

HCL TECHNOLOGIES ITALY S.P.A.
(Unipersonale)
Sede legale in Vimodrone (MI), Via Luigi Cadorna n. 73, cap. 20090
Capitale Sociale Euro 2.840.000,00 i.v.
Codice Fiscale e n. Iscrizione Registro delle imprese di Milano 08740280964
REA MI 2045670

Subject: Report of the Board of Statutory Auditors on the financial statements for the year ended March 31, 2021 drawn up pursuant to art. 2429, co. 2, of the Italian Civil Code

To the Shareholders' Meeting of the Company HCL Technologies Italy S.p.A ..

Dear Shareholder,

This Report on the Financial Statements closed on March 31, 2021 was drawn up pursuant to Article 2429, paragraph 2, of the Civil Code.

Considering that, pursuant to article 13 of Legislative Decree no. 39/2010, the statutory audit function was attributed to Mr. Giovanni Romanò, the activity carried out during the year was focused on duties imposed by article 2403, first paragraph.

This report was approved collectively and in time for its filing at the company's headquarters, in the fifteen days prior to the date of the first call of the shareholders' meeting to approve the financial statements under comment. The management body thus made available the draft financial statements, complete with explanatory notes accompanied by the management report, approved on 2nd August 2021, relating to the financial year ended 31st March 2021.

General premise

Supervisory activity pursuant to art. 2403 and subsequent. c.c.

Knowledge of the company, risk assessment and report on the tasks entrusted

Having acknowledged the knowledge that the board of statutory auditors declares to have about the company and with regard to:

- (I) the type of activity carried out;
- (II) its organizational and accounting structure;

also taking into account the size and problems of the company, it is reaffirmed that the "planning" phase of the supervisory activity - in which it is necessary to assess the intrinsic risks and criticalities with respect to the two parameters mentioned above - was implemented by checking positive compared to what is already known based on the information acquired over time.

It was therefore possible to confirm that:

- the typical activity carried out by the company has not changed during the year under review and is consistent with the provisions of the corporate purpose;
- the organizational structure and the equipment of the IT structures have remained substantially unchanged;
- the above is indirectly confirmed by the comparison of the results of the values expressed in the income statement for the last two years, namely the one in question (31.03.2021) and the previous one (31.03.2020). It is also possible to note how the company operated during the year in terms comparable to the previous year and, consequently, our checks were carried out on these assumptions having verified the substantial comparability of the values and results with those of the previous year.

This report therefore summarizes the activity relating to the disclosure required by art. 2429, paragraph 2, of the Italian Civil Code and more precisely on:

- the results of the financial year;
- the activity carried out in fulfilling the duties provided for by the law;
- the observations and proposals regarding the accounts, with particular reference to the possible use by the administrative body of the derogation referred to in art. 2423, paragraph 5, of the Italian Civil Code;
- the possible receipt of complaints from the shareholders referred to in art. 2408 of the Italian Civil Code.

In any case, we remain at your complete disposal to share any further aspect in the occasion of the shareholders' meeting. The activities carried out by the board of statutory auditors concerned, in terms of time, the entire year and during the year itself the meetings referred to in art. 2404 of the Italian Civil Code and specific minutes of these meetings were drawn up, duly signed for unanimous approval.

Activity performed

During the periodic checks, the board of statutory auditors became aware of the evolution of the business carried out by the company, paying particular attention to contingent and / or extraordinary

problems in order to identify the economic and financial impact on the result for the year and on the capital structure, as well as any risks, monitored on a constant basis. There were also discussions with the professional firm that assists the company in terms of consultancy and tax assistance on technical and specific issues: the results have provided a positive outcome.

The board of statutory auditors has, therefore, periodically assessed the adequacy of the organizational and functional structure of the company and its possible changes with respect to the minimum requirements postulated by the management trend. Relations with the people working in the aforementioned structure - the management body and external consultants - were inspired by mutual collaboration in compliance with the roles assigned to each, having clarified those of the board of statutory auditors. The information required by art. 2381, paragraph 5, of the Italian Civil Code, were provided on the occasion of the scheduled meetings: it follows from all of the above that the Chairman of the Board of Directors has, in substance and form, complied with the requirements of the aforementioned regulation. In conclusion, as far as it was possible to find during the activity carried out during the year, the board of statutory auditors can state that:

- the decisions taken by the shareholders and the management body were in accordance with the law and the bylaws and were not clearly imprudent or such as to definitively compromise the integrity of the corporate assets;
- sufficient information has been acquired relating to the general performance of operations and its foreseeable evolution, as well as, on the most significant transactions, by size or characteristics, carried out by the company;
- the transactions carried out were also compliant with the law and the bylaws and not in potential conflict with the resolutions passed by the shareholders' meeting or such as to compromise the integrity of the corporate assets;
- no specific observations are made regarding the adequacy of the company's organizational structure, nor regarding the adequacy of the administrative and accounting system, as well as, the reliability of the latter in correctly representing the management facts;
- during the supervisory activity, as described above, no further significant facts emerged such as to require reporting in this report;
- it was not necessary to intervene due to omissions of the administrative body pursuant to art. 2406 of the Italian Civil Code;
- no complaints have been received pursuant to art. 2408 of the Italian Civil Code;
- no complaints have been made pursuant to art. 2409, paragraph 7, of the Italian Civil Code.

Comments on the financial statements

The draft financial statements for the year ended March 31, 2021 were approved by the management body and consist of the balance sheet, the income statement, and the explanatory notes accompanied by the management report.

Furthermore:

- these documents were delivered to the board of statutory auditors in time for them to be filed at the company's registered office accompanied by this report;
- the accounting audit is entrusted to the auditor Dott. Giovanni Romanò (BDO Partner), who has prepared, today, his own report pursuant to art. 14 Legislative Decree 27 January 2010, n. 39.

As required by art. 2409-septies of the Italian Civil Code, the board of statutory auditors has put in place, with the auditor and his auxiliaries involved, an appropriate exchange of information relating to their respective activities. No significant aspects emerged that required specific initiatives or in-depth analyzes. The report issued by the accounting Auditor does not highlight findings for significant deviations, or negative judgments or the impossibility of expressing an opinion or requests for information and therefore the judgment issued is positive.

Therefore, the draft financial statements were examined, in relation to which the following further information are provided:

- the criteria used in the formation and evaluation of the financial statements as at 31 March 2021 take into account the changes introduced into the national system by Legislative Decree 139/2015 and the consequent update of the national accounting standards;
- attention was paid to the format given to the draft financial statements, on its general compliance with the law as regards its formation and structure and in this regard there are no observations that need to be highlighted in this report;
- the administrative body, in drawing up the financial statements, did not derogate from the law pursuant to art. 2423, paragraph 5, of the Italian Civil Code;
- the compliance of the financial statements with the facts and information that became known following the fulfillment of the typical duties of the board of statutory auditors was verified and no further observations are highlighted in this regard;
- there are no commitments, guarantees and potential liabilities not resulting from the balance sheet;
- with regard to the proposal of the management body regarding the allocation of the net result for the year set out at the end of the explanatory note, the board of statutory auditors has nothing to observe, however, noting that the decision on the matter is in charge to the shareholders' meeting.

Result of the financial year

The net result ascertained by the management body for the year ended March 31, 2021, as also evident from the reading of the financial statements, is positive for 1,791,171 euros.

Conclusions

On the basis of the foregoing and to the extent that the board of statutory auditors has been brought to the attention and has been found by the periodic checks carried out, it is unanimously believed that there are no impediments to your approval of the draft financial statements for the year closed on March 31, 2021 as it was drawn up and proposed to you by the management body.

Finally, we point out that the administrative body, in the Explanatory Notes, in the margin of the chapter "*Information on significant events occurring after the end of the financial year*" and "*Impacts of the health emergency (Covid-19)*" indicated some notes regarding the pandemic emergency: as reported therein, in June 2021, the Company is unable to quantify the potential effects of this pandemic on future financial statements. The magnitude of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. Despite the considerable uncertainties mainly linked to the country's economic performance, the company, operating mainly through digital channels, has seen an increase in its business and is consolidating its presence on the market by acquiring ever greater visibility and notoriety.

Finally, the board of statutory auditors refers to the report of the accounting auditor Dr. Giovanni Romanò, issued today for the attestation that the financial statements as of March 31, 2021 truly and correctly represent the equity and financial situation, pursuant to art. 14 of Legislative Decree no. 39/2010.

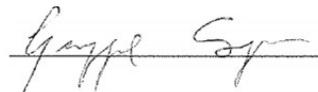
* * * * *

Milan, 4 August 2021

The board of statutory auditors



Dott. Roberto Bisi, Chairman



Dott. Giuseppe Sigona



Dott.ssa Eleonora Pianta



HCL TECHNOLOGIES ITALY S.P.A.

Independent auditor's report
pursuant to article 14 of Legislative
Decree n. 39, dated January 27, 2010

Financial statements as at March 31, 2021

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010

To the shareholders of
HCL TECHNOLOGIES ITALY S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of HCL TECHNOLOGIES ITALY S.p.A. (the Company), which comprise the balance sheet as at March 31st, 2021, the statement of income, and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at March 31st, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of HCL TECHNOLOGIES ITALY S.p.A. for the year ended March 31st, 2020, were audited by another auditor who expressed a clean opinion on those financial statements on August 4th, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Italian regulations and accounting principles within the terms provided by the law, for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintained professional scepticism throughout the audit. We also have:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The Directors of HCL TECHNOLOGIES ITALY S.p.A. are responsible for the preparation of the report on operations of HCL TECHNOLOGIES ITALY S.p.A. as at March 31st, 2021, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of HCL TECHNOLOGIES ITALY S.p.A. as at March 31st, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.



In our opinion, the report on operations is consistent with the financial statements of HCL TECHNOLOGIES ITALY S.p.A. as at March 31st, 2021 and is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan 4th August 2021

BDO Tax S.r.l. Stp
Signed in the original by
Giovanni Romanò
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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 31/03/2021

Ordinary balance sheet

	31/03/2021	31/03/2020
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
3) industrial patents and intellectual property rights	67.467	94.381
5) goodwill	1.330.716	1.561.463
7) other	681.384	845.852
<i>Total intangible fixed assets</i>	<i>2.079.567</i>	<i>2.501.696</i>
II - Tangible fixed assets	-	-

	31/03/2021	31/03/2020
2) plant and machinery	20.970	16.533
3) industrial and commercial equipment	20.851	5.952
4) other assets	1.710.420	1.972.785
<i>Total tangible fixed assets</i>	<i>1.752.241</i>	<i>1.995.270</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>3.973.058</i>	<i>4.638.216</i>
C) Current assets		
I - Inventories	-	-
4) finished products and goods for resale	930.579	1.000.010
<i>Total inventories</i>	<i>930.579</i>	<i>1.000.010</i>
II - Receivables	-	-
1) trade accounts	10.830.216	16.490.842
due within the following year	10.830.216	16.490.842
3) due from associated companies	311.738	254.464
due within the following year	311.738	254.464
4) due from parent companies	5.555.449	7.326.469
due within the following year	5.555.449	7.326.469
5) due from companies under the control of parent companies	4.906.648	1.029.355
due within the following year	4.906.648	1.029.355
5-bis) due from tax authorities	52.184	133.796
due within the following year	52.184	133.796
5-ter) advances on tax payments	121.684	93.168
5-quater) due from third parties	1.655.799	3.727.545
due within the following year	1.655.799	3.727.545
<i>Total receivables</i>	<i>23.433.718</i>	<i>29.055.639</i>
IV - Liquid funds	-	-
1) bank and post office deposits	5.685.930	5.426.248
<i>Total liquid funds</i>	<i>5.685.930</i>	<i>5.426.248</i>
<i>Total current assets (C)</i>	<i>30.050.227</i>	<i>35.481.897</i>

	31/03/2021	31/03/2020
D) Accrued income and prepayments	11.699.475	1.134.713
<i>Total assets</i>	<i>45.722.760</i>	<i>41.254.826</i>
Liabilities and shareholders' equity		
A) Shareholders' equity	11.947.435	10.156.263
I - Share capital	2.840.000	2.840.000
IV - Legal reserve	185.827	49.282
VI - Other reserves	-	-
Extraordinary reserve	110.415	110.415
Miscellaneous other reserves	4.047.145	4.047.145
<i>Total other reserves</i>	<i>4.157.560</i>	<i>4.157.560</i>
VIII - Retained earnings (accumulated losses)	2.972.877	378.525
IX - Profit (loss) for the year	1.791.171	2.730.896
Total shareholders' equity	11.947.435	10.156.263
C) Total reserve for severance indemnities (TFR)	1.092.548	979.590
D) Payables		
6) advances	985.424	427.527
due within the following year	985.424	427.527
7) trade accounts	8.566.065	11.056.687
due within the following year	8.566.065	11.056.687
11) due to parent companies	438.526	121.674
due within the following year	438.526	121.674
11-bis) due to companies under the control of parent companies	530.691	905.312
due within the following year	530.691	905.312
12) due to tax authorities	1.895.880	1.559.654
due within the following year	1.895.880	1.559.654
13) due to social security and welfare institutions	1.990.554	1.978.270
due within the following year	1.990.554	1.978.270
14) other payables	6.459.586	5.996.616
due within the following year	6.459.586	5.996.616
<i>Total payables (D)</i>	<i>20.866.726</i>	<i>22.045.740</i>
E) Accrued liabilities and deferred income	11.816.051	8.073.233
<i>Total liabilities and shareholders' equity</i>	<i>45.722.760</i>	<i>41.254.826</i>

Ordinary P&L account

	31/03/2021	31/03/2020
A) Value of production		
1) Revenues from sales and services	64.866.471	61.270.344
5) Other income and revenues	-	-
other	46.499	191.472
<i>Total Other income and revenues</i>	<i>46.499</i>	<i>191.472</i>
<i>Total value of production</i>	<i>64.912.970</i>	<i>61.461.816</i>
B) Cost of production		
6) Raw, ancillary and consumable materials and goods for resale	685.381	2.359.190
7) Services	27.425.367	20.977.372
8) Use of third party assets	1.755.919	1.903.049
9) Payroll and related costs	-	-
a) wages and salaries	22.616.477	22.168.355
b) related salaries	8.237.760	8.404.474
c) severance	304.884	290.963
e) other costs	18.175	15.688
<i>Total payroll and related costs</i>	<i>31.177.296</i>	<i>30.879.480</i>
10) Amortisation, depreciation and writedowns	-	-
a) amortisation of intangible fixed assets	422.130	401.918
b) depreciation of tangible fixed assets	701.818	620.973
d) writedowns of accounts included among current assets	82.340	(13.890)
<i>Total Amortisation, depreciation and writedowns</i>	<i>1.206.288</i>	<i>1.009.001</i>
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	69.431	(522.696)
14) Other operating expenses	55.203	990.264
<i>Total cost of production</i>	<i>62.374.885</i>	<i>57.595.660</i>
Difference between value and cost of production (A - B)	2.538.085	3.866.156
C) Financial income and expense		
16) Other financial income	-	-
d) income other than the above	-	-
other	-	3.196
<i>Total income other than the above</i>	<i>-</i>	<i>3.196</i>
<i>Total other financial income</i>	<i>-</i>	<i>3.196</i>
17) Interest and other financial expense	-	-

	31/03/2021	31/03/2020
other	2	180
<i>Total interest and other financial expense</i>	2	180
17-bis) Currency gains and losses	(16.107)	(44.618)
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	(16.109)	(41.602)
Profit before taxes (A - B + - C + - D)	2.521.976	3.824.554
20) Taxes on the income for the year		
Current taxes	759.321	760.226
taxes related to previous years	-	(2.090)
deferred tax assets and liabilities	(28.516)	335.522
<i>Total taxes on the income for the year</i>	<i>730.805</i>	<i>1.093.658</i>
21) Net profit (loss) for the year	1.791.171	2.730.896

Statement of cash flows, indirect method

	Amount as at 31/03/2021	Amount as at 31/03/2020
A) Financial flow from operations (indirect method)		
Net profit (loss) for the year	1.791.171	2.730.896
Income taxes	730.805	1.093.658
Interest expenses/(income)	2	(3.016)
(Capital gains)/Capital losses resulting from asset disposal	(33.418)	
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>2.488.560</i>	<i>3.821.538</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	387.224	13.890
Depreciation of assets	1.123.948	1.022.891
Other increasing/(decreasing) adjustments for non-monetary items		581.926
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>1.511.172</i>	<i>1.618.707</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>3.999.732</i>	<i>5.440.245</i>
Changes in net working capital		
Decrease/(Increase) of inventories	69.431	(522.697)
Decrease/(Increase) of credits towards customers	5.578.286	(7.928.984)
Increase/(Decrease) in payables due to suppliers	(2.490.622)	3.870.030
Decrease/(Increase) in accrued income and deferred expenses	(10.564.762)	(847.633)
(Increase)/Decrease in accrued liabilities and deferred income	3.742.818	7.918.642
Other decreases/(Other increases) of net working capital	1.301.419	(5.340.911)
<i>Total changes in net working capital</i>	<i>(2.363.430)</i>	<i>(2.851.553)</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>1.636.302</i>	<i>2.588.692</i>
Other adjustments		
Interest collected/(paid)	(2)	3.016
(Income taxes paid)	(730.805)	(1.093.658)
(Use of provisions)	(191.926)	
Other collections/(payments)		(382.203)
<i>Total other adjustments</i>	<i>(922.733)</i>	<i>(1.472.845)</i>
Financial flow from operations (A)	713.569	1.115.847
B) Financial flow from investing activities		
PROPERTY, APPARATUS AND EQUIPMENT		

	Amount as at 31/03/2021	Amount as at 31/03/2020
(Investments)	(453.887)	(892.438)
INTANGIBLE FIXED ASSETS		
(Investments)		(643.521)
Cash flow from investing activities (B)	(453.887)	(1.535.959)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	259.682	(420.112)
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	5.426.248	5.846.360
Total cash and cash equivalents at the beginning of the fiscal year	5.426.248	5.846.360
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	5.685.930	5.426.248
Total cash and cash equivalents at the end of the fiscal year	5.685.930	5.426.248
Balance difference		

Explanatory notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/03/2021.

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.

Reflections of the health emergency (Covid-19)

Given that art. 7 of Legislative Decree 23/2020 gave the possibility of neutralising for the 2019 and 2020 financial statements the effects on business continuity arising from Covid-19, the company, given the positive trend of the business, has not departed from this principle. Despite the considerable uncertainties linked mainly to the country's economic performance, the company, operating mainly through digital channels, has seen an increase in its business and is consolidating its presence on the market, acquiring increasing visibility and notoriety.

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

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.

Explanatory 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

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 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 1.503.537. Net intangible assets Euro 2.079.567.

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

	Industrial patents and intellectual property rights	Goodwill	other	Total intangible fixed assets
Year opening balance				
Cost	155.285	2.307.471	1.120.347	3.583.103
Amortisation (amortisation fund)	60.904	746.008	274.495	1.081.407
Balance sheet value	94.381	1.561.463	845.852	2.501.696
Changes during the year				
Amortisation (amortisation fund)	26.915	230.747	164.468	422.130
<i>Total changes</i>	<i>(26.915)</i>	<i>(230.747)</i>	<i>(164.468)</i>	<i>(422.130)</i>
Year closing balance				

	Industrial patents and intellectual property rights	Goodwill	other	Total intangible fixed assets
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

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 4.939.897 depreciation reserve totals Euro 3.187.656. Net property, apparatus and equipment totals Euro 1.752.241.

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
Year opening balance				
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
Changes during the year				
Increases for purchases	8.417	19.200	449.006	476.623
Decreases for disposals and divestments (of book value)	-	-	17.832	17.832
Amortisation (amortisation fund)	3.979	4.301	693.538	701.818
<i>Total changes</i>	<i>4.438</i>	<i>14.899</i>	<i>(262.364)</i>	<i>(243.027)</i>
Year closing balance				
Cost	975.405	39.492	3.925.000	4.939.897
Amortisation (amortisation	954.435	18.641	2.214.580	3.187.656

	plant and machinery	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER PROPERTY, APPARATUS AND EQUIPMENT	Total tangible fixed assets
fund)				
Balance sheet value	20.970	20.851	1.710.420	1.752.241

Other property, apparatus and equipment includes Ordinary office furniture and machines for Eur 44.517 and Electronic office machines for Eur 1.665.903

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
due from third parties	141.250	141.250	141.250
Total	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 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	16.490.842	(5.660.626)	10.830.216	10.830.216
associated companies	254.464	57.274	311.738	311.738
parent companies	7.326.469	(1.771.020)	5.555.449	5.555.449
companies under the control of parent companies	1.029.355	3.877.293	4.906.648	4.906.648
due from tax authorities	133.796	(81.612)	52.184	52.184
advances on tax payments	93.168	28.516	121.684	-
third parties	3.727.545	(2.071.746)	1.655.799	1.655.799
Total	29.055.639	(5.621.921)	23.433.718	23.312.034

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;
- IRAP receivables for € 51.910.

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	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	10.422.313	-	-	4.237,00	52.184	121.684	1.205.718	11.806.137
UE	147.261	125.780	13.694	568.105	-	-	309.825	1.164.665
Extra-UE	260.642	185.958	5.541.755	4.334.306	-	-	140.255	10.462.916

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
Total	10.830.216	311.738	5.555.449	4.906.648	52.184	121.684	1.655.799	23.433.718

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	5.426.248	259.682	5.685.930
<i>Total</i>	<i>5.426.248</i>	<i>259.682</i>	<i>5.685.930</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>	<i>1.134.713</i>	<i>10.564.762</i>	<i>11.699.475</i>
Totale	1.134.713	10.564.762	11.699.475

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	49.282	136.545		-	185.827
Extraordinary reserve	110.415	-		-	110.415
Miscellaneous other reserves	4.047.145			-	4.047.145
Total other reserves	4.157.560			-	4.157.560
Retained earnings (accumulated losses)	378.525	2.594.352			2.972.877
Net profit (loss) for the year	2.730.896		2.730.896	1.791.171	1.791.171
Total	10.156.263	2.730.897	2.730.896	1.791.171	11.947.435

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	185.827	Profits		-
Extraordinary reserve	110.415	Share capital		110.415
Miscellaneous other reserves	4.047.145	Share capital		4.047.145
Total other reserves	4.157.560	Share capital		4.157.560
Retained earnings (accumulated losses)	2.972.877	Profits		2.972.877
Total	10.156.264			7.130.437
Non-distributable portion				-
Residual distributable				7.130.437

Description	Amount	Origin / nature	Possibility of use	Available portion
portion				
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				

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	A;B;C
Total	4.047.145		
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			

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)	979.590	304.884	191.926	112.958	1.092.548
Total	979.590	304.884	191.926	112.958	1.092.548

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	427.527	557.897	985.424	985.424
trade accounts	11.056.687	(2.490.622)	8.566.065	8.566.065
due to parent companies	121.674	316.852	438.526	438.526
due to companies under the control of parent companies	905.312	(374.621)	530.691	530.691
due to tax authorities	1.559.654	336.226	1.895.880	1.895.880
due to social security and welfare institutions	1.978.270	12.284	1.990.554	1.990.554
other payables	5.996.616	462.970	6.459.586	6.459.586
Total	22.045.740	(1.179.014)	20.866.726	20.866.726

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 437.255;
- due to parent companies for Euros 93.436.

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

- Tax authorities VAT payments for Euros 719.790;
- With-holding taxes for Euro 1.079.334;
- IRES for Euros 80.628.

The item "Other Payables" is mainly composed by:

- Foreign third-party customers for 74,257 euros;
- Payables to Employees for Euros 999.781;
- Payables to Employees deferred for Euros 5.139.844.

Breakdown of payables by geographic area

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

Geographic area	advances	trade accounts	Payables to parent companies	due to companies under the control of parent companies	due to tax authorities	due to social security and welfare institutions	OTHER PAYABLES	Payables
-----------------	----------	----------------	------------------------------	--	------------------------	---	----------------	----------

Geographic area	advances	trade accounts	Payables to parent companies	due to companies under the control of parent companies	due to tax authorities	due to social security and welfare institutions	OTHER PAYABLES	Payables
Italy	356.128	3.901.407	-	-	1.895.880	1.990.554	6.166.340	14.310.309
UE	21.611	89.333	-	139.750	-	-	74.256,89	324.951
Extra-UE	607.685	4.575.325	438.526	390.940	-	-	218.989	6.231.466
Total	985.424	8.566.065	438.526	530.691	1.895.880	1.990.554	6.459.586	20.866.726

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>	8.073.233	3.742.818	11.816.051
Total	8.073.233	3.742.818	11.816.051

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.

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 € 64,866,471 in comparison to € 61,270,344 in the previous financial year which is due to the strong market conditions.
- **Development of costs:** The operating costs increased to € 62,374,885 in comparison to € 57,595,660 in the previous financial year to commensurate to the overall business of the Company.
- **Development of profits:** The profits before taxes amounted to € 2,521,976. After income taxes, there was a profit for the financial year of € 1,791,171.

VALUE OF PRODUCTION

Revenues related to services totals Euro 64.866.471, 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 3.938 and contingent liabilities deductible equal to Euro 13.660.

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	35.423.780
UE	2.713.474
Extra-UE	26.729.216
Total	64.866.471

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	Change	31/03/2021
6) Raw, ancillary and consumable materials and goods for resale	2.359.190	-1.673.809	685.381
7) Services	20.977.372	6.447.995	27.425.367
8) Use of third party assets	1.903.049	-147.130	1.755.919
9) Payroll and related costs	-	-	-
a) wages and salaries	22.168.355	448.122	22.616.477

b) related salaries	8.404.474	-166.714	8.237.760
c) severance	290.963	13.921	304.884
e) other costs	15.688	2.487	18.175
<i>Total payroll and related costs</i>	<i>30.879.480</i>	<i>297.816</i>	<i>31.177.296</i>
10) Amortisation, depreciation and writedowns	-	-	-
a) amortisation of intangible fixed assets	401.918	20.212	422.130
b) depreciation of tangible fixed assets	620.973	80.845	701.818
d) writedowns of accounts included among current assets	(13.890)	96.230	82.340
<i>Total Amortisation, depreciation and writedowns</i>	<i>1.009.001</i>	<i>197.287</i>	<i>1.206.288</i>
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(522.696)	592.127	69.431
12) Provisions for contingencies and other charges	-	-	-
14) Other operating expenses	990.264	-935.061	55.203
<i>Total cost of production</i>	<i>57.595.660</i>	<i>4.779.225</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.

Breakdown of interest and other financial liabilities by payables type

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

	31/03/2020	31/03/2021	change
Financial charges due to controlling companies	-	-	-
Financial charges due to others	180	2	(178)
Total	180	2	(178)

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	2	2

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>	16.107-		
Gain on foreign exchange		-	16.640
Loss on foreign exchange		-	32.747
Total entry		-	16.107-

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
A) Differenze temporanee		
Totale differenze temporanee deducibili	434.918	434.113
B) Effetti fiscali		
Imposte differite (anticipate) dell'esercizio	24.613	(4.000)
Fondo imposte differite (anticipate) a fine esercizio	(104.753)	(16.931)

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
Spese di manutenzione	2.759	(403)	2.356	24	565	-	-
Ammortamento avviamento	331.559	102.554	434.114	24	104.187	3,90	16.931

Current tax are:

IRES: Euro 653.061;

IRAP: Euro 106.260.

It should be noted that art. 24 of Legislative Decree no. 34 of 19 May 2020 (Relaunch Decree), established that "the payment on account of the regional tax on productive activities relating to the tax period in progress as of 31 December 2020 is not due.

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	12	177	204	393

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. '

	Auditors
Remunerations	21.000

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	Total remuneration due to the legal auditor or audit firm
--	--------------------------------	---

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

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

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 that do not appear in the balance sheet

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

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. As of June 2021, 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

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

It is certified that no derivative financial instruments were subscribed

Proposed destination of profit or coverage 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 89.558,54 to the legal reserve;
- EUR 1.701.612,29 to profit carried forward.

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 31/03/2021 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

02 August, 2021