

HCL TECHNOLOGIES ITALY S.P.A.

Financial statements to 31-03-2022

Name and id code	
Company site	VIA LUIGI CADORNA, 73 VIMODRONE MI
Fiscal code	08740280964
Registration number	MI 2045670
VAT number	08740280964
Share capital Euro	2.840.000 f.p.
Legal form	SOCIETA' PER AZIONI
Activity Code (ATECO)	620200
Company being wound up	no
Company with a single shareholder	yes
Company subject to the management and coordination of others	no
Belonging to a group	yes
Name of the controlling entity	HCL TECHNOLOGIES LIMITED
Country of the controlling entity	INDIA

Balance sheet (mandatory scheme)

	31-03-2022	31-03-2021
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	41.241	67.467
5) goodwill	1.099.969	1.330.716
7) other	516.916	681.384
Total intangible fixed assets	1.658.126	2.079.567
II - Tangible fixed assets		
2) plant and machinery	25.371	20.970
3) industrial and commercial equipment	13.440	20.851
4) other assets	894.532	1.710.420
Total tangible fixed assets	933.343	1.752.241
III - Financial fixed assets		
2) receivables due from		
d-b) due from others		
due beyond the following year	141.250	141.250
Total receivables due from third parties	141.250	141.250
Total receivables	141.250	141.250
Total financial fixed assets	141.250	141.250
Total fixed assets (B)	2.732.719	3.973.058
C) Current assets		
I - Inventories		
4) finished products and goods for resale	1.019.748	930.579
Total inventories	1.019.748	930.579
II - Receivables		
1) trade accounts		
due within the following year	15.194.654	10.830.216
Total trade accounts	15.194.654	10.830.216
3) due from associated companies		
due within the following year	749.220	311.738
Total receivables due from associated companies	749.220	311.738
4) due from parent companies		
due within the following year	1.938.725	5.555.449
Total receivables due from parent companies	1.938.725	5.555.449
5) receivables due from companies controlled by parent companies		
due within the following year	3.332.218	4.906.648
due beyond the following year	4.000.000	-
Total receivables paid by companies controlled by parent companies	7.332.218	4.906.648
5-b) tax receivables		
due within the following year	18.186	52.184
Total receivables due from tax authorities	18.186	52.184
5-c) prepaid tax	273.664	121.684
5-d) other receivables		
due within the following year	2.126.054	1.655.799
Total receivables due from third parties	2.126.054	1.655.799
Total receivables	27.632.721	23.433.718

IV - Liquid funds		
1) bank and post office deposits	7.440.433	5.685.930
Total liquid funds	7.440.433	5.685.930
Total current assets (C)	36.092.902	30.050.227
D) Accrued income and prepayments	11.734.628	11.699.475
Total assets	50.560.249	45.722.760
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	2.840.000	2.840.000
IV - Legal reserve	275.385	185.827
VI - Other reserves, indicated separately		
Extraordinary reserve	110.415	110.415
Miscellaneous other reserves	4.047.145	4.047.145
Total other reserves	4.157.560	4.157.560
VIII - Retained earnings (accumulated losses)	4.674.489	2.972.877
IX - Net profit (loss) for the year	2.003.198	1.791.171
Total shareholders' equity	13.950.632	11.947.435
Total reserve for severance indemnities (TFR)	1.116.540	1.092.548
D) Payables		
6) advances		
due within the following year	3.996.407	985.424
Total advances	3.996.407	985.424
7) trade accounts		
due within the following year	6.758.225	8.566.065
Total trade accounts	6.758.225	8.566.065
11) due to parent companies		
due within the following year	24.015	438.526
Total payables due to parent companies	24.015	438.526
11-b) payables due to companies controlled by parent companies		
due within the following year	1.293.421	530.691
Total payables due to companies controlled by parent companies	1.293.421	530.691
12) due to tax authorities		
due within the following year	2.210.685	1.895.880
Total payables due to tax authorities	2.210.685	1.895.880
13) due to social security and welfare institutions		
due within the following year	2.127.604	1.990.554
Total payables due to social security and welfare institutions	2.127.604	1.990.554
14) other payables		
due within the following year	7.229.723	6.459.586
Total other payables	7.229.723	6.459.586
Total payables (D)	23.640.080	20.866.726
E) Accrued liabilities and deferred income	11.852.997	11.816.051
Total liabilities and shareholders' equity	50.560.249	45.722.760

Income statement (value and cost of production)

	31-03-2022	31-03-2021
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	71.752.951	64.866.471
5) Other income and revenues		
other	21.577	46.499
Total Other income and revenues	21.577	46.499
Total value of production	71.774.528	64.912.970
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	1.516.424	685.381
7) Services	29.215.497	27.425.367
8) Use of third party assets	1.840.447	1.755.919
9) personnel		
a) wages and salaries	24.770.291	22.616.477
b) related salaries	8.667.856	8.237.760
c) severance	331.050	304.884
e) other costs	70.227	18.175
Total payroll and related costs	33.839.424	31.177.296
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	421.441	422.130
b) depreciation of tangible fixed assets	713.078	701.818
d) write-downs of accounts included among current assets	621.724	82.340
Total Amortisation, depreciation and write-downs	1.756.243	1.206.288
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(89.169)	69.431
14) Other operating expenses	558.859	55.203
Total cost of production	68.637.725	62.374.885
Difference between value and cost of production (A - B)	3.136.803	2.538.085
C) Financial income and charges		
16) other financial income		
d) income other than the above		
companies controlled by parent companies	1.534	-
Total income other than the above	1.534	-
Total other financial income	1.534	-
17) Interest and other financial expense		
other	9.872	2
Total interest and other financial expense	9.872	2
17-bis) Currency gains and losses	629	(16.107)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(7.709)	(16.109)
Pre-tax result (A - B + - C + - D)	3.129.094	2.521.976
20) Income tax for the year, current, deferred and prepaid		
Current taxes	1.276.894	759.321
tax related to previous years	983	-
deferred and prepaid tax	(151.981)	(28.516)
Total taxes on the income for the year	1.125.896	730.805
21) Profit (loss) for the year	2.003.198	1.791.171

Financial statement, indirect method

	31-03-2022	31-03-2021
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	2.003.198	1.791.171
Income tax	1.125.896	730.805
Payable (receivable) interest	8.338	2
(Capital gains)/Capital losses from business conveyance	413.821	(33.418)
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	3.551.253	2.488.560
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	952.774	387.224
Fixed asset depreciation/amortisation	1.134.519	1.123.948
total adjustments for non-monetary items that were not offset in the net working capital	2.087.293	1.511.172
2) Cash flow before changing net working capital	5.638.546	3.999.732
Changes to the net working capital		
Decrease/(increase) in inventory	(89.169)	69.431
Decrease/(increase) in payables to customers	(8.232.490)	5.578.286
Increase/(decrease) in trade payables	1.551.362	(2.490.622)
Increase/(decrease) from prepayments and accrued income	(35.153)	(10.564.762)
Increase/(decrease) from accruals and deferred income	36.946	3.742.818
Other decreases/(other increases) in net working capital	4.335.620	1.301.419
Total changes to net working capital	(2.432.884)	(2.363.430)
3) Cash flow after changes to net working capital	3.205.662	1.636.302
Other adjustments		
Interest received/(paid)	(8.338)	(2)
(Income tax paid)	(1.125.896)	(730.805)
(Use of reserves)	(307.057)	(191.926)
Total other adjustments	(1.441.291)	(922.733)
Cash flow from current activities	1.764.371	713.569
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(9.868)	(453.887)
Cash flows from investments (B)	(9.868)	(453.887)
Increase (decrease) in liquid assets (A ± B ± C)	1.754.503	259.682
Liquid assets at the start of the year		
Bank and post office deposits	5.685.930	5.426.248
Total liquid assets at the start of the year	5.685.930	5.426.248
Liquid assets at the end of the year		
Bank and post office deposits	7.440.433	5.685.930
Total liquid assets at the end of the year	7.440.433	5.685.930

Supplementary Notes to the Financial statements to 31-03-2022

Supplementary notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/03/2022.

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, 3rd 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

In order to prepare the financial statements with clarity and provide a true and fair view of the financial position and results of operations in accordance with Article 2423 bis of the Italian Civil Code, we have taken the following steps

- evaluate the individual items according to prudence and in anticipation of a going concern;
- include only profits actually realised during the year
- determine income and costs on an accrual basis, regardless of their financial manifestation;
- include all risks and losses pertaining to the period, even if they become known after the end of the financial year;
- consider separately, for the purposes of the relevant evaluation, the heterogeneous elements included in the various items of the financial statements;
- maintaining the valuation criteria adopted with respect to the previous year unchanged.

The following financial statement postulates of OIC 11 par. 15 have also been respected:

- (a) prudence;
- b) going concern perspective;
- c) substantial representation;
- d) competence;
- e) consistency in the valuation criteria, except as described above in relation to the suspension of amortisation of tangible and intangible assets of tangible and intangible fixed assets;
- (f) materiality;
- (g) comparability.

Going concern perspective

With regard to this principle, the evaluation of the items in the financial statements was carried out on a going concern basis and therefore taking into account the fact that the company constitutes a functioning economic complex, destined, at least for

a foreseeable future period of time (12 months from the reference date of the closing of the financial statements), to produce income.

In the prospective assessment of the going concern assumption, there are no significant uncertainties.

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.

Applied evaluation criteria

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

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.

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.

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. The company will focus on three categories of services for development of business:

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.

Supplementary notes, assets

The values entered as assets in the balance sheet were valued 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

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 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 1.924.978. Net intangible assets Euro 1.658.126

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

	Industrial patents and intellectual property rights	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Year opening balance				
Cost	155.286	2.307.471	1.120.347	3.583.104
Amortisation (amortisation fund)	87.819	976.755	438.963	1.503.537
Balance sheet value	67.467	1.330.716	681.384	2.079.567
Changes during the year				
Depreciation/amortisation for the year	26.226	230.747	164.468	421.441
Total changes	(26.226)	(230.747)	(164.468)	(421.441)
Year closing balance				
Cost	155.286	2.307.471	1.120.347	3.583.104
Amortisation (amortisation fund)	114.045	1.207.502	603.431	1.924.978
Balance sheet value	41.241	1.099.969	516.916	1.658.126

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 3.247.759 depreciation reserve totals Euro 2.314.416. Net property, apparatus and equipment totals Euro 933.343.

The table below shows the transactions in the assets in question

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Year opening balance				
Cost	975.405	39.492	3.925.000	4.939.897
Amortisation (amortisation fund)	954.435	18.641	2.214.580	3.187.656
Balance sheet value	20.970	20.851	1.710.420	1.752.241
Changes during the year				
Increases for purchases	9.868	-	321.375	331.243
Decreases for transfers and disposals (of the balance sheet value)	-	-	437.064	437.064
Depreciation/amortisation for the year	5.467	7.411	700.200	713.078
Total changes	4.401	(7.411)	(815.889)	(818.899)
Year closing balance				
Cost	41.918	39.492	3.166.349	3.247.759
Amortisation (amortisation fund)	16.547	26.052	2.271.817	2.314.416
Balance sheet value	25.371	13.440	894.532	933.343

Other property, apparatus and equipment includes Ordinary office furniture and machines for Eur 49.464 and Electronic office machines for Eur 3.116.885

Finance leases operations

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

Financial fixed assets

Changes and deadline of non-current receivables

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

	Year opening balance	Year closing balance	Amount due beyond 12 months
Non-current receivables due from others	141.250	141.250	141.250
Total non-current receivables	141.250	141.250	141.250

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.

The item 'Tax receivables' includes definite and determined amounts arising from receivables for which a right of realisation has arisen through refund or offsetting.

Deferred tax assets" include deferred tax assets determined on the basis of deductible temporary differences, applying the estimated tax rate in force at the time the differences are expected to reverse.

Changes and deadline of receivables posted to 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	Amount due within 12 months	Amount due beyond 12 months
Trade receivables included among current assets	10.830.216	4.364.438	15.194.654	15.194.654	-
receivables due from associated companies included among current assets	311.738	437.482	749.220	749.220	-
receivables due from parent companies included among current assets	5.555.449	(3.616.724)	1.938.725	1.938.725	-
receivables due from companies controlled by parent companies posted to current assets	4.906.648	2.425.570	7.332.218	3.332.218	4.000.000
Tax receivables included among current assets	52.184	(33.998)	18.186	18.186	-
Assets for prepaid tax included among current assets	121.684	151.980	273.664		
Other receivables included among current assets	1.655.799	470.255	2.126.054	2.126.054	-
Total receivables included among current assets	23.433.718	4.199.003	27.632.721	23.359.057	4.000.000

The items "trade accounts", "due from associated companies" and "parent companies" are commercial. The item "companies under the control of parent companies" include a loan granted of Eur 4.000.000.

The item "due from tax authorities" consists:

- Receivables for substitute taxes on severance indemnity for 23.707 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

Geographic area	Italy	UE	Extra UE	Total
Trade receivables included among current assets	14.890.007	232.212	72.435	15.194.654
Receivables due from associated companies included among current assets	-	188.840	560.380	749.220
Receivables due from parent companies included among current assets	-	319	1.938.406	1.938.725
receivables due from companies controlled by parent companies posted to current assets	4.237	4.281.521	3.046.460	7.332.218
Tax receivables included among current assets	18.186	-	-	18.186
Assets for prepaid tax included among current assets	273.664	-	-	273.664
Other receivables included among current assets	1.061.030	205.794	859.230	2.126.054
Total receivables included among current assets	16.247.124	4.908.686	6.476.911	27.632.721

Liquid funds

Cash and cash equivalents are measured at nominal value.

	Year opening balance	Change during the year	Year closing balance
Bank and post office deposits	5.685.930	1.754.503	7.440.433
Total liquid funds	5.685.930	1.754.503	7.440.433

accrued income and prepayments

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.

	Year opening balance	Change during the year	Year closing balance
Deferred income	11.699.475	35.153	11.734.628
Total accrued income and prepaid expenses	11.699.475	35.153	11.734.628

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.

Supplementary notes, liabilities and net 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.

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.

	Year opening balance	Destination of the previous year's result		Result for the year	Year closing balance
		Other destinations	Other changes Increases		
Capital	2.840.000	-	-		2.840.000
Legal reserve	185.827	-	89.558		275.385
Other reserves					
Extraordinary reserve	110.415	-	-		110.415
Miscellaneous other reserves	4.047.145	-	-		4.047.145
Total other reserves	4.157.560	-	-		4.157.560
Profit (loss) carried forward	2.972.877	-	1.701.612		4.674.489
Profit (loss) for the year	1.791.171	(1.791.171)	-	2.003.198	2.003.198
Total shareholders' equity	11.947.435	(1.791.171)	1.791.170	2.003.198	13.950.632

Detail of changes in reserves (overview)

Description	Amount
Contributions to capital account or to cover previous losses	4.047.145
Total	4.047.145

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.

	Amount	Origin / nature	Possible use	Available amount
Capital	2.840.000	Share capital		-
Legal reserve	275.385	Profits	B	275.385
Other reserves				
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		4.157.560

	Amount	Origin / nature	Possible use	Available amount
Profit carried forward	4.674.489	Profits	A;B;C	4.674.489
Total	11.947.434			9.107.434
Unavailable amount				275.385
Residual available share				8.832.049

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

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

Description	Amount	Origin / nature
Other reserves	4.047.145	Share capital
Total	4.047.145	

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

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..

	Staff severance fund
Year opening balance	1.092.548
Changes during the year	
Operating accrual	331.050
Use in the financial year	307.058
Total changes	23.992
Year closing balance	1.116.540

Payables due to companies controlled by parent companies

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.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months
Advances	985.424	3.010.983	3.996.407	3.996.407
Payables to suppliers	8.566.065	(1.807.840)	6.758.225	6.758.225
Payables to parent companies	438.526	(414.511)	24.015	24.015
Payables due to companies controlled by parent companies	530.691	762.730	1.293.421	1.293.421
Tax payables	1.895.880	314.805	2.210.685	2.210.685
Payables due to social security and welfare institutions	1.990.554	137.050	2.127.604	2.127.604
Other payables	6.459.586	770.137	7.229.723	7.229.723
Total payables (D)	20.866.726	2.773.354	23.640.080	23.640.080

The items "Trade accounts" and "due to parent companies" are commercial.

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

- due of commercial nature of Euros 1.152.610;
- due to parent companies for Euros 93.436.

The Item "Due to tax authorities" is mainly composed by:

- Tax authorities VAT payments for Euros 769.481;
- Corporate Income Tax for Euros 363.424;
- IRAP for Euros 83.311

The item "Other Payables" is mainly composed by:

- Payables to Employees for Euros 1.110.006;
- Payables to Employees deferred for Euros 5.654.464.

Breakdown of payables by geographic area

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

Geographic area	Italy	UE	Extra UE	Total
Advances	673.463	270.562	3.052.382	3.996.407
Payables to suppliers	3.059.271	83.008	3.615.946	6.758.225
Payables due to parent companies	-	-	24.015	24.015
Payables due to companies controlled by parent companies	-	213.915	1.079.506	1.293.421
Tax payables	2.210.685	-	-	2.210.685
Payables due to social security and welfare institutions	2.127.604	-	-	2.127.604
Other payables	6.924.615	-	305.108	7.229.723
Payables	14.995.638	567.485	8.076.957	23.640.080

Payables covered by real guarantees on company 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.

	Year opening balance	Change during the year	Year closing balance
Deferred income	11.816.051	36.946	11.852.997
Total accrued liabilities and deferred income	11.816.051	36.946	11.852.997

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.

Supplementary notes, income statement

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.

With reference to the performance of operations during the period, the following should be noted:

- **Development of sales:** There is satisfactory development of sales to € 71.752.951 in comparison to € 64,866,471 in the previous financial year which is due to the strong market conditions.
- **Development of costs:** The operating costs increased to € 68.637.725 in comparison to € 62,374,885 in the previous financial year to commensurate to the overall business of the Company.
- **Development of profits:** The profits before taxes amounted to € 3.129.094. After income taxes, there was a profit for the financial year of € 2.003.198.

Value of production

I Revenues related to services totals Euro 71.752.951, 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 9.747 and contingent liabilities deductible equal to Euro 11.824.

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	41.745.516
UE	2.774.620
out of UE	27.232.815
Total	71.752.951

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	31/03/2020	Differenza	31/03/2021
6) Raw, ancillary and consumable materials and goods for resale	1.516.424	831.043	685.381

7) Services	29.215.497	1.790.130	27.425.367
8) Use of third party assets	1.840.447	84.528	1.755.919
9) Payroll and related costs	-	-	-
a) wages and salaries	24.770.291	2.153.814	22.616.477
b) related salaries	8.667.856	430.096	8.237.760
c) severance	331.050	26.166	304.884
e) other costs	70.227	52.052	18.175
<i>Total payroll and related costs</i>	<i>33.839.424</i>	<i>2.662.128</i>	<i>31.177.296</i>
10) Amortisation, depreciation and writedowns	-	-	-
a) amortisation of intangible fixed assets	421.441	-689	422.130
b) depreciation of tangible fixed assets	713.078	11.260	701.818
d) writedowns of accounts included among current assets	621.724	539.384	82.340
<i>Total Amortisation, depreciation and writedowns</i>	<i>1.756.243</i>	<i>549.955</i>	<i>1.206.288</i>
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(89.169)	-158.600	69.431
14) Other operating expenses	558.859	503.656	55.203
<i>Total cost of production</i>	<i>68.637.725</i>	<i>6.262.840</i>	<i>62.374.885</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.

Composition of share income

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

Financial profit and costs are recorded on an accrual basis in relation to the portion accrued during the year.

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

	Interest and other financial liabilities
Payables to banks	9.870
other	2
Total	9.872

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
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<i>Currency gains and losses</i>		<i>629</i>
Gain on foreign exchange	-	15.131
Loss on foreign exchange	-	14.502
Total entry	-	629

Amount and nature of the single income/cost items of exceptional size or effect

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

Income tax for the 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.

Detection of deferred and anticipated taxes and consequent effects (overview)

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	1.053.058	536.668
Net temporary differences	(1.053.058)	(536.668)
B) Fiscal effects		
Deferred (prepaid) tax fund at the beginning of the year	(104.753)	(16.930)

	IRES	IRAP
Deferred (prepaid) taxes for the year	(147.981)	(4.000)
Deferred (prepaid) tax fund at the end of the year	(252.734)	(20.930)

Detail of temporary deductible differences (overview)

Description	Amount at the end of the previous year	Variation during the year	Amount at the end of the year	IRES	IRES tax effect	IRAP	IRAP tax effect
Spese di manutenzione	2.356	(1.023)	1.333	24,00%	319	-	-
Ammortamento avviamento	434.114	102.554	536.668	24,00%	128.800	3,90%	20.930
Accantonamento f.do rischi su crediti	-	515.056	515.056	24,00%	123.615	-	-

Current tax are:

IRES for Euro 653.061;

IRAP for Euros 106.260.

Tax of previous years for Euros 983

Supplementary notes, financial statement

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.

Supplementary 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

	Average number
Directors	4
Middle management	187
Office staff	219
Total employees	410

Remuneration, advances and credits granted to directors and auditors and commitments 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

	Auditors
Remuneration	21.000

Remuneration to legal auditor or audit company

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.

	Value
Legal audit of annual accounts	15.000
Total remuneration due to the legal auditor or audit firm	15.000

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 of 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 not posted to the balance sheet

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

Information on assets and loans addressed to specific deals

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 correlated parties

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.

The Company's relations with related parties mainly concern, and on a recurring basis, the parent company HCL Technologies UK Ltd and its subsidiaries together with HCL America and its subsidiaries.

The execution of transactions with related parties responds to the Company's interest in realising synergies within the group in terms of production and commercial integration, efficient use of existing skills and rationalisation of the use of central structures.

The preceding paragraphs of these Notes have already indicated the relations entertained during the financial year both with the parent company HCL Technologies UK and with the other affiliated companies.

It should also be noted, pursuant to Article 2427, paragraph 1, no. 22-bis of the Italian Civil Code, that these transactions were not carried out at conditions that differ from those of the market.

No atypical or unusual transactions were carried out during the year.

Information on agreements not posted to the balance sheet

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

Information on significant events after yearend

On 24.02.2022, the Russian Federation began a war with Ukraine. At the moment, the Management Board of the Company does not record any significant effects related to the impact of the conflict on its operations. The Management Board of the Company monitors the developments related to the continuing hostilities on an ongoing basis and assesses the potential impact on the Company's operations. As at the date of this financial statements, due to dynamically changing conditions, it is not possible to clearly define the impact of war and sanctions imposed in various jurisdictions on the Company's operations, financial results and development prospects..

Companies that draft the largest/smallest group of companies that they belong to as subsidiary

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

Information regarding derivative financial instruments as per art. 2427-b Civil Code

It is certified that no derivative financial instruments were subscribed.

Proposed use of profits or hedging of losses

Dear Shareholder

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

EUR 100.159,91 to the legal reserve;

EUR 1.152.801,56 to cover losses from previous period;

EUR 750.236,63 to profit carried forward.

Supplementary 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 31/03/2022 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

Milan, 21st July 2022

HCL TECHNOLOGIES ITALY SPA



For the Board of Director

Mr. Shiv Walia Kumar