

**HCL TECHNOLOGIES ITALY SPA**  
Registered office in Vimodrone (MI), Via Luigi Cadorna No. 73, 20090, Italy  
Share Capital € 2.840.000,00 fully paid up.  
A single-member company  
Tax Code and Milan Companies Register No. 08740280964  
Milan Econ. and Admin. Index no. (REA MI) 2045670

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**REPORT OF THE BOARD OF STATUTORY AUDITORS**  
**ON THE FINANCIAL STATEMENTS AT 31 MARCH 2020**

*pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010  
and Article 2429, paragraph 2, of the Italian Civil Code.*

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To the Shareholders' Meeting of **HCL TECHNOLOGIES ITALY**  
**SPA**

**Introduction**

The Board of Statutory Auditors, in the fiscal year ended on 31 March 2020, carried out the functions required by Articles 2403 et seq. and Article 2409-*bis* of the Italian Civil Code.

This comprehensive report contains, in Section A, the “Audit Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010” and, in Section B, the “Report pursuant to Article 2429, paragraph 2, of the Italian Civil Code”.

**A) Audit Report pursuant to Article 14 of Italian Legislative Decree No. 39 of 27 January 2010**

1. We have audited the financial statements of **HCL TECHNOLOGIES ITALY SPA** (the “**Company**” or “**HCL IT**”) at 31<sup>st</sup> March 2020.

The responsibility for preparing financial statements in accordance with the rules governing their preparation rests with the Directors of the Company. We

are responsible for providing a professional opinion on the financial statements based on our audit.

2. We carried out the audit according to the established auditing standards. In compliance with the said standards, the audit was planned and performed in order to acquire every element necessary to ascertain whether the financial statements are vitiated by significant errors or if they are, in their entirety, reliable. The audit was conducted in a manner consistent with the size of the Company and its organisational structure. The audit includes examining, through sample checks, the evidence supporting the balances and information contained in the financial statements, as well as assessing the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the Directors. We believe that the work performed provides a reasonable basis for expressing our professional opinion.

In accordance with the rules of comparison between the financial statements, we have compared the values reported on the income statements of the last two fiscal years ended on 31 March 2020 and 31 March 2019.

3. In our opinion, the above-mentioned financial statements comply with the rules governing their preparation; therefore, they have been prepared clearly and are a true and fair representation of the Company's financial position and the operating results of **HCL TECHNOLOGIES ITALY SPA** for the year ended on 31 March 2020.

With specific reference to the Goodwill, it is underlined that, in the Financial Statements as at March 31, 2020, the Company registered the amount of Euro 1.561.463, due to acquisition of Celerfintech Services Italy Srl branch.

The BofA expressed its consent to such registration in the Financial Statements as at March 31, 2020.

4. The responsibility for the preparation of the management report, pursuant to the provisions of law, lies with the Directors of **HCL TECHNOLOGIES ITALY SPA**. We are responsible for expressing an opinion on the congruency

of the management report with the financial statements, as required by Article 14-ter, paragraph 2, letter e), of Italian Legislative Decree No. 39 of 27 January 2010. For this purpose, we have carried out the procedures indicated in auditing standard (SA Italia) n. 720B issued by the Italian National Council of Certified Accountants and Accounting Experts and recommended by Consob. In our opinion, the management report is congruent with the financial statements of the Company at 31<sup>st</sup> March 2020.

**B) Report on the supervisory activities pursuant to Article 2429, paragraph 2, of the Italian Civil Code.**

During the year ended on 31<sup>st</sup> March 2020, our activities were inspired by the Board of Statutory Auditors Rules of Conduct recommended by the Italian National Council of Certified Accountants and Accounting Experts.

*Supervisory activities pursuant to Articles 2403 et seq. of the Italian Civil Code.*

In particular:

- We attended one Shareholders' meetings and six meetings of the Board of Directors and we can reasonably assure that the resolutions were in compliance with the law and the Articles of Association, and that they were not imprudent, risky, in potential conflict of interest or likely to compromise the integrity of the Company's assets.
- During meetings with the Board of Statutory Auditors, the Directors provided information on the general management of the Company, as well as on the most significant transactions made by the Company in the year ended on 31<sup>st</sup> March 2020.
- The Board of Statutory Auditors did not find any atypical and/or unusual transactions, including those carried out with related parties or inter-company transactions.
- The Board of Statutory Auditors monitored compliance with the law and the Articles of Association; observance of the principles of sound management, giving the Directors its recommendations on the adequacy of the organisational, administrative and accounting structure adopted by

the Company; and compliance with regulatory requirements and their application.

- We also note that no complaints have been received in accordance with Article 2408 of the Italian Civil Code and that no opinions were issued during the year.

### Financial statements

To our knowledge, in preparing the financial statements the Directors did not depart from the rules of law pursuant to Article 2423, paragraph 4, of the Italian Civil Code. The results of the statutory audit of the financial statements carried out by us are contained in Section A of this report.

The balance sheet and income statement show a result for the year of € 2.730.896 which is summarised in the following values:

Assets	Euro	41.254.826
Liabilities	Euro	31.098.563
Shareholders' equity excluding result for the year	Euro	7.425.367
<b>Profit for the year</b>	<b>Euro</b>	<b>2.730.896</b>

Value of production (non-financial income)	Euro	61.461.816
Production costs (non-financial costs)	Euro	57.595.660
<b>Difference</b>	<b>Euro</b>	<b>3.866.156</b>
Financial income and expenses	Euro	(41.602)
Value adjustments to financial assets	Euro	-
<b>Result before taxes</b>	<b>Euro</b>	<b>3.824.554</b>
Income taxes	Euro	1.093.658
<b>Profit for the year</b>	<b>Euro</b>	<b>2.730.896</b>

### Conclusion

For the above, the Board of Statutory Auditors has no objection to the approval of the financial statements at 31<sup>st</sup> March 2020, and has no objections to make regarding the proposed resolution presented by the Board of Directors for the destination of the profit for the period.

The Board of Statutory Auditors therefore proposes that the Shareholders'

Meeting approve the financial statements for the year ended on 31<sup>st</sup> March 2020,  
as prepared by the Administrative Body.

Milan, August 4<sup>th</sup> 2020

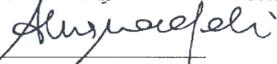
### **The Board of Statutory Auditors**

Il Collegio Sindacale



Roberto Bisi

Presidente del Collegio Sindacale



Alessandro Galli

Sindaco Effettivo



Eleonora Pianta

Sindaco Effettivo

## General information about the company

Name and id code

Company name: HCL TECHNOLOGIES ITALY S.P.A.  
Company site: VIA LUIGI CADORNA, 73 VIMODRONE MI  
Share capital: 2.840.000,00  
Fully paid-in share capital: Yes  
Registration Authority id code: MI  
VAT number: 08740280964  
Fiscal code: 08740280964  
Registration number: 2045670  
Legal form: SOCIETA' PER AZIONI  
Activity Code: 620200  
Company being wound up: No  
Company with a single shareholder: Yes  
Company subject to the management and coordination of others: No  
Name of the company or entity that exercises management and coordination:  
belonging to a group: Yes  
Name of the controlling entity: HCL TECHNOLOGIES LIMITED  
Country of the controlling entity: INDIA  
Cooperative company Registration number:

# Financial statements as at 31/03/2020

## Ordinary balance sheet

	31/03/2020	31/03/2019
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
3) industrial patents and intellectual property rights	94.381	48.622
5) goodwill	1.561.463	1.792.211
7) other	845.852	497.728
<i>Total intangible fixed assets</i>	<i>2.501.696</i>	<i>2.338.561</i>
II - Tangible fixed assets	-	-

	31/03/2020	31/03/2019
2) plant and machinery	16.533	5.583
3) industrial and commercial equipment	5.952	8.333
4) other assets	1.972.785	1.853.390
<i>Total tangible fixed assets</i>	<i>1.995.270</i>	<i>1.867.306</i>
III - Financial fixed assets	-	-
2) receivables due from	-	-
d-bis) third parties	141.250	141.250
due beyond the following year	141.250	141.250
<i>Total receivables</i>	<i>141.250</i>	<i>141.250</i>
<i>Total financial fixed assets</i>	<i>141.250</i>	<i>141.250</i>
<i>Total fixed assets (B)</i>	<i>4.638.216</i>	<i>4.347.117</i>
<b>C) Current assets</b>		
I - Inventories	-	-
4) finished products and goods for resale	1.000.010	477.313
<i>Total inventories</i>	<i>1.000.010</i>	<i>477.313</i>
II - Receivables	-	-
1) trade accounts	16.490.842	8.561.858
due within the following year	16.490.842	8.561.858
3) due from associated companies	254.464	846.873
due within the following year	254.464	846.873
4) due from parent companies	7.326.469	3.118.727
due within the following year	7.326.469	3.118.727
5) due from companies under the control of parent companies	1.029.355	1.568.046
due within the following year	1.029.355	1.568.046
5-bis) due from tax authorities	133.796	67
due within the following year	133.796	67
5-ter) advances on tax payments	93.168	71.290
5-quater) due from third parties	3.727.545	671.070
due within the following year	3.727.545	671.070
<i>Total receivables</i>	<i>29.055.639</i>	<i>14.837.931</i>
IV - Liquid funds	-	-
1) bank and post office deposits	5.426.248	5.846.360
<i>Total liquid funds</i>	<i>5.426.248</i>	<i>5.846.360</i>
<i>Total current assets (C)</i>	<i>35.481.897</i>	<i>21.161.604</i>

	31/03/2020	31/03/2019
<b>D) Accrued income and prepayments</b>	<b>1.134.713</b>	<b>287.080</b>
<i>Total assets</i>	<i>41.254.826</i>	<i>25.795.801</i>
<b>Liabilities and shareholders' equity</b>		
<b>A) Shareholders' equity</b>	<b>10.156.263</b>	<b>4.520.694</b>
I - Share capital	2.840.000	2.840.000
IV - Legal reserve	49.282	49.153
VI - Other reserves	-	-
Extraordinary reserve	110.415	100.215
Miscellaneous other reserves	4.047.145	(1)
<i>Total other reserves</i>	<i>4.157.560</i>	<i>100.214</i>
VIII - Retained earnings (accumulated losses)	378.525	792.330
IX - Profit (loss) for the year	2.730.896	738.997
Total Shareholders' Equity	10.156.263	4.520.694
<b>B) Reserves for contingencies and other charges</b>		
4) other	-	339.515
<i>Total reserves for contingencies and other charges</i>	<i>-</i>	<i>339.515</i>
<b>C) Total reserve for severance indemnities (TFR)</b>	<b>979.590</b>	<b>1.070.830</b>
<b>D) Payables</b>		
6) advances	427.527	22.570
due within the following year	427.527	22.570
7) trade accounts	11.056.687	7.186.657
due within the following year	11.056.687	7.186.657
11) due to parent companies	121.674	-
due within the following year	121.674	-
11-bis) due to companies under the control of parent companies	905.312	4.022.528
due within the following year	905.312	4.022.528
12) due to tax authorities	1.559.654	1.155.399
due within the following year	1.559.654	1.155.399
13) due to social security and welfare institutions	1.978.270	1.816.679
due within the following year	1.978.270	1.816.679
14) other payables	5.996.616	5.506.338
due within the following year	5.996.616	5.506.338
<i>Total payables (D)</i>	<i>22.045.740</i>	<i>19.710.171</i>
<b>E) Accrued liabilities and deferred income</b>	<b>8.073.233</b>	<b>154.591</b>

	31/03/2020	31/03/2019
<i>Total liabilities and shareholders' equity</i>	41.254.826	25.795.801

## Ordinary P&L account

	31/03/2020	31/03/2019
<b>A) Value of production</b>		
1) Revenues from sales and services	61.270.344	46.768.119
5) Other income and revenues	-	-
other	191.472	95.134
<i>Total Other income and revenues</i>	191.472	95.134
<i>Total value of production</i>	61.461.816	46.863.253
<b>B) Cost of production</b>		
6) Raw, ancillary and consumable materials and goods for resale	2.359.190	3.292.244
7) Services	20.977.372	14.913.169
8) Use of third party assets	1.903.049	1.580.001
9) Payroll and related costs	-	-
a) wages and salaries	22.168.355	17.968.490
b) related salaries	8.404.474	6.213.025
c) severance	290.963	278.501
e) other costs	15.688	-
<i>Total payroll and related costs</i>	30.879.480	24.460.016
10) Amortisation, depreciation and writedowns	-	-
a) amortisation of intangible fixed assets	401.918	327.492
b) depreciation of tangible fixed assets	620.973	732.181
d) writedowns of accounts included among current assets	(13.890)	-
<i>Total Amortisation, depreciation and writedowns</i>	1.009.001	1.059.673
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(522.696)	(477.313)
12) Provisions for contingencies and other charges	-	339.515
14) Other operating expenses	990.264	284.983
<i>Total cost of production</i>	57.595.660	45.452.288
<b>Difference between value and cost of production (A - B)</b>	<b>3.866.156</b>	<b>1.410.965</b>
<b>C) Financial income and expense</b>		

	31/03/2020	31/03/2019
16) Other financial income	-	-
d) income other than the above	-	-
other	3.196	-
<i>Total income other than the above</i>	3.196	-
<i>Total other financial income</i>	3.196	-
17) Interest and other financial expense	-	-
to associated companies	-	84.910
other	180	3.095
<i>Total interest and other financial expense</i>	180	88.005
17-bis) Currency gains and losses	(44.618)	(4.415)
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	<i>(41.602)</i>	<i>(92.420)</i>
<b>Profit before taxes (A - B + - C + - D)</b>	<b>3.824.554</b>	<b>1.318.545</b>
<b>20) Taxes on the income for the year</b>		
Current taxes	760.226	606.723
taxes related to previous years	(2.090)	-
Deferred tax assets and liabilities	335.522	(27.175)
<i>Total taxes on the income for the year</i>	<i>1.093.658</i>	<i>579.548</i>
<b>21) Net profit (loss) for the year</b>	<b>2.730.896</b>	<b>738.997</b>

## Statement of cash flows, indirect method

	Amount as at 31/03/2020	Amount as at 31/03/2019
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	2.730.896	738.997
Income taxes	1.093.658	579.548
Interest expenses/(income)	(3.016)	88.005
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>3.821.538</i>	<i>1.406.550</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	13.890	339.515
Depreciation of assets	1.022.891	1.059.673
Other increasing/(decreasing) adjustments for non-monetary items	581.926	278.501
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>1.618.707</i>	<i>1.677.689</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>5.440.245</i>	<i>3.084.239</i>
Changes in net working capital		
Decrease/(Increase) of inventories	(522.697)	(477.313)
Decrease/(Increase) of credits towards customers	(7.928.984)	(2.151.512)
Increase/(Decrease) in payables due to suppliers	3.870.030	3.783.207
Decrease/(Increase) in accrued income and deferred expenses	(847.633)	(275.824)
(Increase)/Decrease in accrued liabilities and deferred income	7.918.642	(121.384)
Other decreases/(Other increases) of net working capital	(5.340.911)	(701.418)
<i>Total changes in net working capital</i>	<i>(2.851.553)</i>	<i>55.756</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>2.588.692</i>	<i>3.139.995</i>
Other adjustments		
Interest collected/(paid)	3.016	
(income taxes paid)	(1.093.658)	(579.548)
(Use of provisions)		(66.851)
Other collections/(payments)	(382.203)	
<i>Total other adjustments</i>	<i>(1.472.845)</i>	<i>(646.399)</i>
<b>Financial flow from operations (A)</b>	<b>1.115.847</b>	<b>2.493.596</b>
<b>B) Financial flow from investing activities</b>		
PROPERTY, APPARATUS AND EQUIPMENT		
(Investments)	(892.438)	(1.000.654)

	Amount as at 31/03/2020	Amount as at 31/03/2019
<b>INTANGIBLE FIXED ASSETS</b>		
(Investments)	(643.521)	(1.149.847)
<b>Cash flow from investing activities (B)</b>	<b>(1.535.959)</b>	<b>(2.150.501)</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>(420.112)</b>	<b>343.095</b>
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	5.846.360	5.503.265
Total cash and cash equivalents at the beginning of the fiscal year	5.846.360	5.503.265
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	5.426.248	5.846.360
Total cash and cash equivalents at the end of the fiscal year	5.426.248	5.846.360
Balance difference		

## Explanatory notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/03/2020.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

### Basis of preparation

#### Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose

No exceptional cases occurred which made it necessary to use the exceptions as per article 2423, paragraph 4 and article 2423 - bis paragraph 2 of the Italian Civil Code. .

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

## Publishing principles

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The financial statement items were valued in accordance with the principles of prudence and materiality and on the assumption that the business is a going concern. Pursuant to Article 2423-bis(1)(1-bis) of the Italian Civil Code, the items were recorded and presented taking into account the substance of the transaction or the contract.

When preparing the financial statements the income and expenses were recorded on the basis of the accrual principle, regardless of the actual date of payment and only profits made at the year-end date were stated. Account was also taken of the risks and losses pertaining to the year, even if they came to light after year end.

### Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

In accordance with article 2423 ter of the Italian Civil Code it should be noted that the company reclassify some financial statement items in order to be compliant with the provision of the Law Decree n. 139/2015.

### Measurement policies

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

## Other information

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The company was incorporated on July 29, 2014, being the corporate object the design, development, production and trading of software and hardware, as well as the provision of the other IT services and related activities.

On September 24, 2014, the Company acquired a business unit of Ericsson Telecomunicazioni S.p.a., named “Design organization Microwave e Mobile Backhaul Italy”, with effect from October 1, 2014.

On 1 September 2016, the Company has acquired part of business of IBM relating to the activities of development and special assistance of products called IBM work scheduler and Automation.

With ordinary shareholders' meeting of July 25, 2017, the share capital was increased up from Euro 1.000.000 to Euro 2.840.000.

On 30/05/2018, a tax audit on the Company, for VAT purposes, IIDD and IRAP, began on the tax period to 31/03/2016. As a result of the audit, the tax authorities issued a tax assessment report on 30/07/2018 in which violations for VAT and IIDD purposes were alleged. Subsequently, on 28 September 2018, the Company filed defensive deductions pursuant to Article 12 of Law No. 212/2000. On 12 December 2018, the Milan Provincial Department II of the Revenue Agency served two separate notices of assessment: the first for direct tax purposes and the second for VAT purposes.

In relation to the latter, the Company decided to lend its acquiescence by paying on 11/02/2019 the tax requested in the tax deed equal to Euro 23,683 (plus interest) and the penalty reduced to one third of the amount imposed (Euro 8,881).

With regard to the notice of assessment for the purposes of direct taxation, the Company has initiated the assessment procedure with acceptance concluded positively on April 29, 2019.

In order to highlight the outcome of the assessment in these financial statements, the company has decided to set aside the sum of € 339,515 as a provision for risks and charges.

On 19/12/2018, the tax assessment with adhesion established with the Revenue Agency against the notice of assessment relating to the registration tax for the purchase of the IBM business unit following the audit, by the tax authorities, of the market value of the purchase of the business unit was concluded. The company paid the sum of 52,311 euros to cover this acceptance.

On 21/12/2018 the company acquired a further branch of business of the company Celerifintech Services Italy Srl, which carries out activities in the IT sector, with particular reference to the banking sector. The business acquired relates to the development and maintenance of software.

Following the purchase of this branch of business, a goodwill value of Euro 884,902 was recorded, tangible fixed assets of Euro 27,324, intangible fixed assets of Euro 53,225, other assets of Euro 105,560 and liabilities related to the transfer of employees (Employee severance indemnity provision of Euro 269,902 and Payables to personnel of Euro 301,110).

The Directors believe that future profits will be created through the positive business development. In order to sustain the business operations, the parent company is obligated to provide financial support if needed. Till 31 March 2019 the company was focusing on two categories of service for development of business Software Services & Infrastructure Services.

Consequent to reorganization of its global operations due to technological changes and business requirements with increased focus to meet customer expectations and provide better services, the company effective 1 April 2019, has reorganized itself into the following segments.

- **IT and Business Services** provide a comprehensive portfolio of IT & Business Services (Application, Infrastructure and Digital Process Operations) and Digital transformation services enabled by Digital and Analytics, IoTWORKS, Cloud native and Cybersecurity solutions including products developed within these businesses.
- **Engineering and R&D Services** provides comprehensive engineering services and solutions across software, embedded, mechanical, VLSI and platform engineering that support the end to end lifecycle of products – both hardware and software across diverse industries including products developed within this business.
- **Products & Platforms** includes standalone product businesses that provide modernized software products to global clients for their technology and industry specific requirements

### Assessment of foreign currency items

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

### Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

Receivable included in current assets are recognised on Trial Balance according to the criterio of depreciated cost, as required by article 2426 paragraph 1, n. 8 of Civile Code.

The adaptation to the presumable net realizable value was made through the allocation of a provision for allowances for doubtful accounts..

## Explanatory notes, assets

The values entered as assets in the balance sheet were valuated as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

## Fixed assets

### Intangible fixed assets

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the accumulated depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

Intangible assets items	Period
Concessions, licenses, trademarks, and similar rights	20%
Goodwill	10%
Other intangible assets	20%

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

#### *Goodwill*

As the prerequisites indicated by the accounting principles were satisfied, the goodwill was entered as an asset in the balance sheet with the consent of the board of statutory auditors, as it was acquired at a cost; it was depreciated, within the limit of 10 years required by OIC 24, in accordance with its useful life, in accordance with the terms of art. 2426, paragraph 1, n° 6 of the Italian Civil Code.

### Tangible fixed assets

Fixed assets belonging to the property, apparatus and equipment category are entered in the financial statements at purchase cost plus the incidental charges incurred until the asset are ready for use.

The value of these assets is stated net of accumulated depreciation.

The accounting amount of goods, grouped into uniform classes by nature and year of acquisition, is divided between the fiscal years when the goods will presumably be used. This procedure is implemented by systematic allocation of depreciation shares in the P&L Account corresponding to established plans, defined when the goods enter service, with reference to the presumed remaining possibility of use of the goods. These plans are prepared with reference to the gross value of the goods and assuming a zero realisation value at the end of the process.

The depreciation of property, apparatus and equipment, whose use is limited in time, is performed in compliance with the following established plan:

Property, apparatus and equipment items	Rate %
Apparatus and machinery	20 %
Industrial and commercial equipment	20 %
Other goods	20 %

For those tangible fixed assets acquired during the fiscal year, the abovementioned rates have been halved, as the depreciation rate thus obtained does not significantly diverge from the rate calculated starting from the moment in which the assets is available and ready for the use.

The cost of property, apparatus and equipment is systematically depreciated each fiscal year in relation to their remaining possible use.

Pursuant to article 10 of the Law March 19, 1983 no. 72, and as also cited on subsequent laws concerning monetary revaluation, it should be noted that no monetary revaluation was performed for property, apparatus and equipment existing in company assets.

It should be noted that it was not necessary to perform the write-downs as per article 2426 paragraph 1 no. 3 of the Italian Civil Code, as required by OIC accounting standard no. 9, because there were no indicators of potential impairment of property, apparatus and equipment.

### Financial fixed assets

#### *Receivables*

The credits entered among the financial assets were recognized in the financial statements at the nominal value corresponding to the presumable net realizable.

### Intangible fixed assets

#### Changes in intangible fixed assets

Intangible assets before the relative depreciation reserve amount to euro 3.583.104; the depreciation reserve totals Euro 1.081.408. Net intangible assets Euro 2.501.696.

The following table shows the movements concerning the assets in question.

	Industrial patents and intellectual property rights	Goodwill	other	Total intangible fixed assets
<b>Year opening balance</b>				
Cost	78.469	2.307.472	632.110	3.018.051
Amortisation (amortisation fund)	29.847	515.261	134.382	679.490
Balance sheet value	48.622	1.792.211	497.728	2.338.561
<b>Changes during the year</b>				
Increases for purchases	76.816	-	488.237	565.053
Amortisation (amortisation fund)	31.057	230.747	140.114	401.918
<i>Total changes</i>	<i>45.759</i>	<i>(230.747)</i>	<i>348.123</i>	<i>163.135</i>
<b>Year closing balance</b>				
Cost	155.286	2.307.471	1.120.347	3.583.104
Amortisation (amortisation fund)	60.904	746.008	274.496	1.081.408
Balance sheet value	94.382	1.561.463	845.851	2.501.696

In the item "Industrial patents and intellectual property rights" were included software of property amounting Euros 155.286.

The item "Goodwill" refers to the costs relating to the acquisition of the business units of IBM and Celerefintech Services Italy Srl as described above.

Goodwill is made up as follows:

- Euro 1,422,570 relating to the purchase of the IBM business unit in the year ended 31/03/2017;
- Euro 884,902 relating to the acquisition of the Celerifintech Services Italy Srl business unit during the last year.

In the item "other intangible fixed assets" were capitalized costs related security for the total amount of Euro 1.120.347.'

## Tangible fixed assets

### Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to Euro 4.486.010 depreciation reserve totals Euro 2.490.740. Net property, apparatus and equipment totals Euro 1.995.270.

The table below shows the transactions in the assets in question.

	plant and machinery	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER PROPERTY, APPARATUS AND EQUIPMENT	Total tangible fixed assets
<b>Year opening balance</b>				
Cost	953.688	20.292	2.619.593	3.593.573
Amortisation (amortisation fund)	948.105	11.959	766.203	1.726.267
Balance sheet value	5.583	8.333	1.853.390	1.867.306
<b>Changes during the year</b>				
Increases for purchases	13.300	-	879.136	892.436
Amortisation (amortisation fund)	2.350	2.381	616.242	620.973
<i>Total changes</i>	<i>10.950</i>	<i>(2.381)</i>	<i>262.894</i>	<i>271.463</i>
<b>Year closing balance</b>				
Cost	966.989	20.292	3.498.729	4.486.010
Amortisation (amortisation fund)	950.456	14.340	1.525.944	2.490.740
Balance sheet value	16.533	5.952	1.972.785	1.995.270

## Finance leases operations

The company had no finance lease contracts in progress at the fiscal year's closing date.

## Financial fixed assets

### Changes and due date of noncurrent credits

The table below shows the movements in the assets in question.

	Year opening balance	Year closing balance	Portion due beyond fiscal year
third parties	141.250	141.250	141.250
<b>Total</b>	<b>141.250</b>	<b>141.250</b>	<b>141.250</b>

### Breakdown of non-current receivables by geographic area

All non-current receivables are due from Italian subjects. .

### Current assets

The elements of the current assets are valued as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items.

### Receivables included among current assets

Receivables were reported in the financial statements at nominal value which corresponds to the estimated realization value.

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italia Civil Code.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Changes and due date of the credits entered in the current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
trade accounts	8.561.858	7.928.984	16.490.842	16.490.842
associated companies	846.873	(592.409)	254.464	254.464
parent companies	3.118.727	4.207.742	7.326.469	7.326.469
companies under the control of parent companies	1.568.046	(538.691)	1.029.355	1.029.355
due from tax authorities	67	133.729	133.796	133.796
advances on tax payments	71.290	21.878	93.168	-
third parties	671.070	3.056.475	3.727.545	3.727.545

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
<b>Total</b>	<b>14.837.931</b>	<b>14.217.708</b>	<b>29.055.639</b>	<b>28.962.471</b>

The items “trade accounts”, “due from associated companies” and “parent companies” are commercial.

The item “due from tax authorities” consists:

- With-holding Tax Credit of Euro 67
- Receivables for substitute taxes on severance indemnity for 6,945 Euros;
- Receivables for other withholding taxes of 6,738 Euros;
- IRAP receivables for € 3,414;
- Receivables for foreign VAT for 130,108 Euros.

Third parties mainly refer to advances to suppliers.

### Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets

Details of receivables reported as current assets broken down by geographic area

Geographic area	Trade receivables included among current assets	Receivables due from associated companies	Receivables due from parent companies included among current assets	Credits towards companies subject to the control of the parent companies entered in the current assets	Tax receivables included among current assets	Assets for prepaid tax included among current assets	Other receivables included among current assets	Total receivables included among current assets
Italy	14.013.898	-	-	-	133.796	93.168	3.103.864	17.344.726
UE	2.431.788	106.156	1.271	487.864	-	-	30.774	3.057.853
Extra-UE	45.157	148.308	7.325.198	541.491	-	-	592.907	8.653.061
<b>Total</b>	<b>16.490.842</b>	<b>254.464</b>	<b>7.326.469</b>	<b>1.029.355</b>	<b>133.796</b>	<b>93.168</b>	<b>3.727.545</b>	<b>29.055.639</b>

### Cash and cash equivalents

Cash and cash equivalents are measured at nominal value.

	Year opening balance	Changes during the year	Year closing balance
bank and post office deposits	5.846.360	(420.112)	5.426.248
<i>Total</i>	<i>5.846.360</i>	<i>(420.112)</i>	<i>5.426.248</i>

## Accrued income and prepaid expenses

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.'

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Year opening balance	Increases	Year closing balance
<i>Accrued income and prepayments</i>	287.080	847.633	1.134.713
<b>Totale</b>	<b>287.080</b>	<b>847.633</b>	<b>1.134.713</b>

Accrued income and prepaid expenses relevant to costs pertaining to the following fiscal year and their amounts were calculated on an accrual basis as specified accounting standard no. 18.

## Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code. '

## Explanatory notes, liabilities and shareholders' equity

The entries of the equity investment and the liabilities of the balance sheet were entered in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections concerning the individual entries. .

## Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

### Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

### Analysis of changes in equity items

	Year opening balance	Other changes - Increases	Other changes - Decreases	INCOME (LOSS) FOR THE YEAR	Year closing balance
Share capital	2.840.000	-	-	-	2.840.000
Legal reserve	49.153	129	-	-	49.282
Extraordinary reserve	100.215	10.200	-	-	110.415
Miscellaneous other reserves	(1)	4.047.146	-	-	4.047.145

	Year opening balance	Other changes - Increases	Other changes - Decreases	INCOME (LOSS) FOR THE YEAR	Year closing balance
Total other reserves	100.214	4.057.346	-	-	4.157.560
Retained earnings (accumulated losses)	792.330	-	413.805	-	378.525
Net profit (loss) for the year	738.997	-	738.997	2.730.896	2.730.896
<b>Total</b>	<b>4.520.694</b>	<b>4.057.475</b>	<b>1.152.802</b>	<b>2.730.896</b>	<b>10.156.263</b>

Share capital, which was equal to Euro 130.000 at the time of incorporation, was increased up:

- to 870.000 on March 18, 2015,

- to 1.840.000 on July 25, 2017,

at the FY closing on March 31, 2019, the share capital was equal to Euro 2.840.000 corresponding to 28.400 shares of Euro 100 each.

The extraordinary reserve changed after the reserve changed after the reserver of the profit of the financial statement closed at 31/03/2019, after having accrued a quota to the legal reserve.

### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

Description	Amount	Origin / nature	Possibility of use	Available portion
Share capital	2.840.000	Share capital		-
Legal reserve	49.282	Share capital	A;B	49.282
Extraordinary reserve	110.415	Share capital	A;B;C	110.415
Miscellaneous other reserves	4.047.145	Share capital	A;B;C	4.047.145
Total other reserves	4.157.560	Share capital	A;B;C	4.157.560
Retained earnings (accumulated losses)	378.525	Share capital	A;B;C	378.525
<b>Total</b>	<b>7.425.367</b>			<b>4.585.367</b>
Non-distributable portion				49.282
Residual distributable portion				4.536.085
<b>LEGEND: A: increase of share capital; B: coverage of losses; C: distribution to shareholders; D: for other obligations imposed by the article of association; E: other</b>				

### Origin, possibility of use and leasability of miscellaneous other reserves (overview)

Description	Amount	Origin / nature	Possibility of use
Other reserves	4.047.145	Share capital	
<b>Total</b>	<b>4.047.145</b>		

Description	Amount	Origin / nature	Possibility of use
<b>LEGEND: A: increase of share capital; B: coverage of losses; C: distribution to shareholders; D: for other obligations imposed by the article of association; E: other</b>			

## Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

The Changes in the fiscal year – Use is related to the portion of employee severance indemnities allocated to pension funds or INPS treasury funds.

As mentioned in the initial paragraph of the notes to the financial statements, the provision for employee severance indemnities includes the portion deriving from the acquisition of the business unit from Celerifintech Services Italy Srl.

	Year opening balance	Changes in the fiscal year - Accrual	Changes in the fiscal year - Use	Changes in the fiscal year - Total	Year closing balance
Total reserve for severance indemnities (TFR)	1.070.830	290.963	382.203	(91.240)	979.590
<b>Total</b>	<b>1.070.830</b>	<b>290.963</b>	<b>382.203</b>	<b>(91.240)</b>	<b>979.590</b>

## Payables

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

#### Payables changes and due date

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
advances	22.570	404.957	427.527	427.527
trade accounts	7.186.657	3.870.030	11.056.687	11.056.687

	Year opening balance	Change during the year	Year closing balance	Portion due within fiscal year
due to parent companies	-	121.674	121.674	121.674
due to companies under the control of parent companies	4.022.528	(3.117.216)	905.312	905.312
due to tax authorities	1.155.399	404.255	1.559.654	1.559.654
due to social security and welfare institutions	1.816.679	161.591	1.978.270	1.978.270
other payables	5.506.338	490.278	5.996.616	5.996.616
<b>Total</b>	<b>19.710.171</b>	<b>2.335.569</b>	<b>22.045.740</b>	<b>22.045.740</b>

The items “Trade accounts” and “due to parente companies” are commercial.

The item “Due to companies under the control of parent companies” is mainly composed by:

- due of commercial nature of Euros 811.877;
- due to parent companies for Euros 93.436.

The Item “Due to tax authorities” is mainly composed by:

- Tax authorities VAT payments for Euros 623.351;
- With-holding taxes for Euro 782.250;
- IRES for Euros 152.611.

The item “Other Payables” is mainly composed by:

- Payables to Employees for Euros 990.463;
- Payables to Employees deferred for Euros 4.734.399.

As mentioned in the initial paragraph of the notes to the financial statements, amounts due to employees include the portion deriving from the acquisition of the business unit from Celerifintech Services Italy Srl.

### Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

Geographic area	advances	trade accounts	due to companies under the control of parent companies	due to tax authorities	due to social security and welfare institutions	OTHER PAYABLES	Payables
Italy	83.239	10.985.875	-	-	1.559.654	1.978.270	5.777.627
UE	241.477	65.720	-	464.483	-	-	-
Extra-UE	102.811	5.092	121.674	440.829	-	-	218.989
<b>Total</b>	<b>427.527</b>	<b>11.056.687</b>	<b>121.674</b>	<b>905.312</b>	<b>1.559.654</b>	<b>1.978.270</b>	<b>5.996.616</b>

### Payables covered by real guarantees on social assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

### Accrued liabilities and deferred income

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.'

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Year opening balance	Decreases	Year closing balance
<i>Accrued income and prepayments</i>	154.591	7.918.642	8.073.233
<b>Total</b>	<b>154.591</b>	<b>7.918.642</b>	<b>8.073.233</b>

Accrued income and prepaid expenses relevant to costs pertaining to the following fiscal year and their amounts were calculated on an accrual basis as specified accounting standard no. 18.

### Explanatory notes, P&L account

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity. .

### VALUE OF PRODUCTION

Revenues related to services totals Euro 61.270.344, are entered in the financial statements based on accrual basis of accounting, net returns, allowances, discounts and premiums.

The item "Other Incomes" is composed of refund for Euro 14.971, contingent liabilities deductible equal to Euro 1.565, use of ordinary area funds for euro 176.484 and roundings equal to Euro 16.

### Breakdown of net revenue by geographic area

The revenues for services are mainly related to operations made with the Indian parent company.

The following table illustrates the distribution of the revenues from sales and services by geographical area.

Geographic area	Current year value
Italy	29.675.023
UE	3.432.787
Extra-UE	26.598.572
<b>Total</b>	<b>59.706.381</b>

## Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

B) Cost of production	31/03/2019	Change	31/03/2020
6) Raw, ancillary and consumable materials and goods for resale	3.292.244	(933.054)	2.359.190
7) Services	14.913.169	6.064.203	20.977.372
8) Use of third party assets	1.580.001	323.048	1.903.049
9) Payroll and related costs	-	-	-
a) wages and salaries	17.968.490	4.199.865	22.168.355
b) related salaries	6.213.025	2.191.449	8.404.474
c) severance	278.501	12.462	290.963
e) other costs	-	15.688	15.688
<i>Total payroll and related costs</i>	<i>24.460.016</i>	<i>6.419.464</i>	<i>30.879.480</i>
10) Amortisation, depreciation and writedowns	-	-	-
a) amortisation of intangible fixed assets	327.492	74.426	401.918
b) depreciation of tangible fixed assets	732.181	(111.208)	620.973
d) writedowns of accounts included among current assets	-	(13.890)	(13.890)
<i>Total Amortisation, depreciation and writedowns</i>	<i>1.059.673</i>	<i>(50.672)</i>	<i>1.009.001</i>
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(477.313)	(45.383)	(522.696)
12) Provisions for contingencies and other charges	339.515	(339.515)	-
14) Other operating expenses	284.983	705.281	990.264
<i>Total cost of production</i>	<i>45.452.288</i>	<i>12.143.372</i>	<i>57.595.660</i>

## Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

### Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses:

	31/03/2019	31/03/2020	change
Financial charges due to controlling companies	84.910	-	(84.910)
Financial charges due to others	3.095	180	(2.915)
<b>Total</b>	<b>88.005</b>	<b>180</b>	<b>(87.825)</b>

### Composition of share income

#### Introduction

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code. .

### Breakdown of interest and other financial liabilities by payables type

#### Introduction

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

### Breakdown of interest and other financial liabilities by payables type

	Other	Total
Interest and other financial expense	180	180

### Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
<i>Currency gains and losses</i>	<i>(44.618)</i>		
Gain on foreign exchange		-	41.491
Loss on foreign exchange		-	86.109
<b>Total entry</b>		-	<b>(44.618)</b>

### Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
<i>Currency gains and losses</i>	44.618-		
Gain on foreign exchange		-	41.491
Loss on foreign exchange		-	86.109
<b>Total entry</b>		-	<b>44.618-</b>

### Amount and nature of the individual revenue/expense items of exceptional magnitude or impact

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

### Income taxes for the fiscal year, current, deferred, and prepaid

The company has set aside a provision for taxes for the year in accordance with current tax laws. Current taxes refer to taxes for the year as stated in the tax returns; taxes relating to previous years include direct taxes for previous years, inclusive of interest and penalties and also refer to the positive (or negative difference) between the amount due following the definition of a dispute or an assessment compared to the value of the provision set aside in previous years. Lastly, deferred and prepaid taxes concern positive or negative income components to be taxed or deducted, respectively, in different years to the one in which they were recorded for statutory accounting purposes.

#### Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation with reference to IRES, and IRAP.

The prepaid and deferred taxes were calculated utilizing respectively the following rates:

Rates	Fiscal year n+1	Fiscal year n+2	Fiscal year n+3	Fiscal year n+4	Past
IRES	24,00%	24,00%	24,00%	24,00%	24,00%
IRAP	3,90%	3,90%	3,90%	3,90%	3,90%

The following schedules indicate analytically:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons.

## Recognition of deferred and prepaid taxes and related effects

	IRES	IRAP
<b>A) Differenze temporanee</b>		
Totale differenze temporanee deducibili	363.531	331.559
Differenze temporanee nette		
<b>B) Effetti fiscali</b>		
Imposte differite (anticipate) dell'esercizio	(80.236)	(12.931)
Fondo imposte differite (anticipate) a fine esercizio	363.531	331.559

## Detail of deductible temporary differences

Descrizione	Importo al termine dell'esercizio precedente	Variazione verificatasi nell'esercizio	Importo al termine dell'esercizio	Aliquota IRES	Effetto fiscale IRES	Aliquota IRAP	Effetto fiscale IRAP
Accantonamenti o svalutazione crediti	-	-	-	-	-	-	-
Spese di manutenzione	1.610	(1.149)	2.759	24	662	-	-
Ammortamento avviamento	229.005	102.554	331.559	24	79.574	3,90	12.931

Current tax are:

IRES: Euro 570.164;

IRAP: Euro 190.062.

It should be noted that art. 24 of Legislative Decree no. 34 of 19 May 2020 (Relaunch Decree), established that "the payment of the balance of the regional tax on production activities for the tax period in progress as at 31 December 2019 is not due, without prejudice to the advance payment due for the same tax period."

## Explanatory notes, statement of cash flows

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components. '

## Explanatory notes, other information

The other information requested by the Italian Civil Code is shown below.

### Employment data

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

	Executives	Corporate management	Employees	Total employees
Average number	10	176	272	458

### Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

The company did not decide to grant any compensation to the administrative body, nor are there advances or credits towards said body. In addition, the company did not assume commitments on behalf of said body as a result of providing any type of guarantee. '

### Remunerations to the official auditor or external auditors

The following table shows the remunerations payable to the statutory auditor, subdivided by the types of services provided. Amount of remuneration due to auditor or auditing firm'

	Legal audit of annual accounts	Other audit services	Total remuneration due to the legal auditor or audit firm
Value	15.600	16.640	32.240

### Category of shares issued by the company

The company issued 28.400 shares with nominal value of 100 Eur each for a total amount of Euro 2.840.000. .

### Securities issued by the company

The company did not issue securities. '

### Details on other financial instruments issued by the company

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code. '

### Commitments, guarantees, and potential liabilities that do not appear in the balance sheet

There are not any commitments, guarantees, or potential liabilities that do not appear in the balance sheet. '

## **Information on assets and financing intended for a specific business transaction**

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### **Assets destined to a specific business**

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

### **Financing destined to a specific business**

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

## **Information on transactions with related parties**

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Transactions with related parties were conducted during the fiscal year. These transactions were concluded at market conditions; therefore, in accordance with the legislation in effect, no additional information is provided.

## **Information on agreements that do not appear in the balance sheet**

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No agreements not entered on the Balance Sheet were undertaken during the fiscal year. '

## **Information on significant events that occurred after the fiscal year's end**

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On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID- 19) a global pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. As of June 2020, the Company is unable to quantify the potential effects of this pandemic on future financial statements. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

## **Companies that prepare the financial statements of the broader/narrower group of companies of which the company is part as a subsidiary**

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There are no cases such as those mentioned at art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code. '

## **Information concerning the derivative financial instruments as per art. 2427-bis of the Italian Civil Code**

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It is certified that no derivative financial instruments were subscribed

## **Information related to the merger**

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As required by accounting standard OIC 4, it should be noted that, in these financial statements, the first one following the merger, for each asset and liability item, the individual accounts of the two companies involved in the merger have been aggregated into a single item of identical content and the principles of preparation and valuation required by the Italian Civil Code on the subject are applied. The aggregation has also been carried out with regard to income statement items as the accounting effects of the transaction will be backdated to 11 April 2019.

In order to provide a better understanding of the accounting effects of the merger transaction, the following table shows two different columns:

- a) The amounts resulting from the financial statements of the acquiring company in the previous year;

- b) The amounts recorded for all merged companies in the opening balance sheet;  
(c) the amounts of the merged company entered in the financial statements of the financial year, if they can be determined, without excessive difficulty.

## Condensed balance sheet

	HCL TECHNOLOGIES ITALY S.P.A. (incorporating company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2018
<b>Assets</b>			
<b>B) Fixed assets</b>			
I - Intangible fixed assets	2.338.561	-	-
II - Tangible fixed assets	1.867.306	168.452	172.122
III - Financial fixed assets	141.250	7.309	20.926
<i>Total fixed assets (B)</i>	<i>4.347.117</i>	<i>175.761</i>	<i>193.048</i>
<b>C) Current assets</b>			
I - Inventories	477.313	28.219	57.820
II - Receivables	14.837.931	1.310.354	1.208.072
due within the following year	14.766.641	952.884	1.106.072
advances on tax payments	71.290	357.470	102.000
IV - Liquid funds	5.846.360	1.589.812	1.677.577
<i>Total current assets (C)</i>	<i>21.161.604</i>	<i>2.928.385</i>	<i>2.943.469</i>
<b>D) Accrued income and prepayments</b>	<b>287.080</b>	<b>6.617</b>	<b>5.989</b>
<i>Total assets</i>	<i>25.795.801</i>	<i>3.110.763</i>	<i>3.142.506</i>
<b>Liabilities and shareholders' equity</b>			
<b>A) Shareholders' equity</b>			
I - Share capital	2.840.000	10.200	10.200
IV - Legal reserve	49.153	129	129
VI - Other reserves	100.214	4.047.145	4.047.145
VIII - Retained earnings (accumulated losses)	792.330	(1.549.456)	(1.871.282)
IX - Profit (loss) for the year	738.997	396.655	321.823
<i>Total Shareholders' Equity</i>	<i>4.520.694</i>	<i>2.904.673</i>	<i>2.508.015</i>
<b>B) Reserves for contingencies and other charges</b>	<b>339.515</b>	<b>71</b>	<b>876</b>
<b>D) Payables</b>	<b>19.710.171</b>	<b>206.019</b>	<b>624.456</b>
due within the following year	19.710.171	206.019	624.456

	HCL TECHNOLOGIES ITALY S.P.A. (incorporating company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2018
<b>E) Accrued liabilities and deferred income</b>	<b>154.591</b>	<b>-</b>	<b>9.159</b>
<i>Total liabilities and shareholders' equity</i>	<i>25.795.801</i>	<i>3.110.763</i>	<i>3.142.506</i>

## Condensed P&L account

	HCL TECHNOLOGIES ITALY S.P.A. (incorporating company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2018
<b>A) Value of production</b>			
1) Revenues from sales and services	46.768.119	1.472.756	2.168.526
5) Other income and revenues	-	-	-
other	95.134	22.672	14.799
<i>Total Other income and revenues</i>	<i>95.134</i>	<i>22.672</i>	<i>14.799</i>
<i>Total value of production</i>	<i>46.863.253</i>	<i>1.495.428</i>	<i>2.183.325</i>
<b>B) Cost of production</b>			
6) Raw, ancillary and consumable materials and goods for resale	3.292.244	112.730	41.727
7) Services	14.913.169	1.086.134	1.749.985
8) Use of third party assets	1.580.001	6.884	15.997
9) Payroll and related costs			
a) wages and salaries	17.968.490	-	-
b) related salaries	6.213.025	-	-
c) severance	278.501	-	-
<i>Total payroll and related costs</i>	<i>24.460.016</i>	<i>-</i>	<i>-</i>
10) Amortisation, depreciation and writedowns	-	-	-
a/b/c) amortisation of intangible fixed assets, depreciation of tangible fixed assets and other amounts written off fixed assets	1.059.673	88.090	50.194
a) amortisation of intangible fixed assets	327.492		
b) depreciation of tangible fixed assets	732.181	88.090	50.194
<i>Total Amortisation, depreciation and writedowns</i>	<i>1.059.673</i>	<i>88.090</i>	<i>50.194</i>
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(477.313)	29.601	73.874

	HCL TECHNOLOGIES ITALY S.P.A. (incorporating company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2019	HCL ITALY SRL (merged company) 31/03/2018
12) Provisions for contingencies and other charges	339.515	13.425	465
14) Other operating expenses	284.983	-	1.225
<i>Total cost of production</i>	<i>45.452.288</i>	<i>1.336.864</i>	<i>1.933.467</i>
<b>Difference between value and cost of production (A - B)</b>	<b>1.410.965</b>	<b>158.564</b>	<b>249.858</b>
<b>C) Financial income and expense</b>			
16) Other financial income	-	-	-
d) Income other than the above	-	-	-
other	-	1.722	2.402
<i>Total income other than the above</i>	-	1.722	2.402
<i>Total other financial income</i>	-	1.722	2.402
17) Interest and other financial expense	-	-	-
to associated companies	84.910	-	-
to parent companies	-	2.908	5.493
altri	3.095	-	-
other	88.005	2.908	5.493
<i>Total interest and other financial expense</i>	<i>(4.415)</i>	<i>(1.873)</i>	<i>(20.202)</i>
17-bis) Currency gains and losses	(92.420)	(3.059)	(23.293)
<b>D) Adjustments to financial assets</b>			
19) Writedowns	-	-	-
b) financial fixed assets not representing equity investments	-	7.000	-
<i>Total writedowns</i>	-	7.000	-
<i>Total changes in value of financial assets (18-19)</i>	-	<i>(7.000)</i>	-
<b>Profit before taxes (A - B + - C + - D)</b>	<b>1.318.545</b>	<b>148.505</b>	<b>226.565</b>
<b>20) Taxes on the income for the year</b>			
Current taxes	606.723	6.708	9.831
taxes related to previous years	-	541	(3.965)
Deferred tax assets and liabilities	(27.175)	(255.399)	(101.124)
<i>Total taxes on the income for the year</i>	<i>579.548</i>	<i>(248.150)</i>	<i>(95.258)</i>
<b>21) Net profit (loss) for the year</b>	<b>738.997</b>	<b>396.655</b>	<b>321.823</b>

## Proposed destination of profit or coverage of losses

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' Dear Shareholder

in view of the discussion above, the board of director proposes to allocate the profit for fiscal year as follows:

- EUR 136.544,82 to the legal reserve;
- EUR 2.594.351,65 to profit carried forward.

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## Explanatory notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/03/2020 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records

HCL TECHNOLOGIES ITALY SPA



Per il Consiglio di Amministrazione

Mr. Shiv Walia Kumar

24 July, 2020