Balance at April 30, 2023	**10**	**1,902**			**1,912**

Changes in deferred taxes can be broken down as follows:

Deferred tax liabilities

(Euro thousands)	Differences in value of tangible and intangible assets	Employee benefits	Othetr entries	Total
Balance at April 30, 2021	**3**	**6**	**51**	**60**
Reclassification				
Impact on income statement		(1)	(18)	(19)
Balance at April 30, 2022	**3**	**5**	**33**	**41**
Reclassification				
Impact on income statement		4	(17)	(13)
Balance at April 30, 2023	**3**	**9**	**16**	**28**

20. Other current and non-current receivablesi

The item in question is detailed as follows:

At April 30

(Euro thousands)	2023	2022
Non-current receivables from others		37
Non-current investments in other companies	98,557	95,413
Total other non-current receivables and assets	**98,557**	**95,450**
Current receivables from subsidiaries	8,257	4,109
Current receivables from others	24	31
Accrued income and prepaid expenses	639	443
Total other current receivables and assets	**8,920**	**4,583**

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 permanent impairments. This item includes the value of the investments detailed in Note 17, amounting to Euro 90,684,000 and the total of investments in other companies, amounting to Euro 7,873,000.

21. Current Trade Receivables

The item in question is detailed as follows:

At April 30

(Euro Thousands)	2023	2022
Trade receivables	3,423	1,646
Provision for bad debts	(62)	(62)
Trade receivables net of the provision for bad debts	3,361	1,584
Receivables from subsidiaries	164	61
Receivable from associates		14
Receivables from parent companies		
Total current trade receivables	**3,525**	**1,659**

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

Changes provision for bad debts

(Euro thousands)	Provision for bad debts
Balance at April 30, 2021	**62**
Use	
Balance at April 30, 2022	**62**
Use	
Balance at April 30, 2023	**62**

22. Current tax liabilities and receivables

At April 30

(Euro thousand)	2023	2022
Current tax receivables	17	49
Total current tax receuvables	**17**	**49**
Current tax liabilities	643	6
Total current tax liabilities	**643**	**6**

Current tax receivables decreased from Euro 49,000 as of April 30, 2022 to Euro 17,000 as of April 30, 2023 as a result of the use of the advances for IRAP during the year.
Current taxes payable increased significantly due to the impact of current income taxes for the year amounting to Euro 648,000, of which Euro 469,000 for IRES and Euro 179,000 for IRAP.

23. Cash and cash equivalents

At April 30

(Euro thousands)	2023	2022
Bank and postal deposits	1,335	3,217
Cash		
Total	**1,335**	**3,217**

For the details of the cash changes see the cash flow statement.

24. Shareholders' Equity

SHARE CAPITAL

As of April 30, 2023, 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. As of April 30, 2023, Sesa SpA held 81,134 treasury shares, equating to 0.524% of the share capital, (88,784 as of the date of the Report). purchased at an average price of Euro 115.6 under the treasury share purchase plan approved by the shareholders' meeting of August 25, 2022. In application of the international accounting standards, these instruments are deducted from the company's shareholders' equity. The Stock Grant Plan 2021-2023 envisages the allocation of 122,000 ordinary shares to the beneficiaries upon reaching the targets set for April 30, 2023. Most of these shares are already available in the company's treasury share portfolio and the remainder may be purchased following the continuation of the buy-back plan in the new financial year ending April 30, 2024.

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

Shareholders' Equity

	Number of shares
Situation at April 30, 2022	
Shares issued	15,494,590
Treasury shares in portfolio	40,862
Shares in circulation	15,453,728
Situation at April 30, 2023	
Assignment of shares in execution of the Stock Grant Plan	58,000
Purchase of treasury shares	98,272
Situation at April 30, 2023	
Shares issued	15,494,590
Treasury shares in portfolio	81,134
Shares in circulation	15,413,456

The shareholders who, as at April 30, 2023, 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 3%) that have communicated to Consob and Sesa SpA pursuant to art. 117 of Consob Regulation no. 11971/99 on notification requirements for significant investments.

OTHER RESERVES

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

Other reserves

(Euro thousands)	Legal reserve	Treasury Shares	Actuarial profit (loss) reserve	Miscellaneous reserves	Total other reserves
At April 30, 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					
Distribution of dividends				(2,122)	(2,122)
Assignment of shares in execution of the Stock Grant Plan		3,835		(3,835)	
Stock Grant plan - shares vesting in the period				4,312	4,312
Other changes					
Allocation of profit for the year	581				581
At April 30, 2022	**3,996**	**(6,215)**	**(178)**	**12,580**	**10,183**
Actuarial gain/(loss) for employee benefits - gross			109		109
Actuarial gain/(loss) for employee benefits - tax effect			(26)		(26)
Purchase of treasury shares		(11,189)			(11,189)
Sale/cancellation of treasury shares					
Distribution of dividends					
Assignment of shares in execution of the Stock Grant Plan		8,067		(8,067)	
Stock Grant plan - shares vesting in the period				6,743	6,743
Other changes				22	22
Allocation of profit for the year	860			2,391	3,251
At April 30, 2023	**4,856**	**(9,337)**	**(95)**	**13,669**	**9,093**

25. 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.

26. Current and Non-current Loans

The table below provides a breakdown of this item at April 30, 2023 and April 30, 2022:

At April 30, 2023

(Euro thousand)	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Short-term loans				0
Finalcial liabilities for right use	272	94		366
Total	**272**	**94**	**0**	**366**

At April 30, 2022

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

A summary of the net financial position is provided below:

At April 30

(Euro thousand)	2023	2022
Cash equivalents	1,335	3,217
Other current financial assets		
Liquidity (A) + (B) + (C)	**1,335**	**3,217**
Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	45	87
Current portion of non-current financial debt	272	121
Current financial debt (E) + (F)	**317**	**208**
Net current financial debt (G) - (D)	**(1,018)**	**(3,009)**
Non-current financial debt (excluding current portion and debt instruments)	94	146
Non-current financial debt (I) + (J) + (K)	**94**	**146**
Net financial debt (H) + (L)	**(924)**	**(2,863)**

27. Employee Benefits

This item includes the provision for severance indemnities (TFR) for employees.
Changes in this item are detailed as follows:

Year ended April 30

(Euro thousands)	2023	2022
Opening balance	**1,947**	**1,870**
Service cost	189	193
Bond interest	44	16
Uses and advances	(39)	(54)
Actuarial loss/(gain)	(109)	(142)
Change in workforce due to transferral of resources		64
Closing balance	**2,032**	**1,947**

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

At April 30

	2023	2022
Rate of inflation	5.90%	1.70%
Discount rate	3.56%	2.29%
TFR increase rate	5.90%	2.78%

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

	Scenari	Past service liability
Annual discounting rate	0.50%	1,935
	-0.50%	2,081
Annual rate of inflation	0.50%	2,039
	-0.50%	1,973
Turnover rate	0.50%	2,008
	-0.50%	2,003

28. Provisions for Risks and Changes

The value of this item was zero at April 30, 2023.

29. Trade payables

The item in questioni s detailed as follows:

At April 30

(Euro thousands)	2023	2022
Advance payments		
Trade payables	2,191	1,154
Total trade payables	**2,191**	**1,154**

30. Other Current Liabilities

The item in questioni s detailed as follows:

At April 30

(Euro thousands)	2023	2022
Accrued liabilities and deferred income	7	31
Tax payables	6,814	3,017
Debiti verso il personale	1,354	1,244
Other payables	1,464	1,252
Payables to social security institutions	218	199
Trade payables	2,191	1,154
Total other current liabilities	**9,857**	**5,743**

The increase in current liabilities is mainly due to tax liabilities that include also debts to the Tax Authorities for VAT, which at April 30, 2023, increased for Euro 3,775 thousand. The company adopts the Group Vat that includes the same companies that are in Tax Consolidation.

31. Further information

POTENTIAL LIABILITIES

There are no disputes in progress.

COMMITMENTS

There are no commitments as at April 30, 2023.

DIRECTOR'S FEES

The following is a breakdown of the remuneration of the directors 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 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 April 30

(Euro thousands)	2023
Payment to directors	845

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 August 28, 2020 are excluded. In relation to the stock grant plan as of April 30, 2023, the shares relating to the annual target of 58,000 shares and the three-year target of 64,000 have matured. There remain 12,000 shares referring to the Three-Year Plan and 15,000 shares referring to the Extra Bonus to be granted in the financial years ending April 30, 2024 and April 30, 2025.

PAYMENTS TO THE INDIPENDENT AUDITOR

The following table, prepared in accordance with article 149-duodecies of the Consob Issuers' Regulation, shows the fees for the year ended April 30, 2023 for audit and non-audit services provided by the Independent Auditor and by entities belonging to its network, including expenses.

Statutory auditor's fees

Type of service	Provider	Consignee	Remuneration for the year ended April 30, 2023 (Euro thousands)
Revisione contabile	KPMG	Sesa SpA	79

Payments include, in addition to fees, out-of-pocket expenses and the supervisory contribution.

32. 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 April 30, 2023 and April 30, 2022.

Transactions with reklated parties

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Current trade receivables							
at April 30, 2023	935	13		1		949	26.9%
at April 30, 2022	480	18				498	26.3%
Other current receivables and assets							
at April 30, 2023	8,256					8,256	92.6%
at April 30, 2022	4,109					4,109	85.1%
Employee benefits							
at April 30, 2023				9		9	0.4%
at April 30, 2022				1		1	0.1%
Trade Payables							
at April 30, 2023	1,435			71		1,506	68.7%
at April 30, 2022	371			11	37	419	47.3%
Other current liablilities							
at April 30, 2023	1,458			71		1,529	15.5%
at April 30, 2022	1,242			62		1,304	33.6%

The following table details the P&L effects of transactions with related parties in the years ended April 30, 2023 and April 30, 2022.

P&L effects

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
Revenues							
At April 30, 2023	13,057	79	82			13,218	96.74%
At April 30, 2022	**11,859**	**92**	**78**			**12,029**	**98.01%**
Other income							
At April 30, 2023	4,902	31	39	7		4,979	95.55%
At April 30, 2022	**2,928**	**41**	**4**	**6**		**2,979**	**96.91%**
Consumables and goods for resale							
At April 30, 2023	8					8	12.12%

P&L effects

(Euro thousands)	Subsidiaries	Associated companies	Parent companies	Top Management	Other related parties	Total	Impact on the item
At April 30, 2022	**8**					**8**	**14.04%**
Costs for services and rent, leasing, and similar costs							
At April 30, 2023	1,566	1		7,597	72	9,236	70.12%
At April 30, 2022	**1,088**			**5,078**	**73**	**6,239**	**68.29%**
Personnel costs							
At April 30, 2023	5			572		577	7.46%
At April 30, 2022	**5**			**567**		**572**	**8.34%**
Financial income							
At April 30, 2023							0.00%
At April 30, 2022	**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, payroll costs include remuneration for members of the Board of Directors of companies not included in service costs.

33. Events Occurring After the End of the Year

No significant events occurred after the end of the year.

34. Authorisation for publication

The publication of the financial statements of Sesa Spa for the year ended April 30, 2023 was authorised by a resolution of the Board of Directors on July 18, 2023.

35. Allocation of the profit/loss for the year

We propose to shareholder’s meeting the distribution of a divided of Euro 1.0 per share for a total of Euro 15.4 milion gross of treasury shares in portfolio, up 11.11% compared to the previous year (Euro 0.90 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 Responsible for the preparation of the corporate accounting documents of Sesa SpA, taking into account that envisaged by article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, hereby certify:
   - the adequacy in relation to the characteristics of the business, and
   - the effective application of the administrative and accounting procedures for the preparation of the financial statements as at April 30, 2023.

2. The application of the administrative and accounting procedures for the preparation of the financial statements as at April 30, 2023 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 July 19, 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.

3. 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, July 18, 2023

Paolo Castellacci

Chairman of the Board of Directors

Alessandro Fabbroni

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

Independent Auditor's Report on the Separate Financial Statements of Sesa SpA as of April 30, 2023

KPMG

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Sesa S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Sesa S.p.A. (the "company"), which comprise the statement of financial position as at 30 April 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Sesa S.p.A. as at 30 April 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

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 "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. 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 judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of equity investments

Notes to the separate financial statements: notes 2 "Summary of accounting policies" and 18 "Equity investments"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 30 April 2023 include investments in subsidiaries and associates of €91.7 million. At least once a year, the company checks whether there the equity investments might be impaired. This is a complex accounting estimate due to the materiality of the caption and the high level of judgement required to estimate the recoverability of the carrying amounts. For the above reason, we believe that the measurement of equity investments is a key audit matter.	Our audit procedures included: • analysing the processes and controls implemented by the company to check the existence of any impairment indicators; • holding discussions with the relevant internal departments about the methods used to check the existence of any impairment indicators and assessing their reasonableness; • analysing the investees' financial statements and their outlook; • assessing the appropriateness of the disclosures provided in the notes about equity investments.

Other matters - Comparative figures

The company's separate financial statements at 30 April 2022 were audited by other auditors, who expressed their unqualified opinion thereon on 25 July 2022.

Responsibilities of the parent's directors and audit committee for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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 for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude 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 auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 21 August 2021, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 30 April 2023 to 30 April 2031.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the audit committee prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

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

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 30 April 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 30 April 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the reports on operations and on corporate governance and ownership structure at 30 April 2023 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 30 April 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 30 April 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

KPMG

Sesa S.p.A.
Independent auditors' report
30 April 2023

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Sesa S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Florence, 28 July 2023

KPMG S.p.A.

(signed on the original)

Giuseppe Pancrazi
Director of Audit

SeSa S.p.A
Report of the Management Control Committee to the General Meeting of Shareholders

pursuant to Article 153(1) of Italian Legislative Decree No. 58 of 24 February 1998

Financial Statements as at 30 April 2023

Dear Shareholders,
Pursuant to the combined provisions of Article 149(1) of the Italian Consolidated Law on Finance, Article 19(1) of Italian Legislative Decree No. 39 of 27 January 2010 and Article 2409 *octiesdecies* of the Italian Civil Code, the Management Control Committee supervised:

- Compliance with the law and the Articles of Association, as well as with the principles of proper management in the conduct of corporate activities;
- The adequacy of the Company's organisational structure, for the aspects in its scope of responsibility, the internal control system and the administrative and accounting system, as well as its suitability to correctly represent management events;
- The methods for actual implementation of the corporate governance rules laid down in the Corporate Governance Code, which the Company has adopted;
- The appropriateness of the directions given by the Company to its subsidiaries 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 separate and consolidated accounts, and the independence of the auditing firm KPMG Spa (Kpmg").

In carrying out its supervisory duties, the Committee also took into account the provisions of Regulation (EU) No. 537 of 16 April 2014 (hereinafter "Regulation (EU) 537/2014"), the principles of conduct of the Board of Auditors for listed companies recommended by the National Council of Chartered Accountants and Accounting Experts, Consob provisions on corporate controls and the conduct indications contained in the Corporate Governance Code.
This Report also informs you of the supervisory activities performed in the FY closed as at 30 April 2023 as required by Consob in its Notice no. DEM/1025564 of 6 April 2001 as amended and supplemented.
In the reporting period as at 30 April 2023, 8 meetings of the Committee and 5 meetings of the Risk Management and Control Committee were held; the Internal Auditing and Legal & Compliance function holders always participated in the meetings of the aforementioned Committees.
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 Auditors of the main subsidiaries as well as the Group's independent auditor in the performance of their respective tasks.
In performing its controls and audits on the above-mentioned profiles and areas of activity, the Committee found no particular critical issues to report.

Supervision of compliance with the law and the Articles of Association

The Committee supervised compliance with the law and the Articles of Association and has no remarks to make in this regard.
The Committee worked in compliance with the Regulations governing its operations and verified that its members met and continued to meet the fit and proper requirements and the independence requirements,

in accordance with the applicable legislation.

Supervisory activities on compliance with the principles of proper management

On a quarterly basis, the Committee received appropriate information from the Chief Executive Officer on the activities carried out, on the general profitability and performance of operations and on their outlook, as well as on the most material transactions in terms of profit or loss, cash flows and financial position carried out by the Company in the reporting period, also through direct or indirect subsidiaries.
In this regard, the Committee assessed 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 general meeting of shareholders, or such as to compromise the integrity of the company's equity.
In the reporting period, the Board of Directors constantly provided the market with information on the most significant transactions and events.

Supervision of transactions with related parties

In the reporting period, 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, in the financial year closed as at 30 April 2023, transactions were carried out with related parties such as the Parent Company, Subsidiaries, Associates and the Top Management. Information on the main intra-group transactions and transactions with other related parties, carried out during the financial year, as well as a description of their characteristics and effects on profit and loss, are reported in Section 32 of the Note to the Financial Statements. Please, see Section 32 of the Note to the financial statements for the identification of this type of transactions and their effects on profit and loss, financial position and cash flows.
It is hereby acknowledged that the Company has adopted a specific Related Parties Procedure, in compliance with 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 consistency of the Procedure with the Consob Regulation and compliance therewith. All transactions with related parties were carried out in the interest of the Company and settled on an arm's length basis 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 directions given by the Company to its subsidiaries pursuant to Article 114(2) of the Italian Consolidated Law on Finance were appropriate to fulfil the disclosure obligations laid down in said Article 114(2).

Supervisory activities on the adequacy of the Company's organisational structure

The Committee supervised, inasmuch as in its scope of responsibility, the adequacy of the Company's organisational structure.
In this regard, the Committee points out that the responsibilities and powers vested by the Board of Directors in the Chief Executive Officer are appropriate to the Company's needs and adequate in relation to the current state of corporate management.
Taking into account the size of the Company, the nature of its corporate purpose and the methods it uses to

pursue it, and after acquiring information from the holders of the main corporate functions and meetings with representatives of the independent audit firm, the Committee has no critical issues to report in terms of structure, procedures, skills and responsibilities.

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

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

- The affordability of medium- to long-term investments, through the analysis of financial coverage and value creation capacity of the investments made by the top management;
- The efficiency and effectiveness of operations, through performance assessment;
- The reliability of financial and non-financial reporting by means of tests on the reliability of the financial reporting procedures, carried out by the Internal Auditing structure and specialist consultants;
- The compliance of operating activities with the system of rules and procedures that characterises the Company's control framework through the assessment of the consistency of corporate procedures/instructions with the applicable legislation and regulations and their proper implementation, by the Internal Auditing structure and the *Organismo di Vigilanza* (Body in charge of offence prevention - AML, Terrorism Financing, etc. - provided for by Italian Legislative Decree No. 231/2001).

Consistently with the relevant international standards and the principles laid down in Article 6 of the Corporate Governance Code, the Board of Directors performed its role of guiding and assessing the adequacy of the ICRMS; at its meeting held on 18 July 2023, it assessed the ICRMS adequacy 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 perpetration of any offences that may entail the Company's liability pursuant to Italian Legislative Decree No. 231/2001. The Company has also vested the Committee with the functions of *Organismo di Vigilanza*, i.e. the Body in charge of offence prevention - AML, Terrorism Financing, etc. - provided for by Italian Legislative Decree No. 231/2001 (hereinafter referred to with the Italian acronym "OdV"). In the reporting period, in its capacity as the OdV, the Committee acquired information on Model 231 adopted by the Company, its actual functioning and implementation.
The OdV is involved in the monitoring of sensitive processes pursuant to "Model 231", with special regard to the prevention of corporate offences and, in compliance with their respective independence of action, has coordinated with the internal control functions for the fulfilment of its assessment programme. In its half-yearly reports, the OdV described the activities it carried out in the financial year closed as at 30 April 2023, without pointing out any significant issues as it found substantial alignment with the provisions of Model 231.
The Committee supervised the adequacy and effectiveness of the internal control and risk management system, mainly through regular meetings with the Company's Internal Auditing function holder, where the periodic reports of the audit activities were analysed, which snowed no critical issues to report.
The Committee also specifies that:

- The obligations concerning inside information are fulfilled in accordance with a "*Procedure for Disclosure to the Public of Inside Information*";
- The Group Register of persons having access to Inside Information is managed in accordance with the procedure updated to that date;
- The disclosure obligations on Internal Dealing are managed in accordance with a procedure that complies with the applicable legislation and regulations on that matter.

The Committee acknowledges that, based on the information gathered in the performance of its supervisory

duties, each of the Company's bodies (or function holders) has duly fulfilled the disclosure obligations laid down by law.
The Committee acknowledges that the Company has determined the nature and level of risk compatible with the its strategic objectives in relation to the indications provided by the Control and Risk Committee set up within the Board of Directors. In compliance with the Corporate Governance Code in force, in the reporting period the Board of Directors set up the Control and Risk Board Committee. Pursuant to Article IA 2.10.1, paragraph 2, of the Instructions to the Stock Exchange Regulations - in compliance with Article 2.2.3, paragraph 3, letter p), of the Italian Stock Exchange Regulations limited to issuers operating in the STAR segment (Segmento Titoli Alti Requisiti, within Euronext Milan market, for mid-size companies that meet strict requirements appreciated by global investors in terms of Governance, Liquidity and Transparency) - the Company 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 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 of the Control and Risk Committee were updated and aligned with the developments in the applicable legislation and in the Company's organization, especially to take into account the adoption of the one-tier management and control model.
The roles and bodies 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 by the Internal Auditing structure;
- The Management Control Committee;
- The *Organismo di Vigilanza*;
- The Internal Auditing Function Holder;
- The Legal & Compliance Function Holder;
- The Senior Manager in charge of the preparation of the corporate 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 to the current corporate structure.

Supervision of the administrative accounting system and statutory audit of the accounts

In the reporting period, the Committee supervised 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 the performance of operations by examining company documents, obtaining information from the Manager in charge of the preparation of accounting documents and exchanging information with the firm appointed to perform the statutory audit of the accounts, in accordance with Articles 150 and 151-*ter* of the Italian Consolidated Law on Finance and Article 2409-*septies* of the Italian Civil Code.
At its meeting held on 18 July 2023, the Board of Directors assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and of its strategically material subsidiaries, with special regard 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., Var Group S.p.A. and Base Digitale Group S.r.l were the strategically material ones as they are the main source of the Group's core business development.
The Committee points out that the Internal Auditing structure, for the performance of the audit activities in the financial year 2021-2022 provided for in the audit plan, had direct access to all information useful for the performance of the assignment, operating - in some cases and in accordance with the different scopes of responsibilities - in synergy with the Legal & Compliance structure.
The main activities carried out by the Internal Auditing structure, as set out in the audit plan for the financial

year closed as at 30 April 2023, concerned:

- Supporting the identification and assessment of the risks the Company is exposed to, as well as the definition of risk monitoring and mitigation tools;
- Supporting the improvement of internal control systems and the integrated management of group compliance with regard to matters concerning the adoption of the Company's Model 231, Code of Ethics, protocols pursuant to Law 262/2005 and certified management systems;
- Auditing the corporate procedures, in accordance with the Audit Plan;
- Operational control tests for the purposes of certification pursuant to Article 154-bis of the Italian Consolidated Law on Finance.

The Committee acknowledged the certifications issued by the Chief Executive Officer and the Manager in charge of the preparation of the Company accounting documents on the adequacy and actual implementation of the administrative and accounting procedures for the preparation of the Group's separate and consolidated financial statements as at 30 April 2023.

The Committee supervised the operations of the appointed auditing firm, *Kpmg*, analysing its work, with special regard 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 the risks the Company is exposed to.

The Committee was also informed of the audits carried out by the auditing firm on proper bookkeeping and the correct recording of performance of operations in the accounting records, from which nothing to report was found.

The Committee met several times during the financial year with the Independent Audit Firm in order to exchange data and information concerning the activities carried out in the performance of their respective tasks.

It is specified that, in the reporting year, the Company engaged *Kpmg* for services other than the statutory audit of the account, which entailed fees for a the amount set out in Paragraph 35 "Other information" of the Annual Report and Consolidated Financial Statements.

The fees were considered appropriate to the complexity and size of the work performed and such as not to affect the independence of the statutory auditor. The Board of Auditors issued its opinions on these specific engagements.

The statutory auditor has verified the preparation of the Consolidated Non-Financial Statement. The Company prepared its Consolidated Non-Financial Statement as an integral part of the Group's Integrated Annual Report. In a separate report from that on the financial statements, the independent audit firm certified the consistency of the information provided with that required in the applicable Legislative Decree.

The Committee reports that the auditing firm *Kpmg:*

(i) Issued, on today's date, the Reports pursuant to Article 14 of Italian Legislative Decree no. 39/2010 and Article 10 of Regulation (EU) No. 537/2014 without findings, in which it expresses its opinion that the financial statements of SeSa S.p.A. and the consolidated financial statements of the SeSa Group as at 30 April 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, as well as with the measures implementing Article 9 of Italian Legislative no. 38/2005, and provide a true and fair representation of the financial position, profit or loss 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 given in the Report on Corporate Governance and Ownership Structure pursuant to Article 123-*bis*, paragraph 4 of the Italian Consolidated Law on Finance, with the financial statements of SeSa S.p.A. and with the Group's consolidated financial statements as at 30 April 2023;

(ii) Issued, on today's date, the certification pursuant to Article 3, paragraph 10, of Italian Legislative Decree No. 254/16 concerning the SeSa Group's Consolidated Non-Financial Statement for the

financial year closed as at 30 April 2023 in which it reports that, on the basis of the work carried out, no evidence has been found suggesting 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 set out 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(2)(a) of the aforementioned Regulation.

The Committee constantly monitors the independence of the auditor - within the scope of its assigned supervisory tasks - with special regard to the provision of non-audit services.
The Committee acknowledges that *Kpmg* performed the audit of the financial statements in accordance with the International Standards on Auditing (ISA Italia) prepared pursuant to Article 11 of Italian Legislative Decree No. 39/2010 and in the resulting report pursuant to Article 14, paragraph 2, of Italian 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 Italian Consolidated Law on Finance.
In light of the evidence found, the information provided by the Manager in charge of the preparation of the Company's accounting documents 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 performance of operations 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 actual implementation of administrative and accounting procedures for the preparation of the financial statements and all other financial disclosures is also vouched for.
In consideration of the foregoing, the Committee believes 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 requirements.

Omissions and reprehensible facts observed, opinions issued

The Committee is not aware of any facts or complaints to report to the General Meeting of Shareholders. 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 in the reporting 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.

Methods for actual implementation of corporate governance rules

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, which the Company has adopted, 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 closed as at 30 April 2023 approved by the Board of Directors on 18 July 2023, where a description of abidance by the recommendations set forth in the Corporate Governance

Code is provided.
The Committee could verify, pursuant to Principle 3.C.5 of the Corporate Governance Code, the correct application of the assessment standards and procedures adopted by the Board of Directors to assess the independence of its non-executive members. The Committee also verified that its members met the fit and proper requirements and the independence requirements, also acknowledging compliance with the limits to interlocking positions/multiple directorships 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 25 August 2022, the General meeting of Shareholders approved a plan for the purchase of ordinary treasury shares implementing a scheduled "Stock Grant Plan". As of 30 April 2023, the Company held 81,134 treasury shares corresponding to approximately 0.524 % of its 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 2023 accompanied by the Management Report and Note to the Financial Statements, as resolved by the Board of Directors on 18 July 2023.
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, 28 July 2023

The Management Control Committee

The Chairman

Giuseppe Cerati

Chiara Pieragnoli

Giovanna Zanotti

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