NTT DATA ITALIA
ANNUAL REPORT 2021

REPORT AS AT MARCH 31, 2021

We wanted to ***dedicate*** *this report* ***to all people*** *who have worked from home in this difficult year, during which they have been able to rise to the occasion, showing incredible strength, tenacity and resilience.*

Through the illustrations, we tried to tell their days with that hope and desire for rebirth that set them apart.

Thank you all.

Courtesy translation

NTT DATA Italia S.p.A.
Registered Office: Milan, Viale Cassala, 14/A

Share Capital: Euro 33.107.160 fully paid up
Subject to direction and coordination by NTT DATA EMEA Ltd
Tax Code and registration in Companies Register of Milan: 00513990010

NTT DATA
TRUSTED GLOBAL INNOVATOR

We are a global company providing a wide range of IT services and solutions, including consultancy, system integration and outsourcing. Established in 1967 in Tokyo and listed on the stock exchange in 1995, today we employ over 110,000 professionals in 50 countries worldwide, including Italy.
We are therefore a key strategic partner for all our customers, combining a global presence with an ability to pay special attention to the local requirements of our customers.

PEOPLE ARE CENTRAL TO OUR MISSION

Every day we make our contribution to a **society** ever more focused on **wellbeing** and **harmony**.
We are committed to exploring **new paths** and creating **new opportunities** using technology as a tool for improving our lives.

OUR VISION

We do more than oversee projects for our customers: we **build a relationship** with them and help them to achieve their goals. We use the most advanced technology to create ecosystems in continuous evolution, embracing all cultures, encouraging **inclusion** and **respecting** diversity at all levels within our company.

OUR VALUES:
CLIENTS FIRST, FORESIGHT, TEAMWORK

CLIENT FIRST

First, and above all else, we place the **needs** of our clients. We continuously work to understand your business and strive to resolve every concern to your satisfaction. We feel a **responsibility** to ensure **your success**.
We let this obligation set the direction of our work and guide our actions.

FORESIGHT

We never settle for the status quo. Instead, with speed and foresight, we anticipate **challenges** that lay ahead. We consider the future of IT as well as the future of your business, work to enhance our ability to picture the future, and with our ecosystems, adapt to the changing business environment. In this way, we help you to meet your goals and create a brighter future for society.

TEAMWORK

We put great importance on enabling our **employees** to achieve their best through their work with each other. We believe that when a diverse group of individuals brings their unique worldviews together, shares their wisdom, and works toward a common goal, the results are extraordinary and far beyond what can be achieved by any one person.

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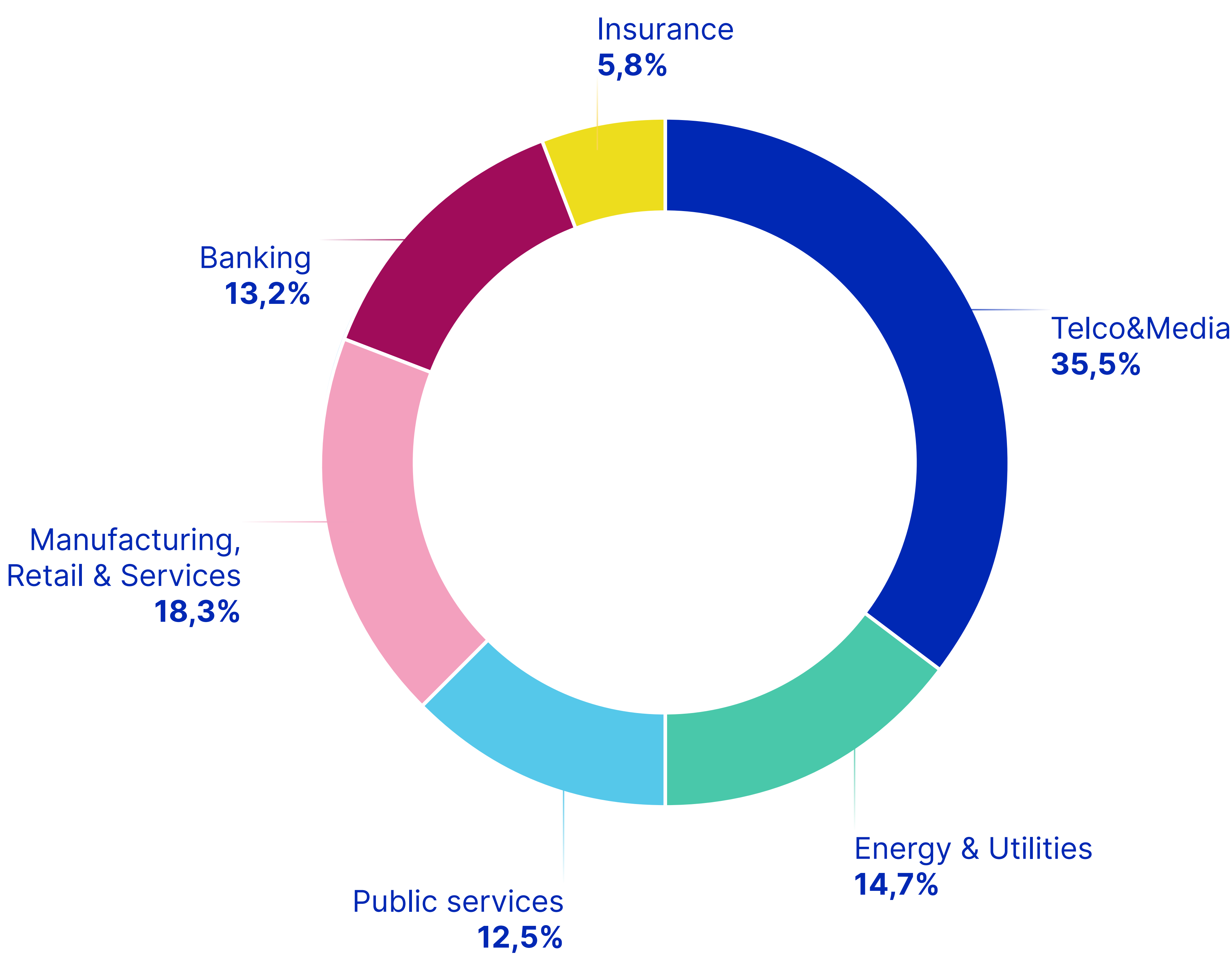
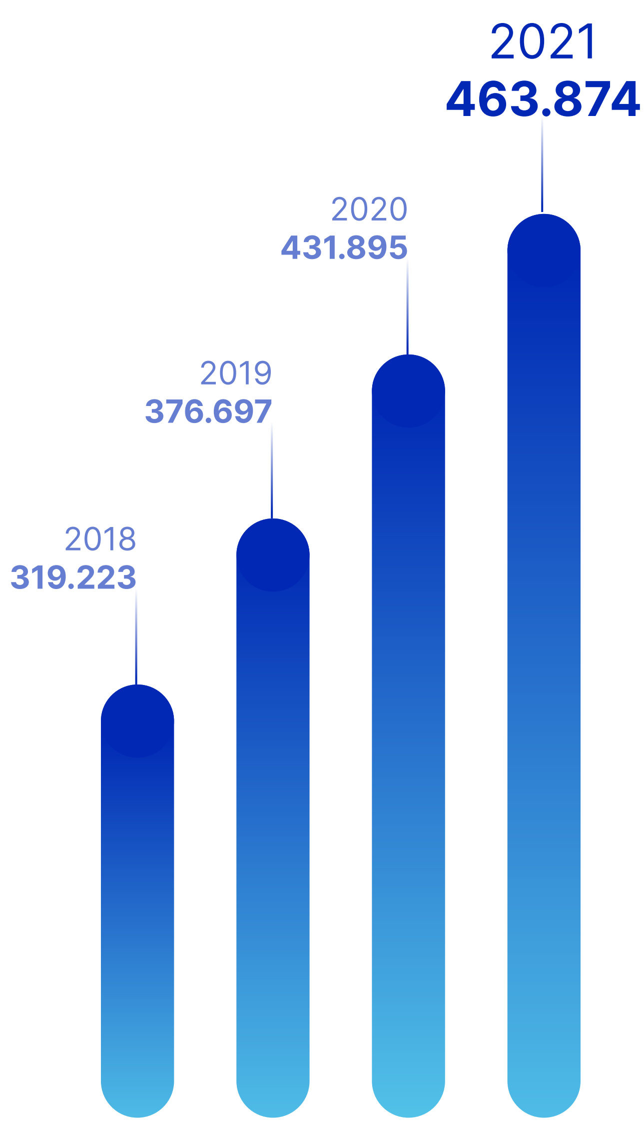
1. GROUP RESULTS

INDUSTRY FOOTPRINT



REVENUES

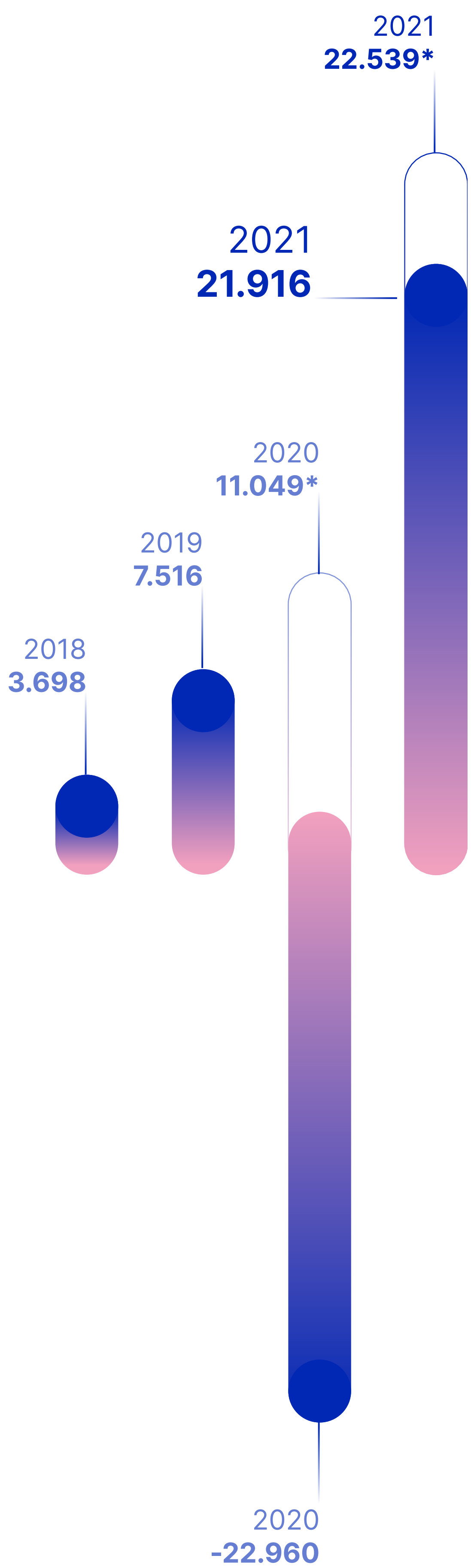
By year
€ thousand group results



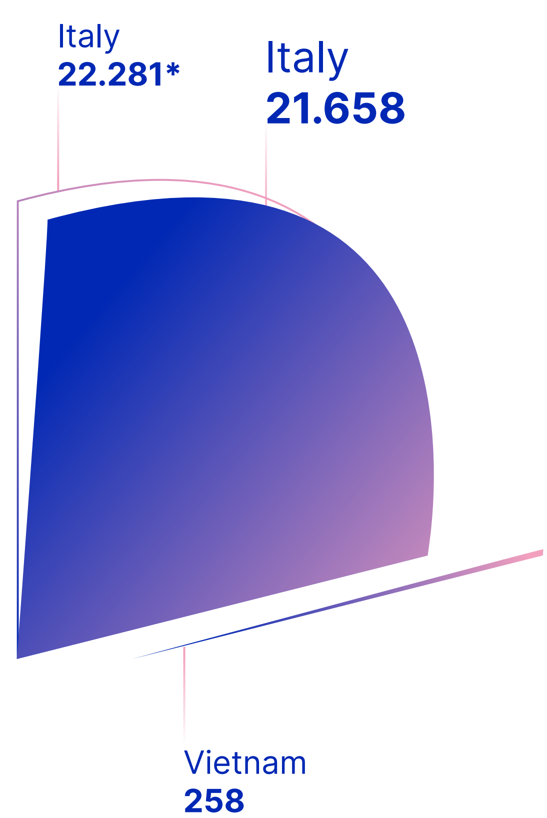
By geography
€ thousand group results

EBIT

By year
€ thousand group results



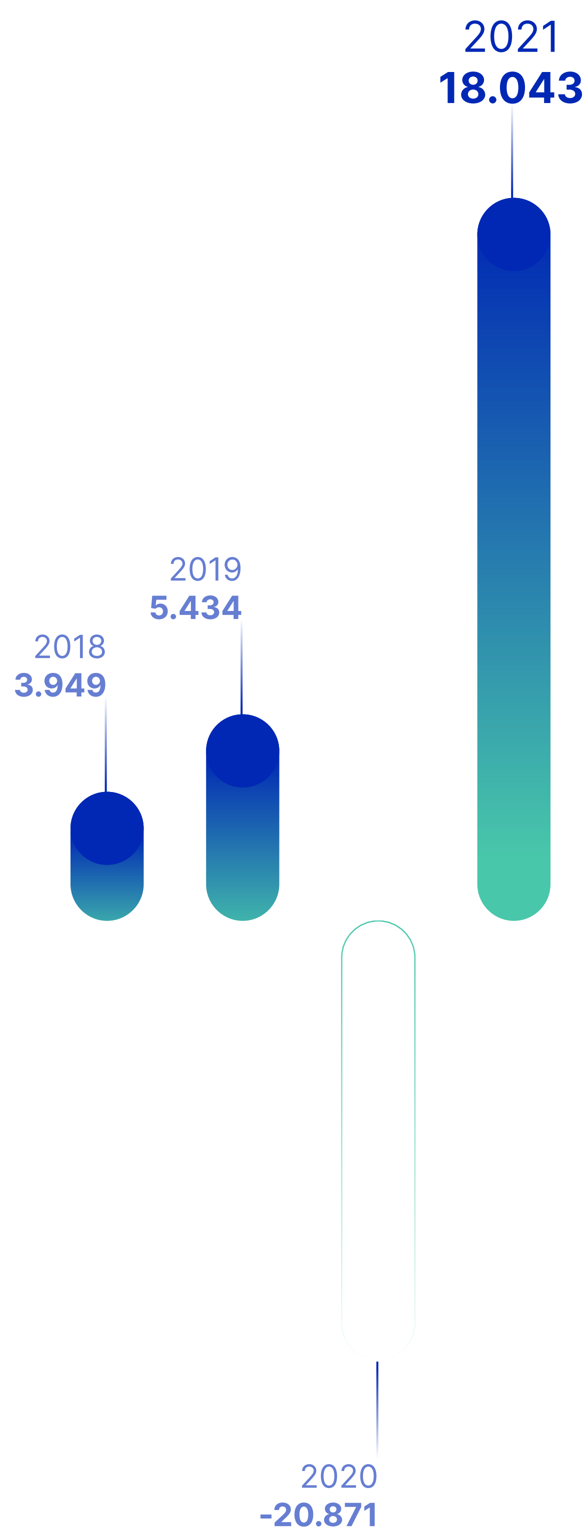
By geography
€ thousand group results



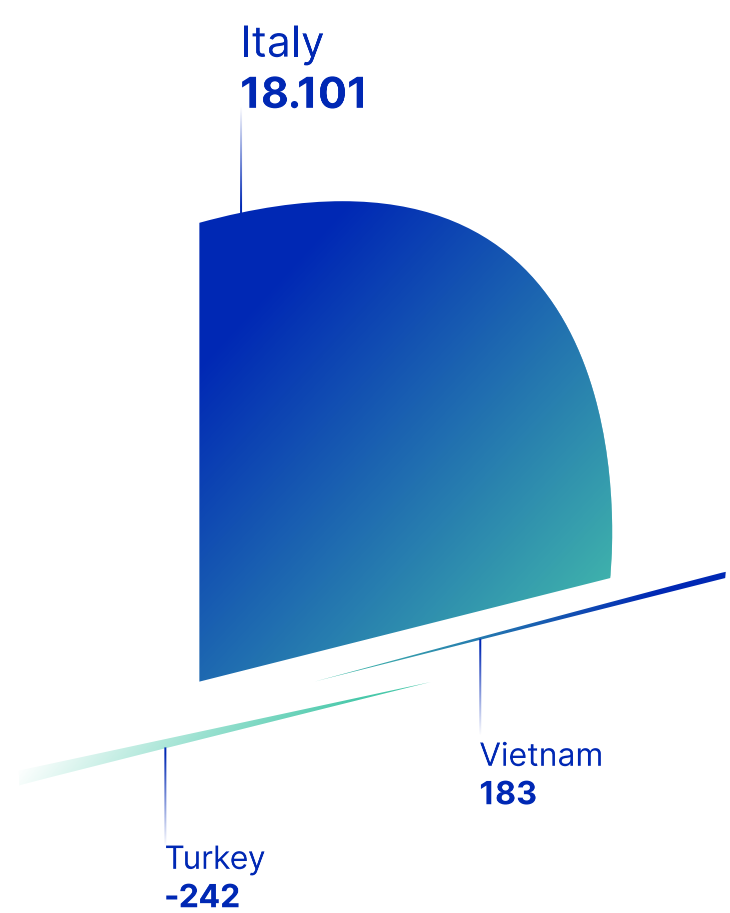
* EBIT before non recurring items

NET RESULTS

By year
€ thousand group results



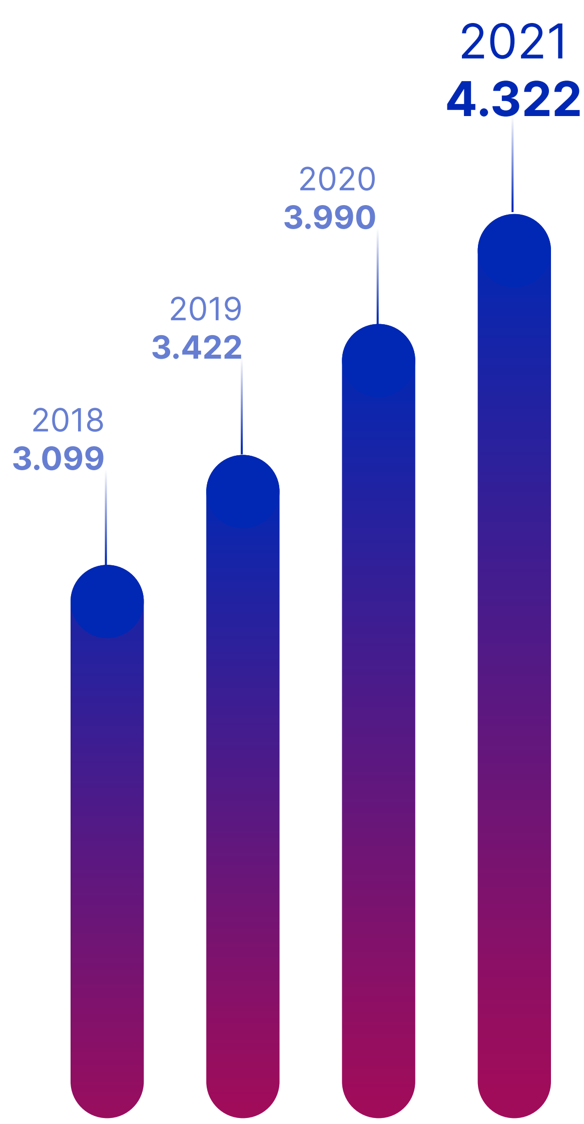
By geography
€ thousand group results

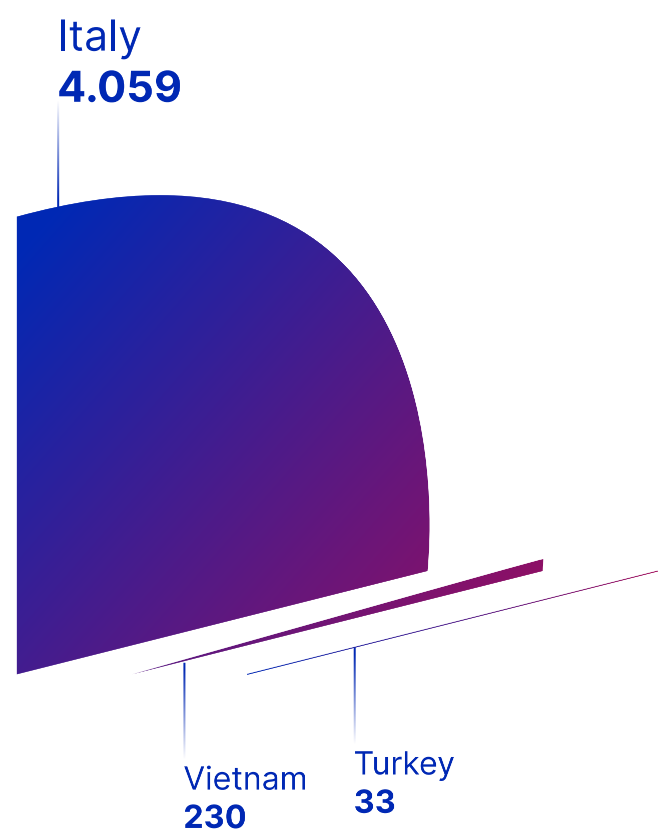


EMPLOYEES

By year
€ thousand group results

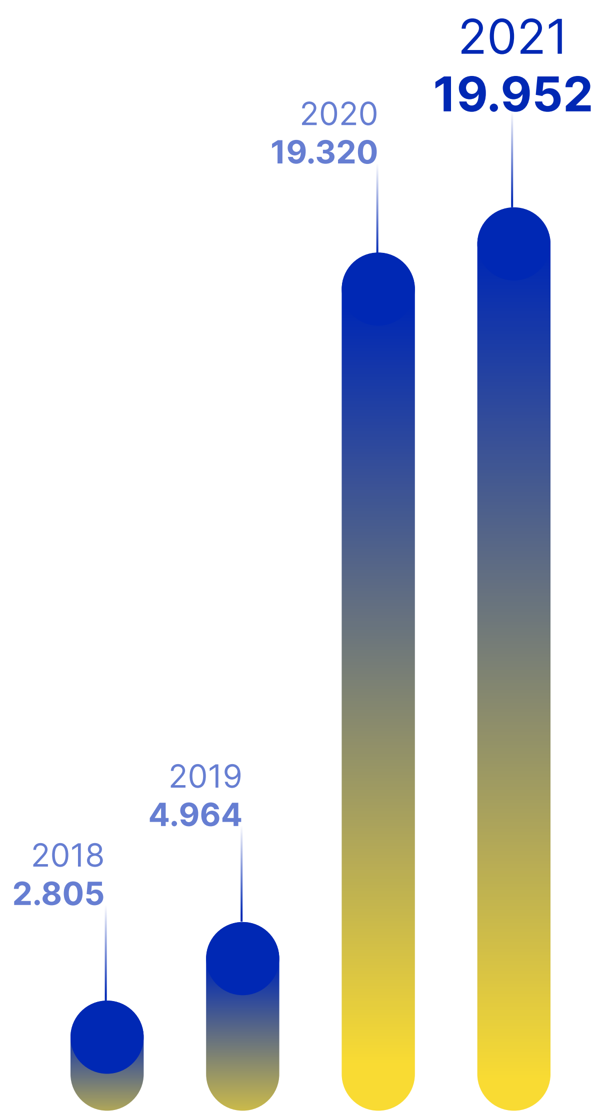
By geography
€ thousand group results



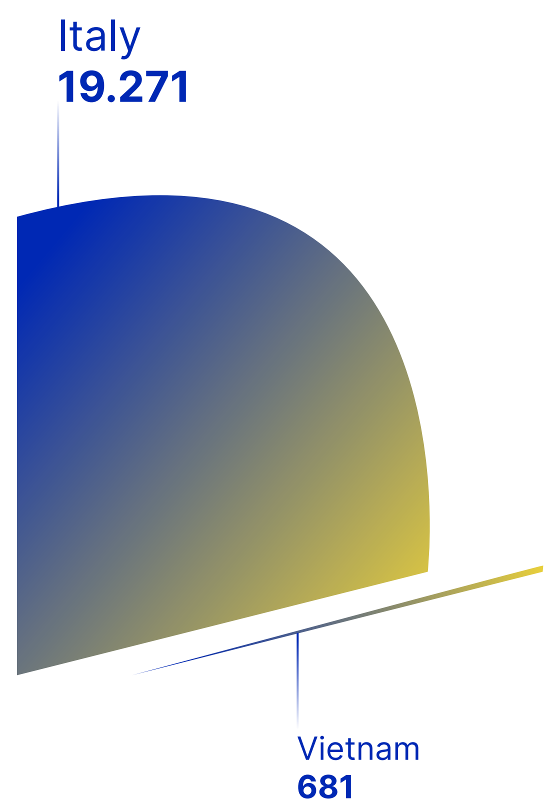


OPERATING CASH FLOW

By year
€ thousand group results

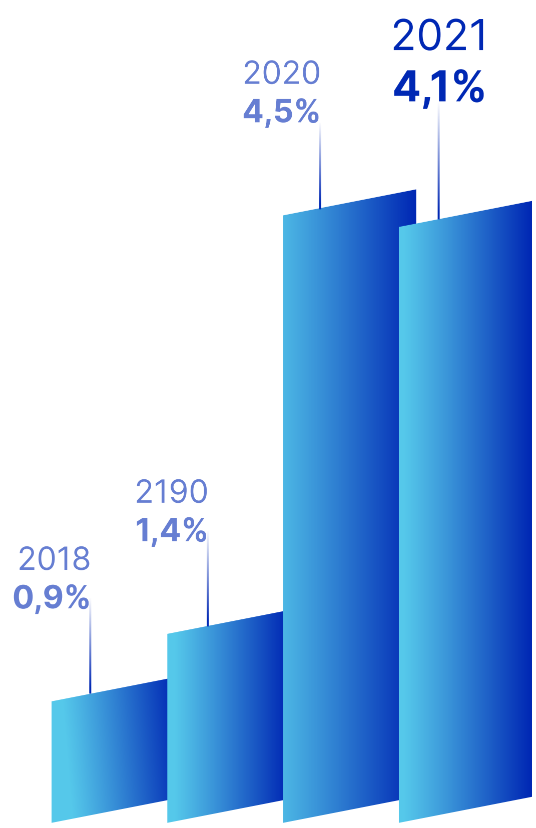


By geography
€ thousand group results



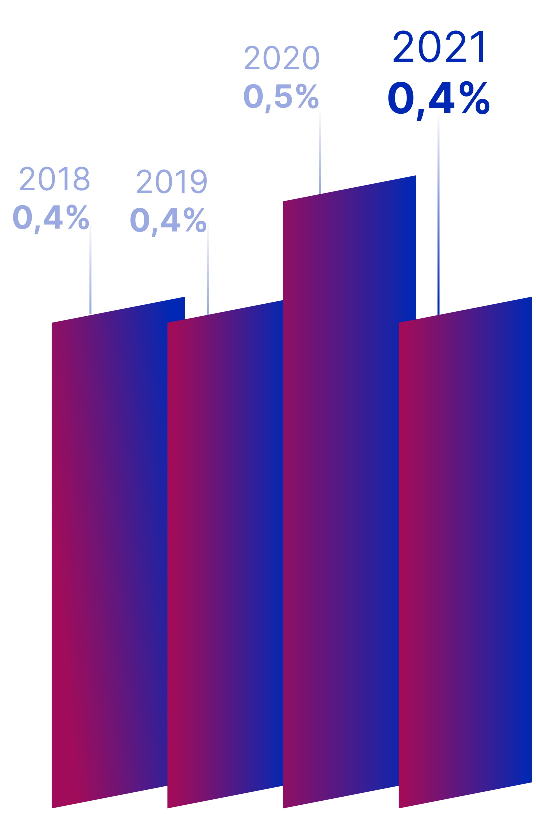
OPERATING CASH FLOW/ TOTAL ASSETS RATIO

By year



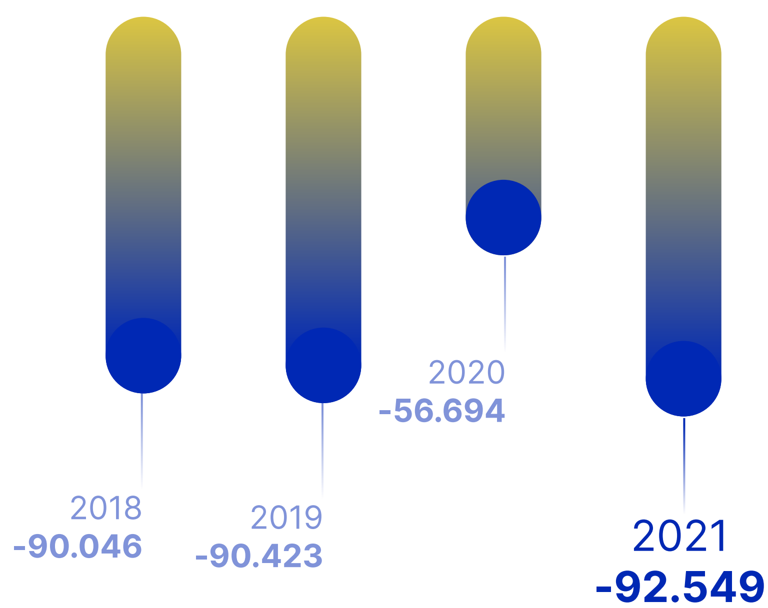
NET FINANCIAL CHARGES/REVENUES RATIO

By year



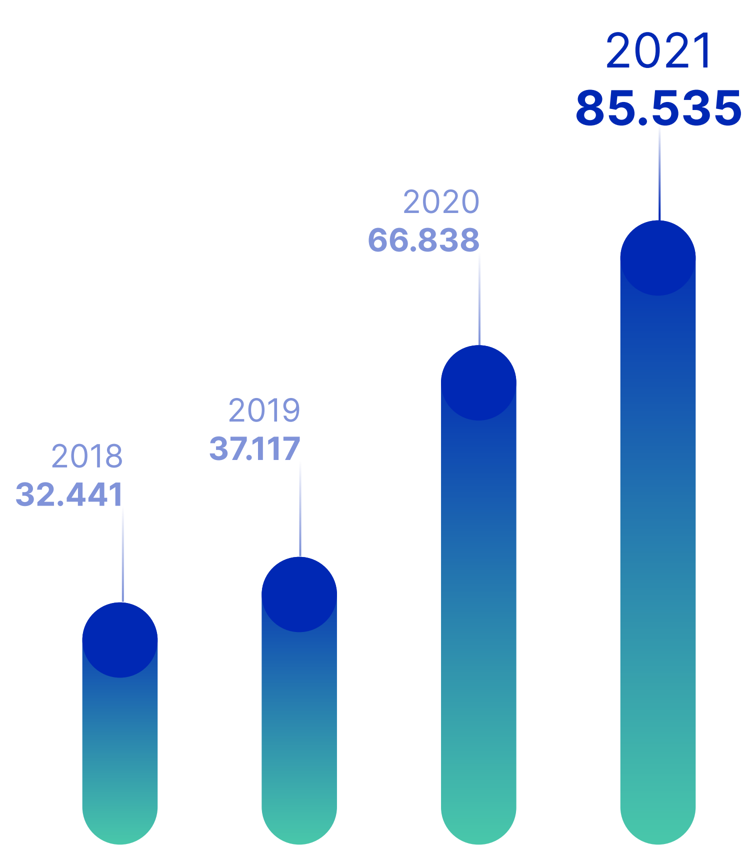
NET FINANCIAL POSITION

By year



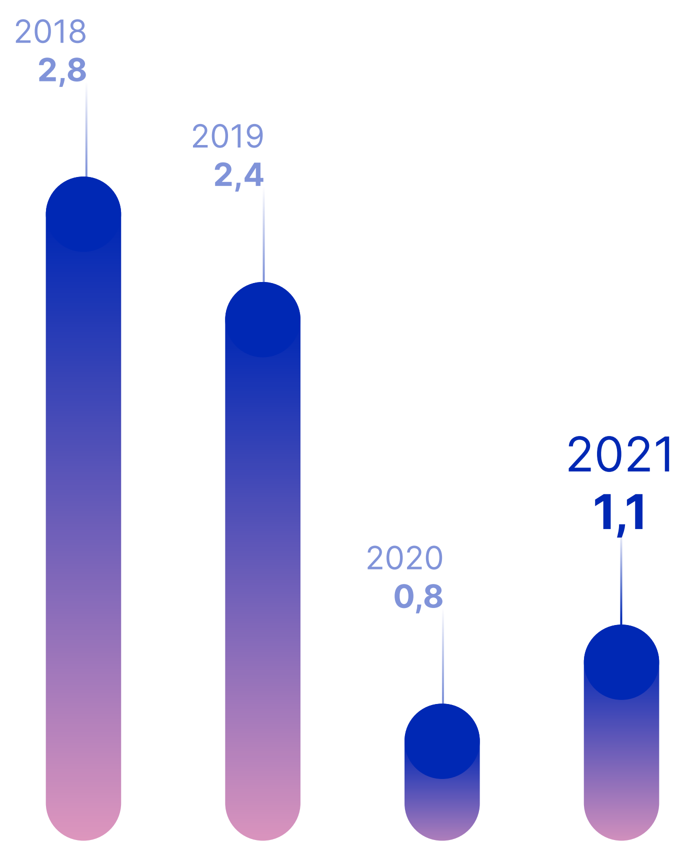
NET EQUITY

By year



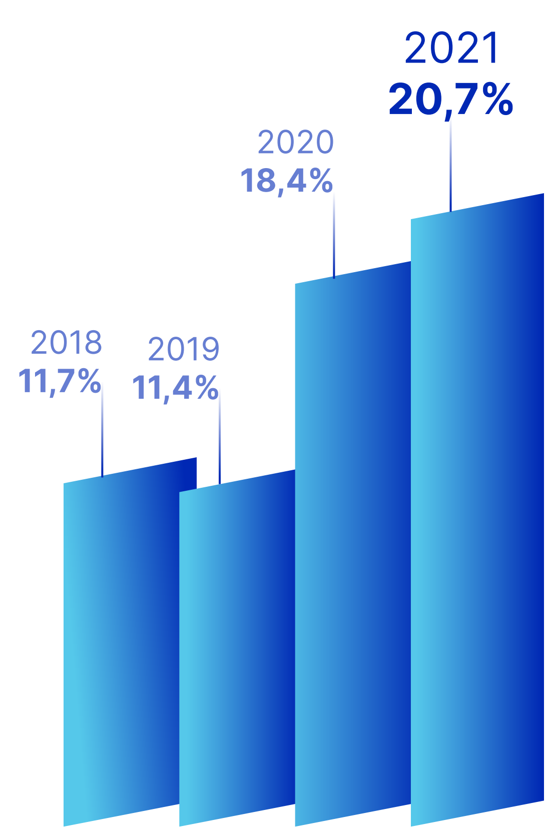
NET FINANCIAL POSITION/NET EQUITY RATIO

By year

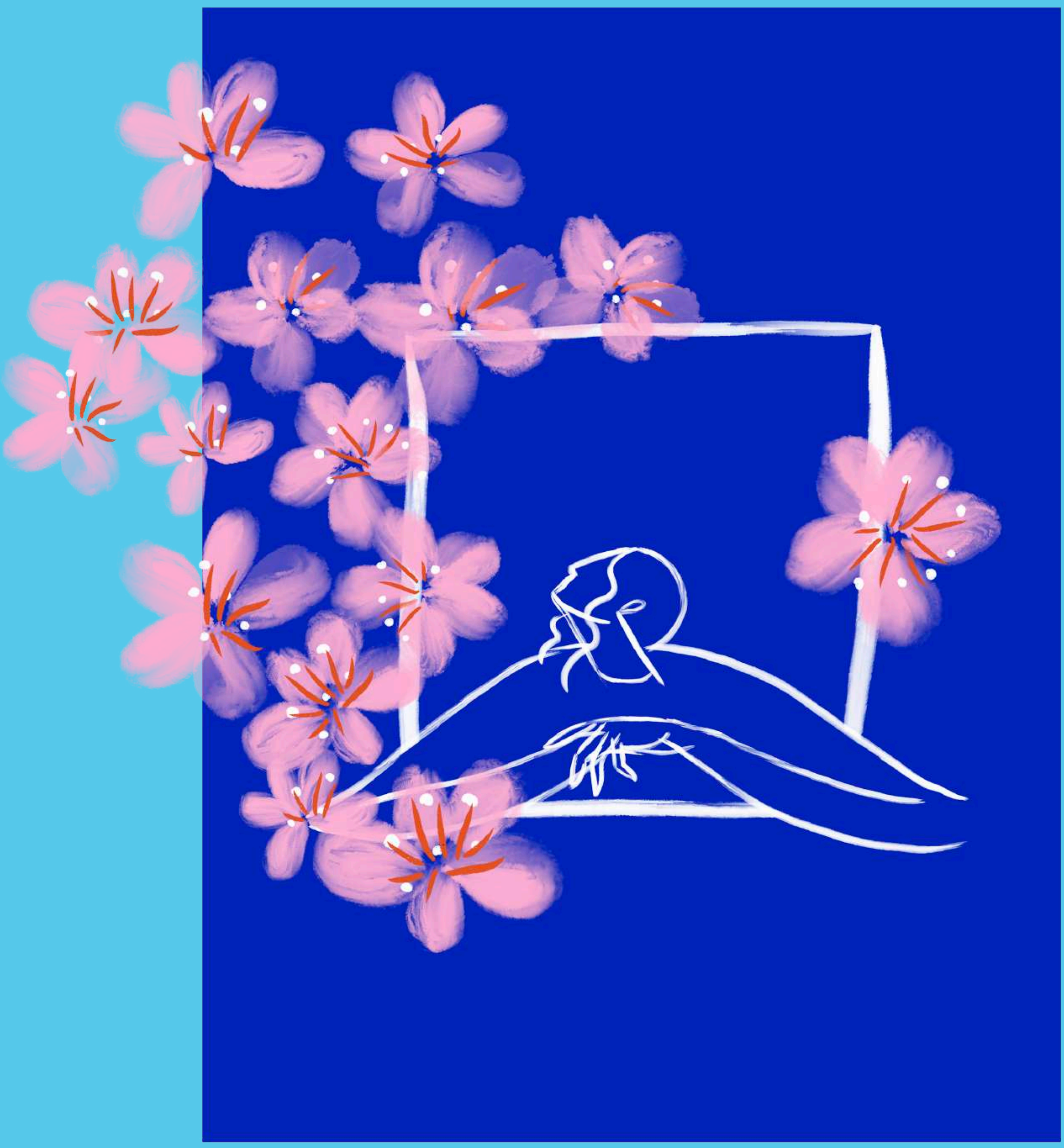


NET EQUITY/TOTAL LIABILITIES RATIO

By year



3. BOARD OF DIRECTORS AND AUDITORS



BOARD OF DIRECTORS

Chairman

KOJI MIYAJIMA

CEO

WALTER RUFFINONI

Director

MARK BAKER

BOARD OF STATUTORY AUDITORS

Chairman of the Board of Statutory Auditor

NICOLA BROGGI

Statutory Auditors

BARBARA FERRI - STEFANO PORETTI

INDEPENDENT AUDITOR

KPMG S.P.A.

3. LETTER TO SHAREHOLDERS

The year just ended was characterised by a profound change in our way of living and working; the effects of the pandemic (Sars-Covid19) have had profound repercussions on the economy, the social context and on people's health.

Despite this profound and unexpected change, we were able to react courageously, without ever straying off course, by putting in place all the appropriate measures to keep our operations with our customers going and enable our people to work in safe conditions.

We succeeded in fulfilling our commitment towards our customers, supporting them during the pandemic and helping the community to continue providing essential services. We remained close to our people (and here I include employees, suppliers and the local community) during the earliest moments of darkness, in which all travel was banned and there was no way of knowing when we would get out of the emergency.

In the end, the results proved us right: **revenues** stood at **€ 463.9 million** (+7.7% compared to the previous year); the **operating result** turned positive again (after the downturn of the previous year, which had been impacted by non-recurring items totalling € 34.1 million) and this year stood at **€ 21.9 million** (equal to 4.7% of revenues), and our financial solidity was further reinforced (consolidated shareholders' equity amounting to € 83.5 million). The growth concerned all the markets covered, in particular Transport & Retail (+22%), Banking & Insurance (+10%), Telco & Media (+2%).

We launched numerous actions to contain operating costs to safeguard profitability, but at the same time we found the resources to invest in new offices for the main divisions in Milan, Rome and Turin, furthering a process of modernisation of workspaces that had begun in previous years and had already involved the other divisions.

During this year of the pandemic we never stopped hiring, confirming our strategy of diversity inclusion and our aim to increase the presence of young people and women in our organisation. Our workforce increased to 4,059 employees in Italy and at the same time the average age decreased further, to 38.5 years.

This year was characterized by several particular events in the corporate framework of the NTT DATA Group which saw us directly involved:

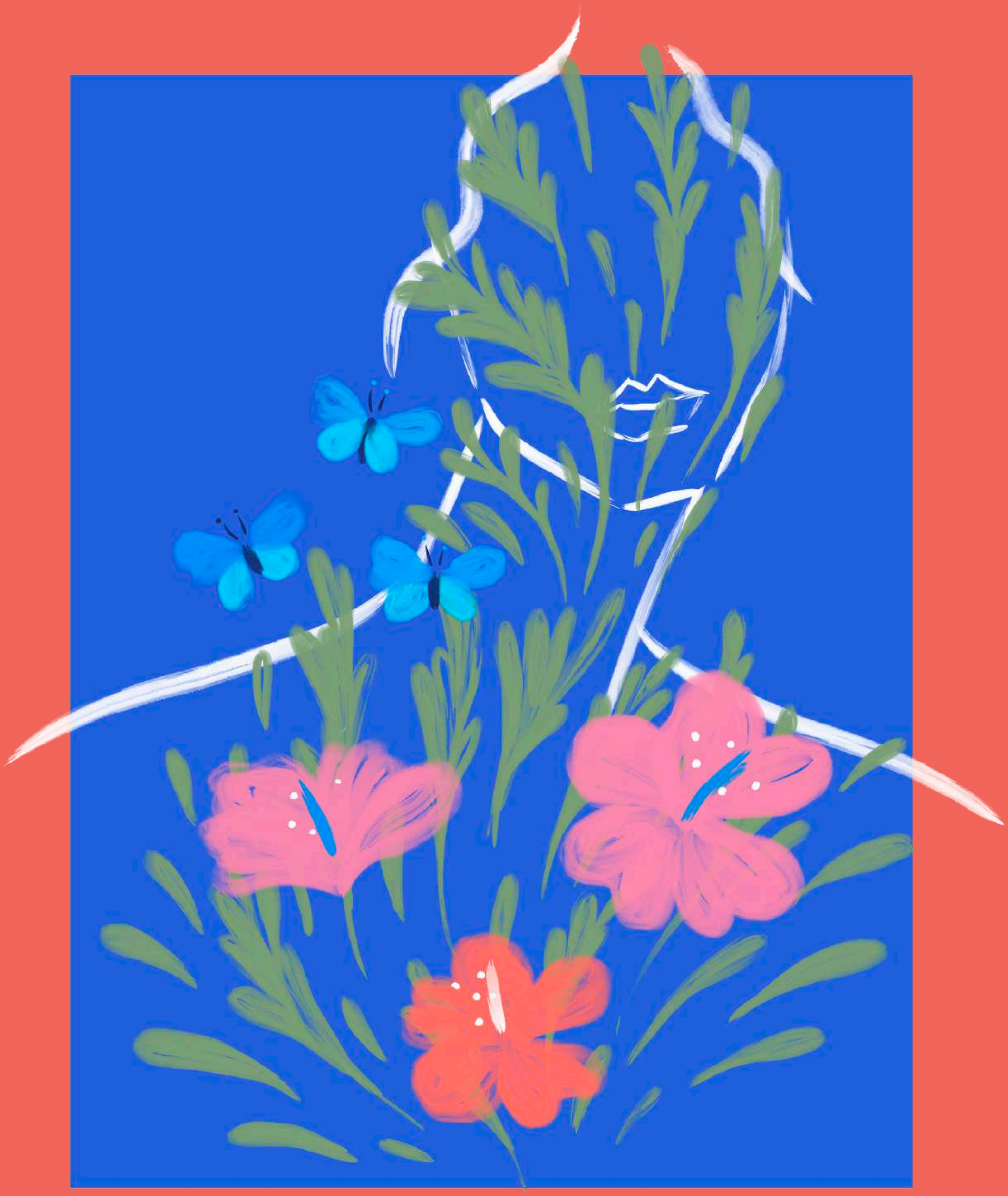
- A project was launched for the convergence of Group companies in Europe (known as grow as one) with the aim of increasing our ability to deliver high-value solutions for our customers; the project will continue in the coming fiscal year.
- An agreement was concluded for the transfer of the equity stake held in the subsidiary NTT DATA Danismanlik in Turkey to the company Itelligence Bilgi Sistemleri A.Ş. belonging to the NTT DATA Group. The transaction will take effect as of April 2021 and the transfer of ownership will take place in the month of May 2021.
- We furthered our commitment to environmental sustainability by launching several important initiatives whose corollary is environmental certification (ISO14001), which we count on obtaining within the first six months of 2021.

The positive results achieved this fiscal year were made possible thanks to the initiatives undertaken in the previous years with the aim of creating a solid enterprise able to grow in a profitable and lasting manner. They are the result of the passion of our people who have enabled us to reach these important goals with their day-to-day efforts.

We are now ready to face new growth challenges, eager to leave the painful experience of Covid behind us and venture onto new paths.

The CEO
Walter Ruffinoni

4. 2020: LIVING APART TOGETHER



The year just ended brought **big changes** to all of us. Covid changed the world and changed every one of us. Change and innovation are **part of our DNA**, but this was epochal, exogenous and sudden.
NTT DATA Italia demonstrated to be among the fundamental infrastructures **sustaining** our country's system, as we managed to guarantee essential services for our customers.
We explored **new working methods** and found solutions for our customers' needs. And during all this **we never lost** our ability to innovate in our projects.

All that, **together**. The first six months of the year were characterised by a series of initiatives aimed at maintaining **direct contact** with our employees and our customers. Initiatives that **grew out of a dialogue** between department managers and workers, who were able to complete major projects, even if managed remotely. Tools such as podcasts and Teams were for a long time the only means of daily contact with the outside reality.

This year, too, **we want to talk about some projects** which stood out for the capacity for innovation and for managing issues at a social level, an evolution of everyday life that we brought about thanks to the **talent of our people**.

GENTLE - GENDER NEUTRALITY TOOL FOR LANGUAGE EVALUATION

A TOOL FOR REDUCING GENDER DIFFERENCES

In partnership with the Milan Polytechnic and the University of Pavia, NTT DATA Italia developed an advanced tool capable of reading and interpreting texts, identifying their gender neutrality characteristics and offering a score with the aim of combatting gender disparities in companies.
In this project, technology and social sciences worked together in close contact, but not only. It was a cross-feeding of ideas between economic science, linguistics and automatic learning.

HOW IT WORKS

The textual content (job offers, crowdfunding campaigns, etc.) is analysed by the system from a linguistic standpoint. For example, how oftencertain terms with a gender connotation appear.
Every individual item of information is then evaluated and assigned a neutrality score. Finally, the evaluations provided by the system are submitted to a linguist who conducts a further inspection.
Studies were carried out to investigate both gender stereotypes and gender self-awareness, such as the distinction between more "male" and more "female" traits. These linguistic traits, and their attribution to women and men can really have an impact, also on individuals' careers.

THE NEXT STEPS

We met with support on this subject and arelaunching a partnership with the Assolombarda business association and Mondadori S.p.A. to promote the "STEAMIAMOCI" program. The initiative regards the detection of gender prejudices in school textbooks.
The challenges of the future are to promote an open company culture favourable to women. More generally speaking, businesses should always support change by aligning their communication with the objectives of diversity and inclusion, not only gender. Our goal looking forward will be to expand the tool as much as possible in order to recognise any type of discrimination and suggest its removal from textbooks

RESTORATION OF THE "ALEXANDER MOSAIC" THE PAST COMES BACK TO LIFE WITH AUGMENTED REALITY

NTT DATA Italia was asked by TIM to offer support to the restoration of the Alexander Mosaic, dating from 100 BC and held in the Naples National Archaeological Museum.
The objective was to develop an augmented reality application to facilitate the work of restorers, who are able to exploit the available surveys and information on the mosaic – composed of a million and a half tesserae – directly from their headsets.

A DUAL CHALLENGE

On the one hand to be able to use augmented reality to display the different levels of information chosen by the restorer while leaving both hands free. On the other hand to work out how to enrich the experience without overloading the 3D scene with pointless information, so that only the necessary information will be displayed at the right time.

RESTORERS AT THE CENTRE OF THE EXPERIENCE

We completely redesigned the experience of restorers, our end users. First of all we put ourselves in their shoes, asking ourselves how they would use the technology to support their work. Among all the interactions that a virtual reality headset offers, we concentrated on the most linear ones with few levels of depth, so as to shorten the learning curve and have a ready-to-use tool.

THREE LEVELS OF INFORMATION

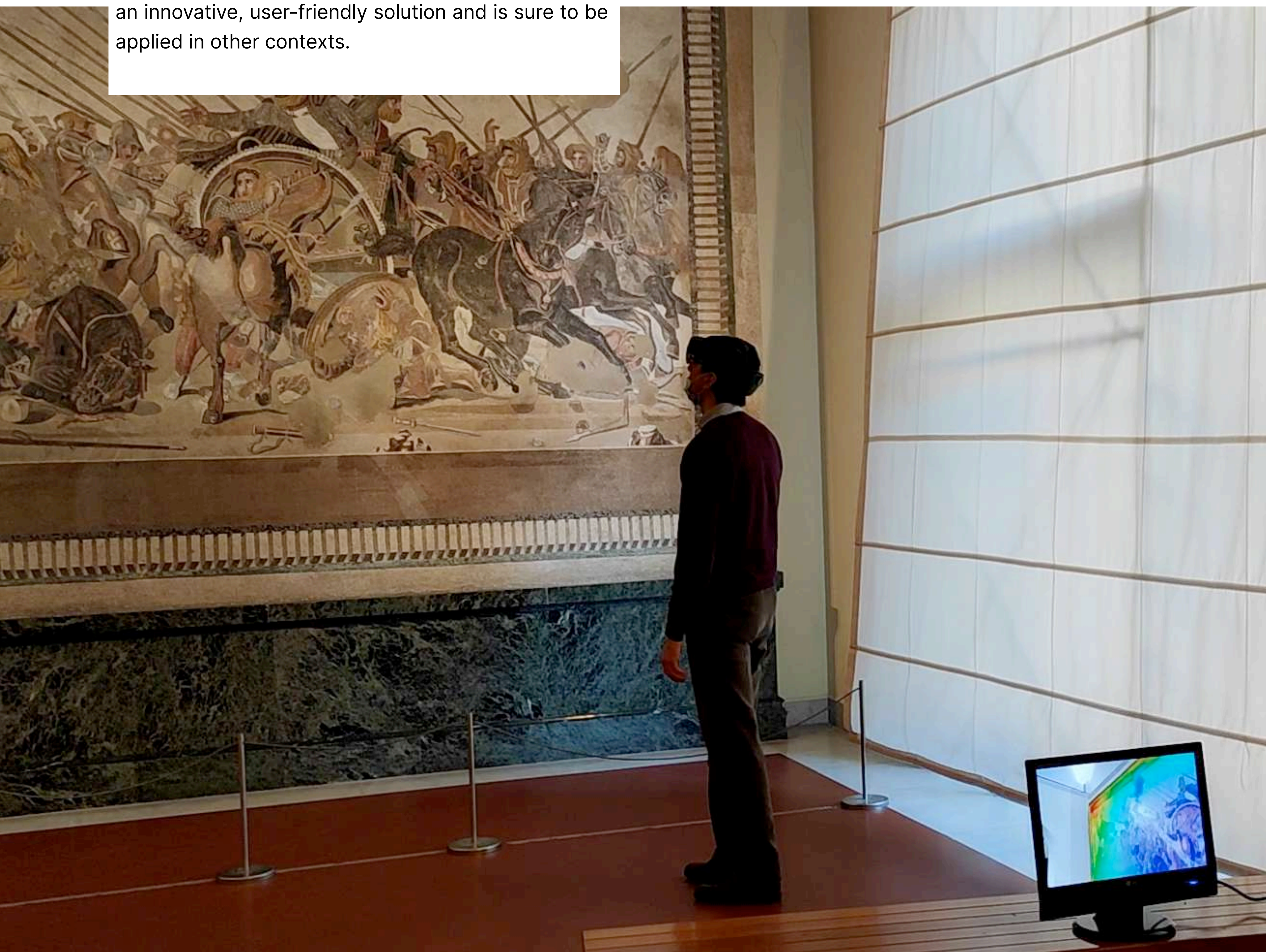
The information that restorers can view is on three different levels: a digital elevation model which highlights bulges and depressions along the whole mosaic; restoration mapping, which shows the history of interventions taking place over the years; and ground-penetrating radar for analysing and identifying the more or less dense parts on which the tesserae of the mosaic rest.
The data implemented originate from studies and surveys conducted by the University of Molise and the Naples Centre for Research on Archaeometry and Conservation Science. The tool allows different levels of information to be overlaid, one of the most important functions of the platform, as it is capable of creating a new understanding of the mosaic.

A BRIDGE BETWEEN THE DIGITAL WORLD AND THE REAL WORLD

We printed QR codes and coated them with plastic. The codes, placed at the sides of the mosaic, offer a reference based on which the virtual reality device (Hololens 2) can process the information and proceed to align the digital experience with the real one.

We also took care of the digital aspect by creating a 3D menu which is characterised by a radial design that facilitates interactions in augmented reality and is designed to be clearly visible within the environment in which the experience will take place. We also included voice commands to enable interaction and make the support provided by the application more natural.

The project received the approval of all those involved (museum, university and restorers). It stands out as an innovative, user-friendly solution and is sure to be applied in other contexts.



COVID-19 AS AN ENABLER OF INNOVATION: MERCEDES OPTIMISES REQUESTS WITH OUR ARTIFICIAL INTELLIGENCE

The **Customer@Email project**, customer service platform of Mercedes Financial Services Italia in which NTT DATA Italia integrated the Salesforce platform with our **NTT DATA IVE** (Intelligence Virtual Entity).

Our client was able to exploit an **innovative solution** to manage email with monitoring and optimisation of the flows of requests. **Using artificial intelligence** we supported operators during the period of the pandemic, when the volume of e-mails increased by 225%.

Even in the most complex moments of 2020, we were able to offer Mercedes **continual support** and for this reason as well the project reached a score of 4.9/5 in the Salesforce Customer Satisfaction Survey for Consultant Partners, which attests to the customer's complete satisfaction.

NTT DATA's Intelligent Virtual Entity is characterised by high flexibility and user-friendliness. The system is capable of learning natural language autonomously and as a result eliminates the activities necessary for building the knowledge base of the virtual assistant. The personalisation of dialogues, ability to perform dedicated tasks and integration with existing systems make IVE a complete, easy-to-implement solution. IVE allows for greatly reduced prototyping times, so that assistants capable of managing complex dialogues can be obtained very quickly.

LA BLOCKCHAIN PER L'EURO DIGITALE: CULTURE & EMOBILITY PASS E POCKET MONEY, DUE CASI D'USO

Everything started with the ECB, which launched a consultation with an eye to creating a digital euro. The ABI (Italian Banking Association) contacted us, together with other partners, and asked us to develop two cases illustrating the possible use of this currency.

THE TWO USE CASES

The first case is centred on the use of government bonuses. We need only think of the culture bonus (dedicated to students and teachers) and themobility bonus, which has enabled so many of us to buy bikes or small electric vehicles. It was precisely on the basis of this need that we developed the "Culture & eMobility Pass", which facilitates and streamlines, through digital currency, the whole request procedure to be fulfilled by citizens and merchant reporting.
The second may be defined as a "peer-to-peer" special-purpose tool: an amount, in digital euros, conceived for parents who want to give their kids small, predefined sums of money, a sort of digital allowance. "Pocket Money" – this is the name we have chosen for the solution, is perfect for a mother or father who wants their child to buy only a snack and nothing else, for example. At the centre of both cases of use there is money earmarked for a special purpose, i.e. the digital currency can be spent in specific contexts limited exclusively to a given expense.

OBJECTIVES

These two cases of use were created in order to meet the following objectives: the first is to respond to an actual need for money earmarked for specific purposes by identifying the contexts and users involved. The other one consists in extending the as-is function, that is, leaving room for possible future developments with the introduction of new services and functions. For example, in cross-border payments it would allow the elimination of rigid, complex infrastructures.

ATOMIC AND TRANSPARENT USE

Money earmarked for a specific purpose has the objective of streamlining sales processes and enabling atomic, transparent use. By this we mean a straightforward, direct process that is concluded immediately, without any intermediate steps.
One practical example: the bicycle bonus.
At the end of a long, complicated registration process, you download a pdf that has to be printed and presented at the time of purchase. The merchant has to scan the sheet and the customer has to pay and wait for the amount to be reimbursed. Themerchant will later have to report the bicycles sold and take care not to add items other than the ones eligible for the bonus, otherwise there will be a risk of incurring fines.
With "Culture & eMobility Pass" the process would be instantaneous: citizens who meet the requirements do not have to submit any request, but rather obtain the bonus directly on their smartphone. When they make a purchase, the smart contract (which is based on blockchain technology) checks whether

thatproduct or service can actually be purchased through the bonus and the transaction is authorised. Besides being atomic, the solution is also transparent, because the fact that the money can be checked in real time also assures the possibility of an audit.

BENEFITS AND CHALLENGES AWAITING US

The advantages involve all the actors: on the one hand citizens can directly benefit from the bonus without going through cumbersome bureaucratic procedures and on the other hand the merchant need not register on any platform or manually "configure" the sales receipt if, for example, the customer purchases a bike and a basket, which is not covered by the bonus. Finally, the merchant is not the guarantor of the transaction or its content, i.e. the merchant has no legal liability.

"Culture & eMobility Pass" and "Pocket Money" will be presented, together with the ABI, to the Bank of Italy. It is a very important meeting because it will be decided whether Italy, the only country in Europe to have a system blockchain (ABI LAB Chain), actually wants to be a pioneer in this realm and innovate the whole payment system on the continent.

NTT DATA ITALIA, OUR COMMITMENT TO THE ENVIRONMENT AND WORKPLACE HEALTH AND SAFETY

Environmental sustainability is a key goal in our Road to 2023 manifesto. Health and safety at work and the management of the Covid-19 pandemic, in times like these, has become another fundamental priority. Within the framework of this programme we have continued to manage important transformations, despite operating in the context of the pandemic.

OUR ENERGY IS 100% GREEN

First of all, we have concluded an agreement with ENEL Energia to have all our divisions supplied with energy produced from renewable sources. Already today our offices are supplied with energy originating solely from sources like water, sunlight, wind and the Earth's heat.

It is a commitment we firmly believe in and are pursuing even though it involves higher costs because we all benefit from it. This energy is certified by the system of "guarantees of origin" for energy suppliers, based on Directive EC 2009/28/EC.

In the area of eco-sustainability, the project for the development and certification of the Integrated Environmental Management System (ISO 14001-14006) is currently underway. We will then go on to training aimed at all the people of NTT DATA Italia and the implementation of new processes. According to the timeframe we should obtain certification by October 2021.

THE NEW OFFICES: SUSTAINABILITY, FLEXIBILITY AND TECHNOLOGICAL INNOVATION

We have continued our programme of upgrading our offices.

The first division in Italy to experiment with the new way of conceiving workspaces was the Naples division, two years ago, and we have now extended it to the Milan and Rome divisions.

The investment is considerable, but where it is operational the results have been surprising in terms of improving the internal climate and increasing productivity.

The new spaces have been designed according to the highest standards of sustainability, flexibility and technological innovation, and even in the choice of the locations we have sought out partners who shared this philosophy.

The workspaces have been conceived with the explicit aim of enhancing the expressive freedom of our employees to the utmost by going beyond the traditional alternation of open spaces and individual offices. The spaces are conceived in a flexible manner and do not depend either on the job or the status, and enable individuals and groups to find the configuration they prefer. The work environments are enriched with special functions: restaurant and informal lunch areas, wellness areas and gyms and spaces for training and workshops with customers. All of these special functions were

designed with the support of selected partners in order to ensure the best and most advanced quality standards achievable at present.
Furthermore, the choices were guided by the principle of sustainability through a careful choice of products made using natural materials. Sustainability which is broadened to include the concept of comfort in terms of perceived wellbeing, based on typical elements of domestic environments: green spaces and a variety of materials, objects and accessories.
In Milan the new building chosen for the headquarters of NTT DATA Italia will be ready in July 2021, and will be awarded Leed® (Platinum level) and BiodiverCity® certifications, recognition granted by the International Biodiversity & Property Council (IBPC /CIBI) to urban and suburban projects that place a particular focus on safeguarding biodiversity. In Rome the choice went to an already existing building; a project is underway to completely renovate and upgrade it to the highest quality standards.

TRAINING AGAINST COVID-19

NTT DATA Italia has worked hard to manage the situation caused by Covid-19.
Knowledge is the key, knowing what one is dealing with is crucial. Above all at the start of the pandemic the information about Covid-19 was often confused and unclear; for this reason we set up a mandatory training course for all our employees. On the one hand, the course offered scientifically valid information on this topic and, on the other hand, it proposed good practices and rules of behaviour. The training was possible thanks to the collaboration with Human Resources, a certified training agency specialised in these issues and the company's occupational health physician.
The course is divided into 4 interactive e-Learning modules lasting about 30 minutes each with a controlled teaching method in the SCORM (Shareable Content Object Reference Model) format. The course includes company case studies and exercises, with a final test to verify understanding of the topics.

CONTAINMENT AND CONTROL MEASURES IN OUR DIVISIONS

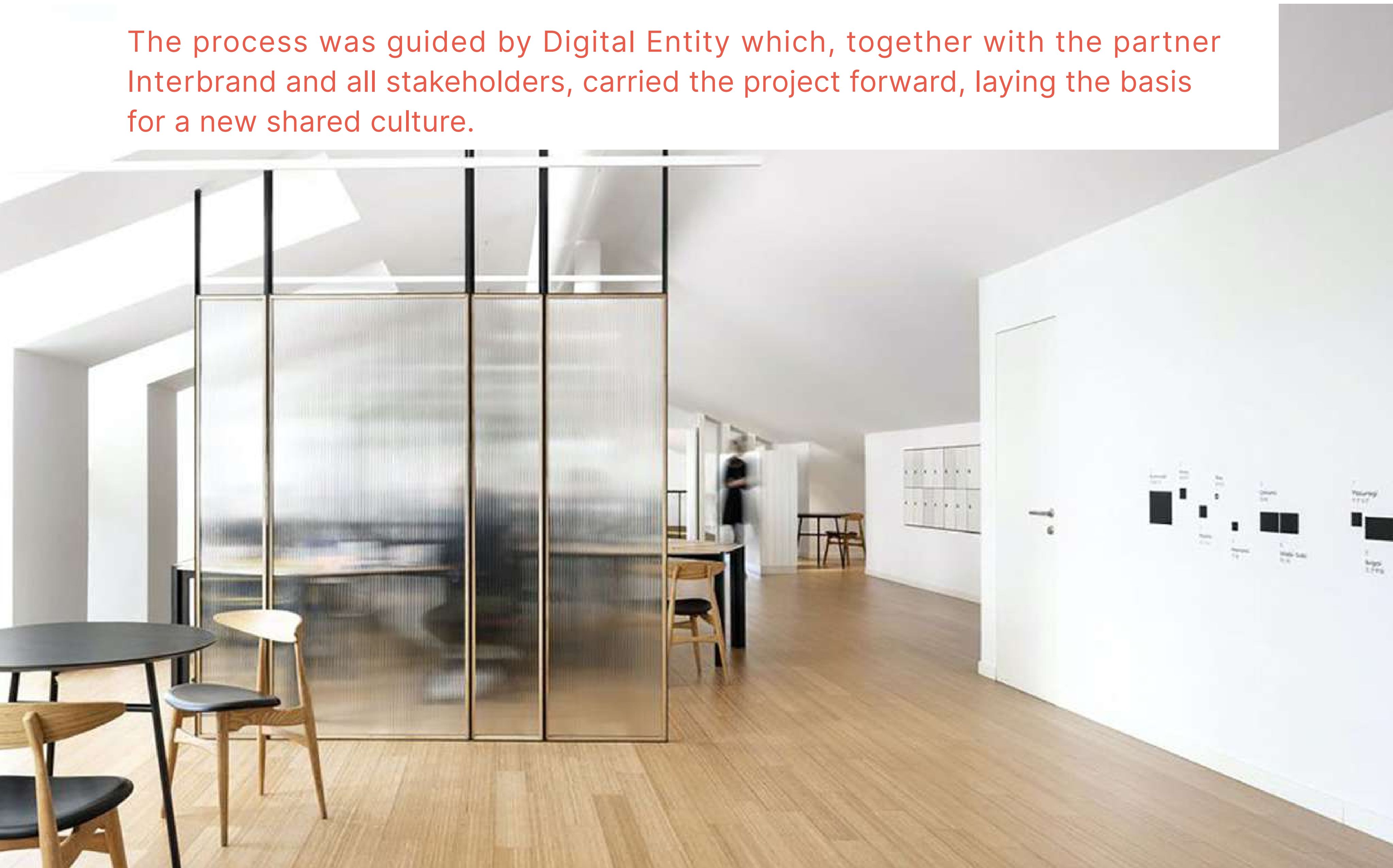
At the entrance of every building we have installed special cameras capable of measuring the temperature and checking for the presence of a mask on the face: the turnstiles are activated only if the temperature is below 37.5 degrees and the person is wearing a mask properly.
Every month each employee is provided with a Covid-19 kit including protective equipment and a bottle of sanitising gel.
Finally, to assure distancing between the people required to go to the office, we internally designed and developed the Sobos app. Tangity, the design studio of NTT DATA Italia, and IoT joined forces to enable employees to reserve workstations in a simple, intuitive and safe manner.

THE BIRTH OF TANGITY, DESIGN STUDIO OF NTT DATA

The year 2020 witnessed the completion of a lengthy, multi-year project, the birth of a **community of designers** within NTT DATA: Tangity, that is, a global network of design studios sharing a single identity.

6 studios, 4 countries, 4 different languages, 150 designers: the challenge was to create a single solid, coherent narrative while at the same time harnessing the diversity and cultural specificity of each studio. There were four objectives: to exploit the different roots of the network, define a common vision and voice among the studios, strengthen the positioning in the world of design and attract future design talents.

The process was guided by Digital Entity which, together with the partner Interbrand and all stakeholders, carried the project forward, laying the basis for a new shared culture.



5. MANAGEMENT REPORT

The Consolidated Financial Statements for the year ended March 31, 2021 and the Financial Statement of the Parent Company for the year ended March 31, 2021 were prepared in accordance with the IFRS (International Financial Reporting Standards) adopted by the European Union.
The perimeter of consolidation is made by the following companies:

- 100% NTT DATA Italia (Parent Company)
- 99.97% NTT DATA Danismanlik (Turkey)
- 99.90% IFI Solution (Vietnam).
- 100% Xsfera S.r.l. (Italy).

We report that in the month of March 2021 the parent company NTT DATA Italia S.p.A. concluded with Itelligence Bilgi Sistemleri A.Ş. belonging to the NTT DATA Group, an agreement for the transfer of the subsidiary NTT DATA Danismanlik. The agreement provides for the loss of control by the NTT DATA Italia starting from the month of April 2021, whereas the transfer of ownership will take place within the month of May 2021.

For these reasons, the operating results achieved in the fiscal year ended March 31, 2021 by NTT DATA Danismanlik have been summarised under the heading “Net result from assets held for sale”. The income items of NTT DATA Danismanlik generated in the year ended on March 31, 2020 have been reclassified under the same item to facilitate comparison of the consolidated results achieved on March 31, 2021.

5.1 REPORT ON OPERATIONS ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

OPERATING PERFORMANCE

The fiscal period ended March 31, 2021 closed with a significant growth in revenues (+7.7%) and a strong improvement in the consolidated business performance (operating result +104% before non-recurring items).

Revenues in the period stood at **€ 463,87**4 thousand, up **€ 33,288 thousand** (+7.7%) from the previous period, with the following breakdown by geographical area:

- **Italy:** € 460,128 thousand, € +33,831 thousand compared to the previous period.
- **Foreign** subsidiaries: € 4,210 thousand, € -1,856 thousand compared to the previous period.
- Consolidation adjustments: € -463 thousand. The **operating result before non-recurring items** amounted to **€ 22,539 thousand**, with an increase of € 11,490 thousand (+104.0% compared to the previous period, and an improvement in terms of percentage of revenues (4.9% this year compared to 2.6% of the previous year).

The non-recurring expenses pertaining to the parent company amounted to € 623 thousand, a significant decrease compared to the previous year (€ 34,088 thousand). **The operating result** at the Group level stood at € **21,916 thousand**, marking a distinct improvement compared to the same period of the previous year, when it stood at € -23,040 thousand. In particular: the **parent company** contributed **€ 21,548 thousand** to the consolidated operating result and the **foreign subsidiaries € 406 thousand**, net of consolidation adjustments of € -39 thousand.The **net financial expenses** amounted to **€ 1,991** thousand, a slight increase compared to the previous period (€ 1,984 thousand).The Group's **net result** totalled **€ 18,043 thousand**, whereas last year wereported a loss of € -20,871 thousand, due to non-recurring expenses (€ 34,088 thousand)

Consolidat ed Profit & Loes

(€ thousand)	31 March 2020				31 March 2021				
	Parent company	Subsidiaries	Adjustments	Total	Parent company	Subsidiaries	Adjustments	Total	Δ %
Total revenues	**426.315**	**6.066**	**(1.795)**	**430.586**	**460.128**	**4.210**	**(463)**	**463.874**	**0**
Increases in fixed assets for internal work	696	-	-	696	306	-	-	306	(56,1%)
Cost of materials and services	(189.594)	(1.129)	1.967	(188.756)	(187.835)	(531)	463	(187.902)	(0)
Cost of personnel and directors	(213.129)	(4.012)	(273)	(217.413)	(235.897)	(3.084)	(39)	(239.020)	9,9%
Other operating costs	(1.938)	(3)	-	(1.941)	(2.175)	(4)	-	(2.179)	12,3%
EBITDA before non recurring items	**22.350**	**923**	**(100)**	**23.172**	**34.526**	**591**	**(39)**	**35.079**	**51,4%**
Depreciation and value adjustments	(11.947)	(177)	-	(12.124)	(12.354)	(185)	-	(12.540)	3,4%
EBIT before non recurring items	**10.403**	**746**	**(100)**	**11.049**	**22.172**	**406**	**(39)**	**22.539**	**104,0%**
Non recurring items (*)	(34.088)	-	-	(34.088)	(623)	-	-	(623)	(98,2%)
EBIT	**(23.685)**	**746**	**(100)**	**(23.040)**	**21.548**	**406**	**(39)**	**21.916**	**(195,1%)**
Net financial charges	(3.824)	(165)	2.004	(1.984)	(1.318)	(12)	(662)	(1.991)	0,4%
Result before taxes	**(27.509)**	**581**	**1.904**	**(25.024)**	**20.230**	**394**	**(700)**	**19.924**	**(179,6%)**
Income taxes	4.014	(135)	-	3.878	(1.586)	(92)	-	(1.678)	(143,3%)
Net Profit/(Loss) from discontinued operations held for sale	-	174	100	274	-	(242)	39	(203)	(174,0%)
Net result	**(23.495)**	**620**	**2.004**	**(20.871)**	**18.644**	**60**	**(662)**	**18.043**	**(186,4%)**

(*) see breakdown in the table below

Non-recurring expenses

For an easier reconciliation with the financial statements, below we provide a breakdown of non-recurring items with a specification of the nature of the cost they refer to:

(€ thousand)	31 March 2020	31 March 2021
Cost of materials and services	(1.022)	-
Cost of personnel and directors	(30.002)	-
Other operating costs	(2.000)	-
Depreciation and value adjustments	(1.065)	(623)
Total	**(34.088)**	**(623)**

BALANCE SHEET AND FINANCIAL STANDING

An analysis of the balance sheet shows a positive improvement in the company's shareholders' equity and the main financial indicators.

Non-current assets stood at € 184,249 thousand, with an increase of € 41,372 thousand compared to the previous year, mainly as a result of the capitalisation of the rights of use associated with the new lease contract of the parent company (€ 45,840 thousand).

Net working capital amounted to **€ 7,046** thousand, with an increase of € +1,897 thousand compared to the previous year.

Shareholders' equity stood at **€ 83,535 thousand** as of March 31, 2021, a significant improvement compared to the € 66,838 thousand as of March 31, 2020.

Financial payables (IFRS 16) increased significantly, from € 17,637 thousand to **€ 58,616 thousand**, due mainly to the conclusion of the lease contract for the new offices in Milan (€ 45,840 thousand) and company car leases (€ 1,582 thousand), net of payments made in the year.

The **financial liabilities** relate to a loan from NTT DATA EMEA and amounted to € 97,500 thousand.

Consolidated Balance Sheet

(€ thousand)	31 March 2018	31 March 2019	31 March 2020	31 March 2021
Fixed assets (*)	**119.299**	**119.931**	**142.877**	**184.249**
Work in progress	12.375	21.818	23.503	25.971
Trade receivables	131.573	169.248	176.451	183.335
Trade payables	(65.988)	(94.715)	(90.696)	(79.849)
TWC	**77.960**	**96.351**	**109.258**	**129.457**
Other assets (*)	14.910	17.879	17.179	20.279
Other payables (*)	(74.719)	(91.680)	(121.287)	(142.690)
NWC	**18.151**	**22.550**	**5.149**	**7.046**
Deferred taxes	5.244	5.381	9.676	9.959
Retirement employee benefit plan	(19.390)	(19.651)	(18.213)	(16.202)
Provisions	(818)	(672)	(15.958)	(8.968)
Capital employed	**122.487**	**127.539**	**123.532**	**176.084**
Net payables towards third parties	27.454	27.077	58.443	63.567
Financial liabilities IFRS 16	-	-	(17.637)	(58.616)
Net capital employed	**149.941**	**154.617**	**164.338**	**181.035**
Loan from Parent Company	*117.500*	*117.500*	*97.500*	*97.500*
Shareholders' Equity	*32.441*	*37.117*	*66.838*	*83.535*
NTT DATA resources	**149.941**	**154.617**	**164.338**	**181.035**

(*) A reconciliation with the financial statements for the 2020 fiscal period is provided below:
• Non-current assets: they do not include deferred tax assets amounting to € 9,962 thousand (value explained separately).
• Other receivables: they are composed of "Tax receivables" amounting to € 3,275 thousand and "Other receivables and current assets" amounting to € 17,004 thousand.
• Other payables: these are composed of "Tax payables and social security" amounting to € 43,597 thousand (including € 18,221 thousand in payables for the retirement scheme) and "Other current liabilities" amounting to € 99,093 thousand.
• Deferred tax assets: the value reported is the net amount between "Deferred tax assets" amounting to € 9,962 thousand and "Deferred tax liabilities" amounting to € 3 thousand.
• Miscellaneous provisions: they consist of provisions for risks and charges amounting to € 2,976 thousand, provisions for restoration expenses amounting to € 1,856 thousand and provisions for early retirement and leaving incentives amounting € 4,136 thousand.

The Financial Statement shows an improvement in the **cash flow from operating activities and from investing activities**, which stood at **€ 12,502 thousand**, an increase of **€ 3,022 thousand** compared to the previous year's € 9,480 thousand. In particular:

- the cash flow from operating activities was positive, € 19,952 thousand versus € 19,320 thousand as of March 31, 2020.
- investing activities amounted to € -7,452 thousand, and were down from the previous period (€ -9,840 thousand); the amount included investments for the acquisition of equity stakes net of cash and cash equivalents totalling € 3,359 thousand. **The financing activities** amounted to € -7,376 thousand and relate to financial liabilities for leases. The decrease compared to the previous period (€ -29,262 thousand) is mainly attributable to transactions taking place the previous year and more specifically the contribution of capital from NTT DATA EMEA (€ 50 million) and the partial repayment, at the same time, of the existing loan from NTT DATA EMEA (€ 20 million). The Group's **cash holdings** increased by **€ 5,124 thousand** compared to the previous period, when they stood at € 31,366 thousand as a result of the financing activities described in the previous paragraph. The **available liquid resources** amounted to **€ 63,567 thousand**.

Consolidated Cash Flow statement

(€ thousand)	31 March 2020	31 March 2021
Cash Flow from P&L	(9.245)	34.207
Working capital variation	28.564	(14.254)
Cash Flows generated from operating activities	**19.320**	**19.952**
Investing Activities	(9.840)	(7.452)
Cash Flow generated from operating and investing activities	**9.480**	**12.500**
Cash Flow generated from financing activities	21.885	(7.376)
Increase/(Decrease) in third parties financing	**31.366**	**5.124**
Cash available at the beginning of the period	27.077	58.443
Cash available at the end of the period	58.443	63.567

The Group's **Net Financial Position** as of March 31, 2021 stood at € -92,549 thousand (€ -56,694 thousand as of March 31, 2020). The worsening by € -35,855 thousand is mainly ascribable to the increase in financial liabilities under IFRS 16 due to the parent company's lease contracts for new offices, concluded in the year 2021.

Excluding the effects of the application of IFRS 16, the net financial position as of March 31, 2021 was equal to **€ -33,933 thousand, an improvement of € 5,124 thousand** compared to the previous year (€ -39,057 thousand as of March 31, 2020).

Consolidated Net Financial position

(€ thousand)	31 March 2020			31 March 2021			
	Current	Non current	Total	Current	Non current	Total	Difference
Cash and cash equivalents	58.443	-	58.443	63.567	-	63.567	5.124
Total financial assets	**58.443**	**-**	**58.443**	**63.567**	**-**	**63.567**	**5.124**
NTT DATA Emea Ltd loans	-	(97.500)	(97.500)	-	(97.500)	(97.500)	-
Financial liabilities IFRS 16	(6.159)	(11.478)	(17.637)	(999)	(54.463)	(55.461)	(37.824)
Total financial liabilities	**(6.159)**	**(108.978)**	**(115.137)**	**(999)**	**(151.963)**	**(152.961)**	**(37.824)**
Net financial position excluding IFRS 16	58.443	(97.500)	(39.057)	63.567	(97.500)	(33.933)	5.124
Net financial position	**52.283**	**(108.978)**	**(56.694)**	**62.569**	**(151.963)**	**(89.394)**	**(32.700)**

SUBSIDIARIES

As far as subsidiary companies are concerned, we shall note that they operate in very different operating and geopolitical contexts and the results consequently showed conflicting trends. In particular:

- IFI Solution (Vietnam): the operating performance achieved in the fiscal performance was solid, revenues in particular stood at € 4,040 thousand, in line with the previous year's total (€ 4,108 thousand as of March 31, 2020). The operating result stood at € 258 thousand and the net result amounted to € 183 thousand.
- Xsfera (Italy): on 21 April 2020 the Company entered into an agreement with the parent company to lease the business as a whole, effective as of 1 April 2020. The three-year agreement regarded the commercial assets and liabilities of Xsfera, as well as the personnel employed at that date. From an operating standpoint, the revenues stood at € 170 thousand as a result of the above-mentioned lease agreement, while the net result was equal to € 118 thousand.
- NTT DATA Danismanlik (Turkey): it saw a decrease in revenues, which stood at € 758 thousand (-42.1%). The net result was equal to € -242 thousand.

Statement of reconciliation between Parent Company's and Consolidated Financial Statements

(€ thousand)	31 March 2020		31 March 2021	
	Shareholders' equity	Result of the year	Shareholders' equity	Result of the year
NTT DATA Italia S.p.A. Financial Statement	**62.129**	**(23.495)**	**79.938**	**18.644**
Shareholders' equity and results of subsidiaries	5.513	620	5.063	60
Consolidation adjustments	(804)	2.004	(1.466)	(662)
Consolidated Financial Statement	**66.838**	**(20.871)**	**83.535**	**18.043**

WORKFORCE

The Group **workforce** as of March 31, 2021 reached **4,322 employees**, versus 3,990 as of March 31, 2020 (+8,3%), an increase of 332 employees compared to the previous year and geographically distributed as follows :

- Italy: 4,059 employees (+325 employees compared to March 2020);
- Vietnam: 230 employees (-2 employees compared to March 2020);
- Turkey: 33 employees (+9 employees compared to March 2020).

Parent Company's growth occurred mainly in the following geographical areas:

- **Milan** +101 employees (+6.9%).
- **Turin** +101 employees (+96.2%) of which 53 deriving from the business unit lease contract.
- **Naples,** +80 employees (+25.8%).
- **Rome** +49 employees (+3.7%).
- **Cosenza** +37 employees (+13.2%).

Hirings made in the fiscal year were 727, of which 635 made by NTT DATA Italia focused on young profiles with high professional skills (white collars and middle management).
Women hired during the fiscal year amounted to 165 of which 162 made by the Parent Company.
The workforce breakdown by gender is as follows:

(number of units)	NTT DATA Italia	NTT DATA Danismanlik	IFI Solution	Total
Women	1.208	12	70	1.290
Men	2.851	21	160	3.032
Total	**4.059**	**33**	**230**	**4.322**

BUSINESS OUTLOOK

Although the Covid19 pandemic negatively impacted the situation of the global economy and market in 2020 and continues to be present in the early months of 2021, Group's main performance indicators did not suffer any significant impacts in the course of the last fiscal period.
The business plan presented and approved by the General Meeting of Shareholders, confirmed business and financial targets and forecasts growth in revenues and profitability in the coming three-year period, as well as a boosting of our market share.

5.2 PERFORMANCE OF THE PARENT COMPANY NTT DATA ITALIA S.P.A.

OPERATING PERFORMANCE

Revenues in the period stood at € 460,128 thousand, with an increase of € 33,813 thousand compared to the same period of the previous year. At an industry level it should be noted in particular the increase of Manufacturing, Retail & Service (€ +18.0 million compared with prior fiscal year), Public Services (€ +10.2 million compared with prior fiscal year), Insurance (€ +4.8 million compared with prior fiscal year).

Fixed assets from internal work accounted for 0.07% (€ 306 thousand) of revenues and were slightly down from the previous year (0.16% of revenues, or € 696 thousand).

EBITDA before non-recurring items stood at a **positive € 34,526 thousand**, with a decided improvement in the earnings margin compared to the same period of the previous year (+54.5%), thanks above all to the increase in revenues and a reduction in the **"cost for materials and services"** as a percentage of revenues (40.8% versus 44.5% of the previous year). The cost of personnel stood at 51.3% vs 50% of the previous period, in line with the company's strategy of increasing the share of services managed internally.

The **operating result** was positive, **€ +21,548 thousand**, equal to 4.7% of revenues.

The **net financial charges** amounted to **€ 1,318 thousand**, and included interest charges of € -1,303 thousand mainly related to the loan provided by the controlling company NTT DATA EMEA and € +622 thousand related to the restoration of value of the stake in the Turkish subsidiary NTT DATA Danismanlik, as a result of the agreement reached on the transfer price of € 1,850 thousand, which was greater than the net book value. It is noted that the same investment had been written down by € 2,004 thousand in the previous year.

The **net result** for the year was a **positive € 18,644 thousand** (€ -23,495 thousand the previous year) and reflects the impact of non-recurring expenses amounting to € 623 thousand (€ 34,088 thousand the previous year).

(€ thousand)	31 March		31 March		
	2020	% VPT	2021	% VPT	Δ %
Total Revenues	**426.315**	**100,0%**	**460.128**	**100,0%**	**7,9%**
Increases in fixed assets for internal work	696	0,2%	306	0,1%	
Cost of materials and services	(189.594)	(44,5%)	(187.835)	(40,8%)	
Cost of personnel and managers	(213.129)	(50,0%)	(235.897)	(51,3%)	
Other operating costs	(1.938)	(0,5%)	(2.175)	(0,5%)	
EBITDA before non recurrent items	**22.350**	**5,2%**	**34.526**	**7,5%**	**54,5%**
Depreciations and value adjustments	(11.947)	(2,8%)	(12.354)	(2,7%)	
EBIT before non recurrent items	**10.403**	**2,4%**	**22.172**	**4,8%**	**113,1%**
Non recurrent charges (*)	(34.088)	-8,00%	(623)	-0,14%	
EBIT	**(23.685)**	**(5,6%)**	**21.548**	**4,7%**	**(191,0%)**
Net financial costs	(3.824)	(0,9%)	(1.318)	(0,3%)	
Result before taxes	**(27.509)**	**(6,5%)**	**20.230**	**4,4%**	**(173,5%)**
Income taxes	4.014	0,9%	(1.586)	(0,3%)	
Net result	**(23.495)**	**(5,5%)**	**18.644**	**4,1%**	**(179,4%)**

(*) For an easier reconciliation with the financial statements, below we provide a breakdown of non-recurring items with a specification of the nature of the cost they refer to:

(€ thousand)	31 March 2020	31 March 2021
Costs for materials and services	(1.022)	-
Costs for personnel and directors	(30.002)	-
Other operating costs	(2.000)	-
Depreciations and value adjustments	(1.065)	(623)
Total	**(34.088)**	**(623)**

BALANCE SHEET AND FINANCIAL STANDING

The non-current assets stood at € 185,453 thousand, with an increase of € 42,548 thousand compared to the previous year, mainly as a result of the capitalisation of the rights of use associated with the lease contract for the new offices in Milan.

Net working capital amounted to € 3,024 thousand, an increase of € 1,841 thousand compared to the previous year, mainly as a result of the following dynamics:

- increase in trade receivables and work-in-progress as a result of the larger volume of activity.
- decrease in trade payables compared to the previous year, as in view of the pandemic NTT DATA Italia intervened in favour of its suppliers by improving payment flows to all industry actors and reducing the DPO compared to the previous year (from 153 days to 126 days).
- increase in other payables, € 23,315 thousand

Shareholders' equity stood at € 79,938 thousand as of March 31, 2021, a significant improvement compared to the € 62,129 thousand as of March 31, 2020. Financial payables (IFRS 16) increased significantly, from € 17,251 thousand to € 58,464 thousand due mainly to the start up of the lease for the new offices in Milan (€ 45,840 thousand) and company car leases (€ 1,582 thousand) net of payments made in the year.The financial liabilities relate to the loan with NTT DATA EMEA and amount to € 97,500 thousand, in line with the previous year.

(€ thousand)	31 March 2018	31 March 2019	31 March 2020	31 March 2021
Fixed assets (*)	**121.277**	**121.910**	**142.905**	**185.453**
Work in progress	12.375	21.818	23.524	25.971
Trade receivables	130.821	167.990	173.659	181.498
Trade payables	(66.008)	(94.539)	(91.961)	(79.537)
TWC	**77.187**	**95.269**	**105.221**	**127.932**
Other assets (*)	14.039	16.819	15.945	18.389
Other payables (*)	(74.413)	(91.282)	(119.983)	(143.298)
NWC	**16.813**	**20.806**	**1.183**	**3.024**
Deferred taxes	5.252	5.388	9.964	9.962
Leaving indemnity provision	(19.390)	(19.651)	(17.769)	(16.202)
Provisions	(818)	(672)	(15.958)	(8.968)
Capital employed	**123.133**	**127.780**	**120.326**	**173.269**
Net Credits/(Debts) towards third parties	24.730	24.559	56.554	62.633
Financial liabilities IFRS 16	-	-	(17.251)	(58.464)
Net capital employed	**147.863**	**152.339**	**159.629**	**177.438**
Loan from Parent Company	*117.500*	*117.500*	*97.500*	*97.500*
Net equity	*30.363*	*34.839*	*62.129*	*79.938*
NTT DATA resources	**147.863**	**152.339**	**159.629**	**177.438**

(*) A reconciliation with the financial statements for the 2021 fiscal period is provided below 2021:
•Non-current assets: they do not include deferred tax assets amounting to € 9,962 thousand (value explained separately).
•Other receivables: they are composed of "Tax receivables" amounting to € 1,988 thousand and "Other receivables and current assets" amounting to € 16,401 thousand.
•Other payables: these are composed of "Tax payables and social security" amounting to € 44,004 thousand and "Other current liabilities" amounting to € 99,293 thousand.
•Miscellaneous provisions: they consist of provisions for risks and charges amounting to € 2,976 thousand, provisions for restoration expenses amounting to € 1,856 thousand and provisions for early retirement and leaving incentives amounting € 4,136 thousand.

The Financial Statement shows an improvement in the **cash flow from operating activities and from investing activities**, which stood at **€ 13,295 thousand**, up **€ 3,372 thousand** compared to the previous year, when it totalled € 9,923 thousand. In particular the **cash flow from operating activities** was positive and equal to **€ 19,599 thousand**, whereas as of March 31, 2020 it was equal to € 20,031 thousand.

Investing activities amounted to € 6,304 thousand and related to asset purchase were down from the previous period (€ 10,108 thousand) that included investments for the acquisition of equity stakes in the companies Xsfera S.r.l. and Tolemaica S.r.l., net of cash and cash equivalents totalling € 3,655 thousand

The financing activities amounted to € -7,216 thousand and relate to financial liabilities for leases. The decrease compared to the previous period (€ -29,289 thousand) is mainly attributable to transactions taking place the previous year and more specifically the contribution of capital from NTT DATA EMEA (€ 50 million) and the partial repayment, at the same time, of the existing loan from NTT DATA EMEA (€ -20 million).

Cash and cash equivalents amounted to **€ 62,633** thousand, with an increase of **€ 6,079 thousand** compared to the previous period.

(€ thousand)	31 March 2020	31 March 2021
Cash flow from PL	(9.903)	33.666
Variance in working capital	29.934	(14.066)
Cash flows from operating activities	**20.031**	**19.599**
Investing activities	(10.108)	(6.304)
Cash flows from operating and investing activities	**9.923**	**13.295**
Financing activities	22.073	(7.216)
Increase/(Decrease) in cash and cash equivalents	**31.996**	**6.079**
Cash available as of Juanuary, 1st	*24.559*	*56.554*
Cash available at the end of the period	*56.554*	*62.633*

The company's **net financial position** as of March 31, 2021 was equal to € -93,331 thousand (€ -58,197 thousand in the previous year). The worsening by € -35,134 thousand is mainly ascribable to the increase in financial liabilities under IFRS 16 due to the conclusion of lease contracts for new offices, concluded in 2021. Excluding the effects of the application of IFRS 16, the net financial position as of March 31, 2021 stood at **€ -34,867 thousand, improving by € 6,079 thousand** compared to the previous year (€ -40,946 thousand as of March 31, 2020). We shall note that since June 2016 NTT DATA Italia has been included in the **cash pooling scheme of NTT DATA EMEA.**

(€ thousand)	31 March 2020			31 March 2021			
	Current	Non current	Total	Current	Non current	Total	Difference
Cash	56.554	-	56.554	62.633	-	62.633	6.079
Total financial assets	**56.554**	**-**	**56.554**	**62.633**	**-**	**62.633**	**6.079**
NTT DATA Emea Ltd loans	-	(97.500)	(97.500)	-	(97.500)	(97.500)	-
Financial liabilities IFRS 16	(5.936)	(11.316)	(17.251)	(4.019)	(54.445)	(58.464)	(41.213)
Total financial liabilities	**(5.936)**	**(108.816)**	**(114.751)**	**(4.019)**	**(151.945)**	**(155.964)**	**(41.213)**
Net financial position excluding IFRS 16 effects	56.554	(97.500)	(40.946)	62.633	(97.500)	(34.867)	6.079
Net financial position	**50.619**	**(108.816)**	**(58.197)**	**58.614**	**(151.945)**	**(93.331)**	**(35.134)**

PRESENCE ACROSS THE TERRITORY

In addition to the headquarters in Milan viale Cassala 14/A, NTT DATA Italia S.p.A. has the following secondary and operating branches:

- Turin, Corso Svizzera, 185 – 10149 Turin
- Villorba, Viale della Repubblica, 12 – 31050 Treviso
- Genoa, Via De Marini, 16 – 16149 Genoa
- Pisa, Via U. Forti 6, Località Montacchiello - 56121 Pisa
- Rome, Via Sant'Evaristo, 167 – 00165 Rome
- Naples, Centro Direzionale Isola, F8 – 80143 Naples
- Rende (CS), Via Spagna 240-242 - 87036 Rende (Cosenza)

INNOVATION EXPENSES

During the course of 2021, the company hascontinued to invest in the development of solutions to be proposed to its customers, in particular:

- **Encoding platform** for compressing the video transmission bandwidth;
- **DOCSPA**, a complete platform for managing documents and the document flows within an organisation;
- **Smart Water Management** for the control and management of water distribution networks.

The total value of the capitalized development activities recognized in the balance sheet was € 306 thousand.

BUSINESS OUTLOOK

Please refer to the paragraph Business Outlook described in the Director's report on the Consolidated Financial Statement.

OTHER INFORMATION

Relationships with subsidiary, associated and parent companies and other companies of the NTT DATA Italia S.p.A. group

As concerns the relations during the year with Group companies, reference may be made to the details contained in the Explanatory Notes; we shall note that they regarded the supply of services and loan arrangements falling within the scope of the respective company activities, governed by normal market conditions and aimed at best exploiting the synergies of the Group to which the Company belongs.

OVERSIGHT AND COORDINATION ACTIVITIES

The Board of Directors has acknowledged that, given the nature of the oversight and coordination functions exercised over the Company by the direct controlling company (NTT DATA EMEA Ltd. Owner of the 100% of NTT DATA Italia S.p.A.), it fulfilled the public disclosure requirements under Article 2497-bis of the Civil Code by entering this information within due time in the relevant section of the Companies' Register and updating its documents and correspondence accordingly.

MODELS OF GOVERNANCE

On June 29, 2020 the Board of Directors approved the update of the Organization, Management, and Control Model established pursuant to Legislative Decree 231/2001 (the "Model"), in the light of the introduction of additional predicate offences under Legislative Decree 231/2001 (i.e. tax-related offences). On March 22, 2021 the Board of Directors approved the current version of the Model, which, compared to the previous one, abolished – under Article 7 of the General Part – the requirement of registration in the Register of Certified Accountants and Auditors previously imposed on the external member of the Supervisory Body.

The Model continues to place emphasis on the company procedures and the specific measures aimed at monitoring the sensitive areas most greatly exposed to the commission of the predicate offences of the greatest relevance for NTT DATA Italia.

From the standpoint of company practice, in line with the provisions of Art.6, para. 2-bis, of Legislative Decree 231/2001, the Company has adopted a protected, confidential communication tool (so-called "whistleblowing") based on the use of a web portal managed by an independent firm, which enables the reporting – in good faith and based on direct knowledge – of any conducts, facts and/or events reasonably deemed to be relevant for the purposes of Legislative Decree 231/2001. In this specific regard, we note that during the company's fiscal year the Supervisory Body received no reports that fall within the cases defined by the above-mentioned law.

The current Supervisory Body is a collegial body chaired by an outside professional included in the Register of Certified Accountants and Auditors.

We note that during the Company's fiscal year the Supervisory Body met on a quarterly basis and carried out its oversight activity with independence of judgment and continuity of action, periodically reporting to the Company's Board of Directors and providing updates to the Board of Statutory Auditors.

During the Board of Directors meeting of June 29, 2020, the latter appointed the same members of the Supervisory Body, extending their term to the approval of the financial statements as of March 31, 2021. The yearly report of the Supervisory Body will be submitted to the Board of Directors on the same date.

During the year a series of specific training initiatives were undertaken, aimed at individuals in the company who operate in the areas at greatest risk of the potential commission of predicate offences.

NTT DATA Italia has also continued to implement the plan aimed at bringing its policies progressively into line with those applied at the Group level, including

the application and gradual strengthening of the parent company's J-SOX compliance requirements.
Finally, we report that the NTT DATA Italia Quality Management System, certified according to standard ISO 9001:2015, has been designed and implemented adopting a “Risk-Based Approach”, in accordance with the current version of the standard, which places particular emphasis on determining the risks and opportunities to be addressed in order to achieve the results expected by the organization, prevent or reduce undesired effects and continually improve.
The Company has further developed the Quality Management System in light of the requirements established by standard ISO 37001:2016, Anti-bribery management systems, which provides support in defining and implementing measures for combating corruption and reinforcing a culture of integrity, transparency and compliance within the company, in line with what has already been provided for in the Model pursuant to Legislative Decree no. 231/2001 and other Group policies
Moreover, during the fiscal year the Company maintained the relevant certifications issued by an independent third-party certifying body. Maintaining the certificate is conditional upon passing the routine yearly audits or a complete eview of the system upon expiry of the three-year period of validity.
In general the Company intends to continue promoting projects and initiatives to expand its business management system towards new areas, for example environmental protection (ISO 14001), with the aim of obtaining the relevant certification with an eye to continual improvement.

COMPLIANCE: GENERAL DATA PROTECTION REGULATION[1]

On March 30, 2021 NTT DATA Italia CEO was updated on the progress of the programme of compliance with the General Data Protection Regulation (the “Regulation”) and on the actions to be taken in terms of personal data protection for the fiscal year 2022. The Company has achieved significant progress towards meeting the schedule and carrying out the required actions, as also demonstrated by the audits performed in the fiscal year by various customers.
Furthermore, a function has been introduced into the process of issuing purchase requests which provides for the inclusion of indications regarding subcontract authorisation and the processing of personal data by suppliers at the time of being designated.
The introduction of this function is aimed at improving the awareness of those submitting a request with respect to the provisions of the Regulation, an area relevant for the purposes of accountability. Again with regard to accountability, monitoring of the activities recorded in the Processing
Register (OneTrust platform) by the Privacy Office has been increased.
On June 29, 2020 the Company designated a new Data Protection Officer, who reports directly to the Board of Directors, and will remain in office until the approval of the financial statements as of March 31, 2022. The DPO must inform the Board of Directors about the activities required of him/her by the Regulation and the office he/she has been entrusted with.

1. REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (UE) of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC

LEGALITY RATING

In 2019, following the renewal of the legality rating (Law no. 62 of May 18, 2012, and subsequent amendments and implementing measures) assigned to NTT DATA Italia by the Italian Competition and Market Authority, the Company obtained recognition of a rating of 2 stars and 2 ++ 2019, valid until June 5, 2021 (the first awarding of the rating was obtained in 2017), and for which it is seeking renewal.

HEALTH & SAFETY[2]

In continuity with the preceding years, in 2020 NTT DATA Italia invested considerable resources in the management of occupational health and safety. The attention towards its employees continues and working conditions are explicitly addressed through careful management of all legal obligations relating to safety and through continuous improvement of work environments.

Moreover, in view of the Covid19 pandemic, a series of initiatives have been undertaken during the fiscal year with the aim of enabling workers to operate in safety. Among the initiatives undertaken we shall mention:

- Installation of automatic temperature control systems in all NTT DATA divisions and monitoring of the correct use of personal protection systems;
- safety signs with the rules to be followed, distributed in workplaces (hygienic and sanitary standards, distancing, sanitisation);
- adoption of tools for reserving workstations to enable observation of interpersonal distancing rules. Contact tracing in the event of reports of possible contagion;
- provision of personal protective equipment and disinfectant gel to all employees;
- incentivization of remote work (smart working) to reduce the occasions of contact.

The management of health & safety is organized into the following macro areas of intervention, in line with the provisions of law and the reference standards:

1) **Identification of work activity and risk analysis for the purpose of drawing up the Risk Assessment Document;** this activity relies on the support of the Manager of the Prevention and Protection Service for workplace safety, staff appointed to the Prevention and Protection Service for workplace safety at every division of NTT DATA Italia, the Company's Medical Officer, Supervisors and outside consultants with specific training and certification, naturally with the informed participation of workers, through the workers' safety representative.

2) **Definition and implementation of Emergency Plans** aimed at managing fire hazards and first aid to protect workers and any consultants and visitors who work or are present on the premises of NTT DATA Italia.

3) **Appointment and training of the Fire Emergency and First Aid Officers**; management of fire drills.

4) **Verification and control/upgrading** of equipment and facilities to safety regulations for the buildings occupied by NTT DATA Italia.

5) **Management of Cooperation and Coordination** for workplace safety with Customers/Clients of NTT DATA Italia.

6) **Drawing up of an Interference Risk Assessment Report** in collaboration with the Customers / Clients and Suppliers of NTT DATA Italia.

7) **Verification and issue of certificates of fitness** for all workers of NTT DATA Italia.

8) **Management of compulsory workplace safety** training aimed at all workers, supervisors and delegated H&S managers, and all participants in the Prevention and Protection Service for workplace safety.

In the 2021 fiscal period, during which 635 new workers were hired, the following took place:

- **570 medical check-ups** for the issue of certificates of fitness (newly hired workers) and renewal of certificates of fitness (workers already employed at NTT DATA Italia in previous years);

2 Ref. Legislative Decree 81/08 Consolidated Act on Health and Safety at Work.

- **14,014 hours of training,** including:
  - 5,848 hours of general and specific training or newly hired workers;
  - 8,166 hours of specific training for all NTT DATA Italia workers, aimed at managing the indirect biological risk due to the “COVID-19” pandemic that broke out starting from the month of February 2020
  - over 40 courses for the issue of certification of personnel involved in the Company Prevention and Protection Service for Workplace Safety and for the certification of Supervisors.

OPERATING AND FINANCIAL RISKS

As required under Article 2428 of the Civil Code, the main risks and uncertainties to which the Company is exposed are described below:

- operating risks;
- financial risks: credit, liquidity, exchange and interest rates.

OPERATING RISKS

The ICT strategic consulting and professional services market is linked to the performance of the economy, particularly in industrialized countries where the demand for quality and/or high-tech products and services is greater.
Though pressures on prices and margins are high, they are mitigated by the fact that NTT DATA Italia is part of the NTT DATA Group, one of the world’s leading corporations within the ICT service sector. NTT DATA Italia also boasts a management team with years of experience in the industry and capable of offering quality services and competitive solutions to customers.

Credit risk

Credit risk is the risk that a customer might cause financial loss by failing to meet obligations and mainly involves trade receivables. The risk is connected to the possibility that customers might not honour their financial commitments to the company on the agreed due dates.
NTT DATA Italia’s customer base consists mainly of medium and large enterprises which do not pose particular risks in terms of collecting receivables. The ten largest customers represent about 60% of all receivables.
The Company has long-term business relations with most of its customers and historically losses on receivables have not had any major effect on turnover.
Monitoring of customer credit risk is performed on the basis of reports involving periodic assessment of exposure at the reference date.
The Company sets aside provisions to cover estimated losses on trade receivables and other receivables.
Pursuant to the provisions of Article 2428 (6-bis) of the Civil Code, it is noted that no derivatives or similar instruments are used or held by the Company within the framework of financial risk management activities.
All procedures and guidelines regarding risk management operations are managed by NTT DATA EMEA as a service for subsidiary companies.

Liquidity risk

Liquidity risk is the risk that the Company may have difficulty in meeting obligations associated with financial liabilities.
The Company’s approach to managing liquidity is to ensure, insofar as possible, that there are always sufficient funds to meet obligations as they fall due, both under normal circumstances and in times of financial stress, without incurring significant additional costs or risking damage to its reputation.
NTT DATA Italia ensures that sufficient cash on demand is available to meet the needs generated by the operating cycle and investments, including costs relating to financial liabilities. The Company's treasury services make ongoing financial forecasts based on income and expenditure expected for the months ahead and adopt corrective measures accordingly.
As already noted, since June 2016 our Company has belonged to the EMEA cash pooling scheme and has access to the credit lines provided by the parent company NTT DATA EMEA.

Exchange rate risk

Exchange rate risk is the risk that the Company might incur costs due to currency fluctuations on business or financial transactions.
With rare exceptions, the Company operates in its target market using the Euro as the main currency for its business transactions.
NTT DATA Italia relies itself of the support of NTT DATA EMEA for the management of the exchange rate risk relating to any transactions in currencies other than the one adopted.

Interest rate risk

The interest rate risk to which the Company is exposed stems mainly from use of credit lines with a floating rate (Euribor), although this risk is significantly offset by liquidity provided by the parent company EMEA and paid back with interest at very competitive conditions (in line with the rating of the NTT Data/ NTT Group).

GOING CONCERN

Based on the results and on the Business Plan, there is no financial or management indication that would cast doubt on the ability of the Group to continue to operate as a going concern.

EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES AND OWN SHARES

Pursuant to Article 2428 of the Civil Code, we report that the Company does not possess, nor did it either buy or sell any own shares, or interests or shares in parent companies during the fiscal period, either directly or through a trust company or third party.

ALTERNATIVE PERFORMANCE INDICATORS

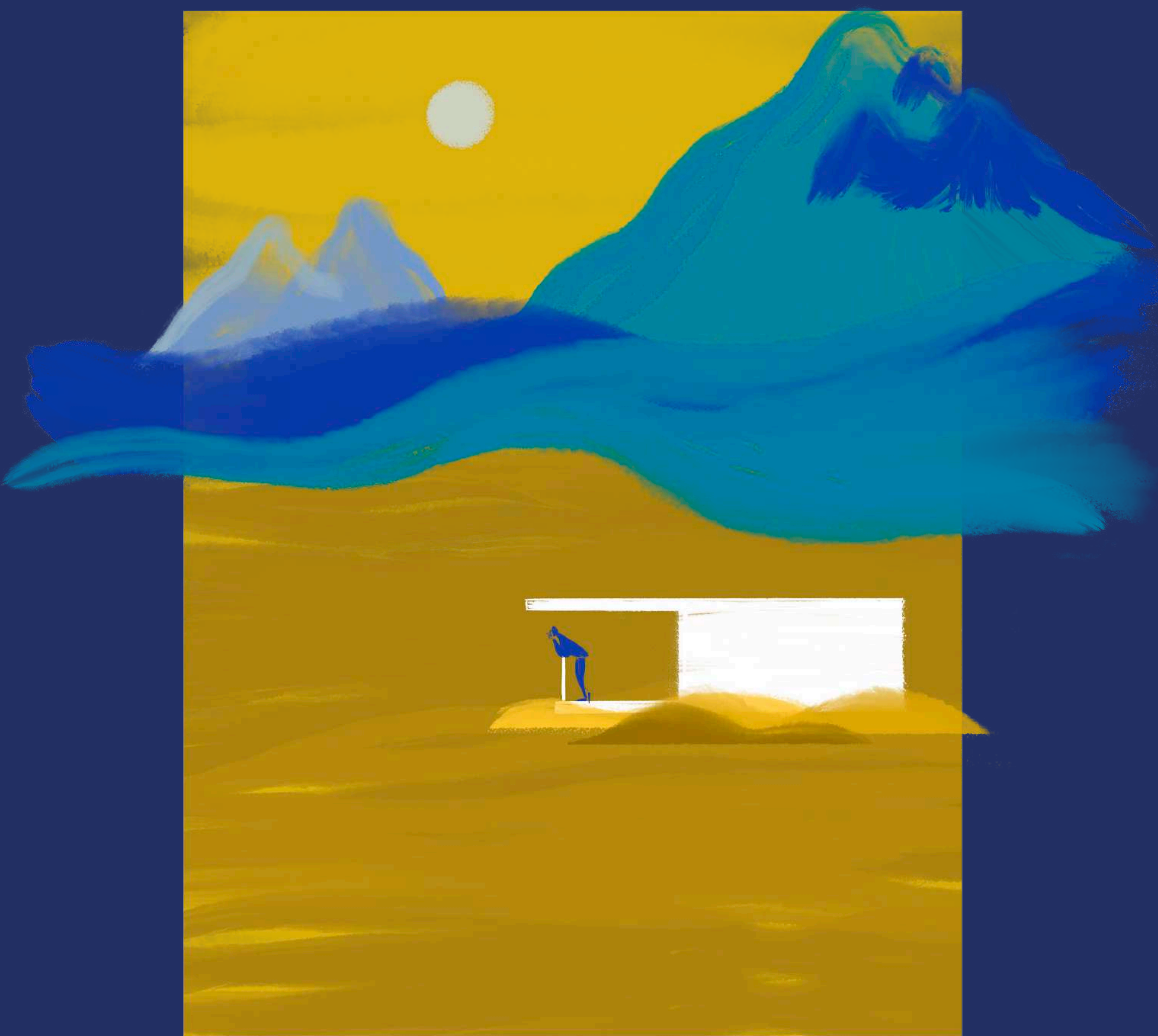
In addition to the conventional financial statements and indicators required under IFRS, this document presents certain alternative indicators to enable a better assessment of the Company's operating and financial performance.
Among the alternative indicators used in the Report on Operations to comment on results, we shall note the following in particular:

- NTT DATA Italia resources: includes the Company's Shareholders' Equity and loans repayable to the parent company NTT DATA EMEA;
- Net financial position: the result of summing current and non-current financial liabilities, cash and cash equivalents and current financial receivables.

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

6. CONSOLIDATED FINANCIAL STATEMENTS



6.1 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial information of the Group for the business periods ending on March 31, 2020 and 31 March 2021, prepared in accordance with the IFRS adopted by the European Union.

BALANCE SHEET STATEMENT

(€ thousand)	Note Ch. 6.2	31 March 2020	31 March 2021
Property, plant and equipment	**4.1.1**	10.048	12.963
Right of use assets	**4.1.2**	18.235	58.528
Goodwill	**4.1.3**	109.031	108.988
Other intangible assets	**4.1.4**	4.107	3.164
Investments	**4.1.5**	38	38
Other non current assets	**4.1.6**	874	460
Other financial assets	**4.1.7**	262	108
Deferred tax assets	**4.1.8**	9.964	9.962
Non current assets		**152.560**	**194.210**
Work in progress	**4.2.1**	23.503	25.971
Trade receivables	**4.2.2**	176.451	183.335
Tax receivables	**4.2.3**	3.200	2.425
Other receivables	**4.2.4**	13.979	16.691
Cash and cash equivalents	**4.2.5**	58.443	63.567
Assets held for sale	**4.2.6**	-	1.163
Current assets		**275.575**	**293.153**
TOTAL ASSETS		**428.135**	**487.363**
Share capital	**4.3.1**	33.107	33.107
Legal reserve	**4.3.2**	2.039	2.047
Other reserves	**4.3.2**	52.562	30.339
Net result for the year		(20.871)	18.043
Shareholders' Equity		**66.838**	**83.535**
Employee benefits	**4.4.1**	18.213	16.202
Provisions	**4.4.2**	3.881	4.832
Deferred tax liabilities	**4.1.7**	7	3
Financial liabilities IFRS 16	**4.4.3**	11.478	54.463
Mid and long term financial liabilities	**4.4.3**	97.500	97.500
Non current liabilities		**131.078**	**172.999**
Trade payables	**4.5.1**	90.696	79.849
Tax and social security payables	**4.5.2**	34.486	44.048
Financial liabilities IFRS 16	**4.4.3**	6.159	4.154
Provisions	**4.4.2**	12.077	4.136
Other payables and current liabilities	**4.5.3**	86.801	98.422
Liabilities directly associated with the assets held for sale	**4.2.6**	-	221
Current liabilities		**230.219**	**230.829**
Total liabilities		**361.298**	**403.828**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**428.135**	**487.363**

(a) information prepared in accordance with IFRS approved by the European Commission.

COMPREHENSIVE INCOME/(LOSSES)

(€ thousand)	Note Ch. 6.2	31 March 2020	31 March 2021
Sales of goods and services	**4.6.1**	428.881	461.424
Other income	**4.6.2**	-	2
Change in work in progress	**4.6.3**	1.705	2.448
Total revenues		**430.586**	**463.874**
Increases in fixed assets for internal work	**4.6.4**	696	306
Costs for materials and services	**4.6.5**	(189.778)	(187.902)
Costs for personnel and directors	**4.6.6**	(247.415)	(239.020)
Amortization, depreciation and write-downs	**4.6.7**	(13.188)	(13.163)
Other operating costs	**4.6.8**	(3.941)	(2.179)
Operating income		**(23.040)**	**21.916**
Net financial income/(expenses)	**4.6.9**	(1.984)	(1.991)
Income before taxes		**(25.024)**	**19.924**
Income taxes	**4.6.10**	3.878	(1.678)
Net income from continuing operations		**(21.145)**	**18.246**
Net income from discontinued operation	**4.2.6**	274	(203)
Net income		**(20.871)**	**18.043**

Other comprehensive income or losses			
Income or losses that may subsequently be reclassified in profit/(loss) for the period			
Foreign currency translation differences		(193)	(510)
Income or losses that will never be reclassified in profit/(loss) for the period			
Liabilities/(assets) revaluation related to defined benefit funds		1.033	(1.099)
Taxes on income or losses that will never be reclassified in profit/(loss)		(248)	264
Total other comprehensive income or losses		**592**	**(1.345)**
Total comprehensive income		**(20.279)**	**16.698**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(€ thousand)	Share Capital	Legal Reserve	Currency Conversion reserve	Employee Benefits Plan reserve	Other reserves	Retained earning	Total
As of 1 April 2019	**33.107**	**2.039**	**(1.785)**	**(943)**	**(242)**	**4.940**	**37.117**
Result of the year	-	-	-	-	-	(20.871)	(20.871)
Other comprehensive income/(losses) for the period	-	-	(193)	785	-	-	592
Capital injection	-	-	-	-	50.000	-	50.000
As of 31 March 2020	**33.107**	**2.039**	**(1.978)**	**(158)**	**49.758**	**(15.931)**	**66.838**
Result of the year	-	-	-	-	-	18.043	18.043
Allocation of prior year result	-	8	-	-	-	(8)	-
Other comprehensive income/(losses) for the period	-	-	(510)	(835)	-	-	(1.345)
As of 31 March 2021	**33.107**	**2.047**	**(2.488)**	**(993)**	**49.758**	**2.105**	**83.535**

CASH FLOW STATEMENT

(€ thousand)	31 March 2020	31 March 2021
Income before taxes	**(25.024)**	**19.924**
Amortizations, depreciations and write-downs	13.188	13.163
Severance indemnity	115	189
Increases in fixed assets for internal work	(696)	(306)
Provisions	3.172	1.236
(increase)/Decrease in trade receivables	(5.057)	(1.299)
(Increase)/Decrease in other receivables	(3.362)	618
Increase/(Decrease) in trade payables	(5.189)	(13.452)
Increase/(decrease) in other payables	43.723	3.286
Taxes paid	(606)	(128)
Severance indemnity paid	(945)	(3.279)
Net cash flow from operating activities (A)	**19.320**	**19.952**
Purchase of tangible assets	(6.666)	(6.727)
Purchase of intangible assets	(206)	(54)
(Increase)/Decrease in other non current assets	392	415
Assets and liabilities held for sale net of cash available	-	(1.086)
Payments for the acquisition of subsidiaries net of cash acquired	(3.359)	-
Net cash flow from investing activities (B)	**(9.840)**	**(7.452)**
Proceeds from increase in capital	50.000	-
Increase/(Decrease) in loan payables	(20.000)	-
Financial liabilities for leasing	(8.115)	(7.376)
Net cash flows from financing activities (C)	**21.885**	**(7.376)**
Net cash flows (D) = (A+B+C)	**31.366**	**5.124**

Cash available at the beginning of the period	*27.077*	*58.443*
Cash available at the end of the period	*58.443*	*63.567*
Total change in cash and cash equivalents (D)	**31.366**	**5.124**

6.2 EXPLANATORY NOTES

1. INTRODUCTION

The Group NTT DATA Italia (hereinafter also "the Group") operates in the "IT Consulting & Solution" market, developing integrated IT solutions for medium and large companies and offering architecture and technology consultancy services, with a focus on high-impact platforms i.e. Security, Customer Relationship Management and Knowledge Management.

These consolidated financial statements for the period ending on March 31, 2021, are presented in Euro, since the Euro is the currency with which the Group mainly operates, and consist of the

Balance Sheet, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and the Explanatory Notes. All of the values reported in the Consolidated Financial Statements are expressed in thousands of Euro.

These Financial Statements were approved and their publication authorized by the Board of Directors on June 29, 2021 and will be presented at the General Meeting of Shareholders.

The Financial Statements are subject to statutory audit by KPMG S.p.A..

The Parent Company NTT DATA Italia S.p.A. (here in after also "Parent Company") is a joint-stock company with headquarters in Milan, Italy. As at March 31, 2021, it is 100% owned by NTT DATA EMEA Ltd, a company incorporated on March 16, 2012, and belonging to the Japanese NTT Group.

Method of presenting the financial statements

These financial statements were prepared assuming the company is a going concern, since the Directors have verified that there are no financial, operating or other indicators of situations suggesting the Company's inability to satisfy its obligations for at least the following twelve months.

Risks and uncertainties relating to the business are described in the dedicated section of explanatory notes and in the Directors' Report to which reference is made.

The Financial Statements for the year ended March 31, 2021 were prepared using the IFRS in force on that date, including the International Auditing Standards (IAS), the interpretations issued by the Standard Interpretation Committee (IFRIC) adopted by the European Union.

The formats used for the Financial Statements are consistent with those envisaged by the revised IAS 1, in particular the Balance Sheet was prepared by classifying assets and liabilities according to "current/non-current" criteria. An asset / liability is classified as "current" when:

- it is expected that an asset / liability will either be realised / extinguished or sold or used in
- the normal operating cycle of the business;
- it is held principally for trading;
- it is expected that it will be either realised or extinguished within 12 months after the balance sheet date;
- it falls in the category of cash and cash equivalents, unless it is precluded from being traded or used to settle a liability for at least 12 months after the balance sheet date;
- the entity does not have an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

If these conditions are not met, the assets/liabilities are classified as non-current.

The Statement of Comprehensive Income was prepared by classifying operating costs by type, since the company decided that this was more closely representative of the business than presenting costs by destination, and more suitable for representing the

business of the Group; this includes revenues and costs that are not stated under profits (losses) for the accounting period, or income and charges stated directly under shareholders' equity and deriving from business activities other than transactions with shareholders.
The Cash Flow Statement was prepared showing cash flows from operating activities, using the "indirect method", as authorized by IAS 7.
The Statement of Changes in Shareholders' Equity includes not only the result of the statement of comprehensive income, but also the business transactions carried out directly with shareholders acting in that capacity and the details of eachindividual item.
For each significant item listed on the above tables, reference is made to the subsequent explanatory notes which provide the relevant information, details and changes compared to the previous financial year.

Seasonal nature of the business

On the basis of our historical data, the activity of the Group is not subject to significant seasonal phenomena.

2. ACCOUNTING STANDARDS ADOPTED

Consolidation principles

The consolidated financial statements include those of NTT DATA Italia S.p.A. and its subsidiaries as of March 31, 2021.
The subsidiaries are fully consolidated from the date of purchase, i.e. the date in which the Group obtains control, and they cease to be consolidated when the control is transferred outside the Group.
The Financial Statements of the subsidiaries are prepared using the same accounting standards as used for the holding company.
It should be pointed out that "IFRS 10 – Consolidated Financial Statements", issued in May 2011 and mandatorily adopted in the financial statements for the years beginning on or after January 1, 2014, replaced, for the part concerning consolidated financial statements, "IAS 27 – Consolidated and separate financial statements", and introduced a new approach to determining whether an entity controls another, without modifying the consolidation procedures envisaged in the current.
While current accounting standards give priority – where control does not derive from holding amajority of actual or potential voting rights – to an assessment of the risks/benefits associated with the holding in the investee, IFRS 10 focuses the determination on three elements to be considered in each assessment: power over the investee; exposure to variable returns from the involvement in the investee; and the link between power and returns, i.e. the ability to use that decision-making power over the investee to affect the amount of returns.
Specifically, the standard sets forth the following definition of "control": "An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Thus, an investor controls an investee if and only if the investor has all the following:
a) power over the investee (paragraphs 10–14);
b) exposure, or rights, to variable returns from its involvement with the investee (paragraphs 15 and 16); and
c) the ability to use its power over the investee to affect the amount of the investor's returns (paragraphs 17 and 18)".
All the intercompany balances and transactions, including any unrealized gains and losses from transactions between Group companies and dividends, are completely eliminated.

Losses are attributed to minority interests, even if this means that they will have a negative balance.
Changes in the holding company's stakes in a subsidiary that do not involve a loss of control are stated as equity transactions.
If the holding company loses control of a subsidiary, it:

- eliminates the assets (including any goodwill) and liabilities of the subsidiary:
- eliminates the book values of any minority stake in the former subsidiary;
- eliminates the cumulative exchange differences identified in equity;
- states the fair value of the consideration received;
- states the fair value of any shares maintained in the former subsidiary;
- states all profits or losses in the income statement;
- reclassifies the portion attributable to the holding company of the components previously identified in the comprehensive income statement in the income statement or in the retained earnings, as appropriate.

The following table includes a list of subsidiaries as of March 31, 2021, included within the scope of consolidation and consolidated on a line-by-line basis:

(€ thousand)	31 March 2020		31 March 2021	
	Shareholders' equity	Result of the year	Shareholders' equity	Result of the year
Financial statement of NTT DATA Italia S.p.A.	**62.129**	**(23.495)**	**79.938**	**18.644**
Shareholders'equity and results of subsidiaries	5.513	620	5.063	60
Adjustments of consolidation	(804)	2.004	(1.466)	(662)
Consolidated Financial Statement	**66.838**	**(20.871)**	**83.535**	**18.043**

2.Summary of the principal accounting standards

The accounting standards described below have been applied consistently throughout all periods presented in these consolidated financial statements and by all entities of the Group.

Business combinations

Business combinations are stated using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are stated on the Statement of Comprehensive Income and are included in administrative expenses.
When the Group acquires a business, it classifies any financial assets acquired and liabilities assumed in accordance with the contractual terms, financial conditions and other relevant conditions existing at the date of purchase. This includes establishing whether embedded derivatives should be separated from the host contracts.
If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is stated as a profit or loss on the Statement of Comprehensive Income.
Any potential contingent consideration is stated at fair value at the acquisition date. Any change in fair value of the contingent consideration classified as an asset or liability is stated as a profit or loss for the year, according to IAS 39, on the Statement of Comprehensive Income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is stated under equity.
Goodwill is initially stated at cost, being the excess of the aggregate of the consideration paid and the amount recognised for non-controlling interests over

the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration paid, the gain is stated on the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed of operation is included in the book value of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments in companies accounted for using the equity method

The investments accounted for using the equity method are represented by associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted investees until the date on which said significant influence or joint control cease.

Where the loss pertaining to the Group exceeds the carrying amount of the investment and the investor is required to fulfil legal or implicit obligations of the investee, or in any case cover its losses, any excess over the carrying amount is recognised among liabilities in the provision for risks and charges.

Non-current assets held for sale and discontinued operations

Non-current assets and discontinued units classified as held for sale are valued at the lower of the book value and fair value less costs to sell.

The non-current assets and discontinued units are classified as held for sale if their book value will be recovered principally through a sale transaction rather than through their continuing use. This condition is considered to be satisfied when the sale is highly probable and the asset is available for an immediate sale in its current condition; management is committed to the sale and completion is expected within a year from the date of classification.

In the consolidated statement of comprehensive income of the current and comparative period, the profit and loss from discontinued operations are represented separately from operational activities, under the line profits after taxes. The resulting profit or loss, after tax, is stated separately on the statement of comprehensive income.

Once classified as held for sale, tangible and intangible fixed assets are no longer depreciated or amortized.

It should be noted that in March 2021 the Parent Company signed with Itelligence Bilgi Sistemleri A.Ş. a sale agreement concerning the subsidiary NTT DATA Danismanlik. This agreement provides for the loss of control over the subsidiary by the NTT DATA Italia Group starting from April 1, 2021 while the transfer of ownership will take place by May 2021.

For these reasons, NTT DATA Danismanlik outstanding assets and liabilities as at March 31, 2021 were reclassified among "Assets held for sale" and "Liabilities associated with assets held for sale" respectively while the economic results achieved by the Turkish company in the financial year ended March 31, 2021, they were summarized within the item “Net income from assets held for sale”.

According with the above sentences, in order to allow a better understanding of the economic results as of March 31, 2021, the P&L results of NTT DATA Danismanlik generated in the comparative year ended March 31, 2020 were summarized in the same row.

Foreign currency translation

The Consolidated Financial Statements are presented in Euro, which is the operating and reporting currency used by the Group, and each company within the Group determines its own operating currency, which is used to measure items entries in the individual financial statements.

(i) Transactions and balances

A foreign currency transaction is recorded, when initially identified, by applying to the foreign currency the spot exchange rate between the operating currency and the foreign currency of the date of the transaction.

The monetary assets and liabilities, indicated in foreign currencies, are converted into operating currency using the exchange rate in effect at the end of the reporting period.

Differences are identified in the income statement with the exception of monetary items that form part of a net investment in foreign operations.

These differences are identified initially in the comprehensive income statement until the net investment is sold, and they are stated on the income statement. Taxes and tax credits attributable to exchange rate differences on monetary items, are also indicated on the Statement of Comprehensive Income.

Non-monetary items with a historical cost in foreign currency are translated using the exchange rates in force on the date the transaction was initially identified. Non-monetary items carried at fair value in foreign currency are translated using the exchange rate in effect on the date that value was established.

(ii) Group Companies

At the end of the reporting period, assets and liabilities of Group companies are translated in Euro using the exchange rate in effect on that date, and their profit and loss data are translated using the average exchange rate on the date of the related transactions.

Exchange rate differences resulting from the translation are reported under shareholders' equity.

When a foreign transaction is completed, the item in the statement of comprehensive income that refers to that foreign transaction is reclassified under profits and or losses for the year.

Any goodwill arising from the purchase of a foreign operation and any adjustment to the fair value of assets or liabilities arising from the purchase of that foreign operation are calculated as assets and liabilities from foreign operations.

Therefore, the amounts are expressed in the operating currency of the foreign operation and translated at the exchange rate in effect at the closure of the financial year.

The exchange rates used in the year considered and in the preceding year are shown below:

The exchange rates used in the year considered and in the preceding year are shown below:

		Timely exchange		Average exchange	
		31 March 2020	31 March 2021	2020	2021
TRY	Turkish lira	7,2063	9,7250	6,5150	8,5945
VND	Vietnamese dong	25.893,0000	27.054,0000	25.827,4570	27.061,2305

Source: Banca d'Italia

Summary of the principal accounting standards

The financial statements were prepared on a cost basis, except in the cases specifically described in the following notes, for which the "fair value" principle was applied.
The main measurement methods used for the individual items of the financial statements are described below.

A. Tangible fixed assets

GTangible fixed assets are measured at the purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all expenses directly incurred to prepare the assets for use and any removal and disposal costs that will be incurred as a result of contractual obligations requiring that the asset be restored to its original condition.
The costs incurred for routine and/or scheduled maintenance and repairs are directly charged to the income statement as incurred. Costs relating to the expansion, modernization or improvement of facilities owned or used by third parties are capitalised only insofar as they satisfy the requirements for being separately classified as an asset or part of an asset by applying the "component approach". Similarly, replacement costs for identifiable components of complex assets are capitalised and depreciated over their estimated useful life; the residual value of the replaced component is reported in the income statement.
The book value of plant and machinery is adjusted by systematic depreciation, calculated on a straight-line basis from the time the asset becomes available and ready to use, depending on the estimated useful life.
The useful life estimated by the NTT DATA Italia Group, for the various categories of assets, is the following:

- Plant, machinery and equipment 4 - 8 years Furniture,
- office machinery and vehicles 4 - 8 years

The useful life of tangible assets and the residual values are reviewed and adjusted annually and, where applicable, at the end of each financial year.
If the asset to be depreciated is composed of distinct elements with a useful life that significantly differs from that of other parts that compose the asset, the depreciation is calculated separately for each of the parts that make up the asset, according to the "component approach".
Improvements to leased assets are classified under "Plant and machinery", based on the nature of the cost incurred. The depreciation period corresponds to the lesser between the remaining useful life of the asset and the duration of the lease agreement.
The profit or loss arising from the sale of tangible fixed assets is determined as the difference between the selling price and the book value of the asset and is recorded under profit and loss of the current year respectively as "Other income" or "Other operating costs".

B. Leased assets

According with IFRS 16 the Group determinates at the contract inception whether an arrangement was or contained a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leasing contracts are accounted according with IFRS 16: the present value of the residual payments are booked in the Balance Sheet within the financial liabilities. At the same time an equal value is accounted within the "Right of use assets".

The discounted rated applied is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The "Right of use" assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and eventually adjusted during the life of the contract for certain remeasurements of the lease liability.

The Group identified the following categories that fall within the application of IFRS 16:

- Office rents
- Long term car rents.

The Group applied a number of practical expedients when applying the IFRS 16. In particular, the Group:

- Did not recognize right of use assets and liabilities for leases of low value assets (lower than $ 5 thousand) and for short-term contract leasing. Payments related to these categories are shown on a straight-line basis in the Income Statement for the life of the leasing contract.
- Excludes from the initial evaluation any service component eventually embedded within the leasing contract where recognizable.

C. Intangible assets

Intangible assets consist of non-cash items, identifiable and without physical substance, controlled and capable of generating future economic benefits. These elements are measured at purchase and/or production cost, including costs directly attributable to preparation of the asset for use, net of accumulated amortisation and any impairment losses.

Amortisation begins when the asset is available for use and is calculated over its remaining useful life.

The recoverability of intangible assets in progress is assessed annually.

(i) Goodwill

Goodwill is represented by the excess purchase cost incurred compared to the net fair value, on the date of acquisition of the assets and liabilities of companies.

Goodwill is not subject to systematic amortisation but to an annual test to verify the adequacy of the relative value recorded in the balance sheet (impairment test). This test is carried out with reference to the organisational unit generating cash flows ("Cash Generating Unit") to which goodwill is attributed. Any reduction in the value of the goodwill is noted if the recoverable amount of goodwill is lower than its carrying value on the balance sheet.

Recoverable amount means the greater amount between the fair value of the cash generating unit, less sales costs, and the relative value in use (refer to section D below for further details regarding the calculation of the value in use).

In the event that the impairment resulting from the test is higher than the value of the goodwill allocated to the cash generating unit, the remaining surplus is allocated to the assets included in the cash generating unit in proportion to their carrying value. The lowest limit for the allocated amount is the greatest between:

- the fair value of the assets, net of costs of sale;
- the value in use, as defined above.

(ii) Industrial patent rights and use of intellectual property, licenses and similar rights

The expenses related to the purchase of industrial patent rights and the use of intellectual property, of licenses and similar rights are capitalised based on purchase costs.

Amortisation is computed using a straight-line method so that the cost sustained for purchasing the right is allocated over the shortest period between the expected use and the duration of the related contracts, starting from the moment the right purchased is exercisable.

(iii) Other

These relate mainly to expenses for registering trademarks, amortised over a 10-year period.

(iv) Development Assets

An intangible asset arising from the development (or from a stage of development of an internal project) is recognised when:

- the technical feasibility of completing the asset so that it will be available for use or sale is demonstrated;
- it is shown that the intangible asset will generate future economic benefits;
- there is an availability of technical, financial and other resources sufficient to complete the development and for the use or sale of the intangible asset;
- it is possible to reliably calculate the cost attributable to the intangible asset during development.

D. Impairment of assets

At each balance sheet date, tangible and intangible assets with a defined life are analysed in order to identify the existence of any indicators, originating from either external sources or sources within the NTT DATA Italia Group, of a reduction in their value. In circumstances where these indicators are identified, an estimate is made of the recoverable value of these assets and any impairment is accounted for in the income statement.

In the case of goodwill and other intangible assets with an indefinite useful life, this assessment is performed at least on a yearly basis. The recoverable value of an asset is either its fair value less sales cost, or its value in use, whichever is greater, where the latter is the current value of future estimated cash flows arising from the use of the asset and those deriving from disposal at the end of its useful life.

In determining the value in use, the anticipated f uture cash flows are obtained using a pre-tax discount rate that reflects current market assessments of the value of the money compared to the investment period and the specific risks. For an asset that does not generate largely independent cash flows the realisable value is determined in relation to the cash generating unit to which the asset belongs.

An impairment loss is recognised in the income statement when the book value of the asset, or the cash generating unit to which it is allocated, exceeds the recoverable amount. If the conditions for the previous write-down cease to exist, the book value for the asset is restored and the adjustment accounted for in the income statement, within the limits of the net carrying value the asset concerned would have had if it had not been written down and amortisation or depreciation charges had been applied.

E. Financial instruments

(i) Financial assets

When first entered, financial assets are classified in one of the following categories and measured as follows:

- **loans and receivables**: these are financial instruments, primarily related to trade receivables, non-derivatives and not listed in an active market, from which fixed or determinable payments are expected. They are included under current assets, except for those that fall due more than twelve months after the balance sheet date, which are classified as non-current. When initially recorded, these assets are recorded at the fair value and subsequently at the amortised cost using the effective interest rate method. If there is objective evidence of impairment, the asset is reduced accordingly, so that it is equal to the current value of future cash flows. Impairment losses are reported in the income statement. If in subsequent periods, the reasons for previous write-downs no longer exist, the value of the asset is restored to the value that would have been derived by applying the amortised cost, if no write-down had taken place.
- **Investments available for sale**: these are non-derivative financial instruments specifically assigned

to this category, which cannot be classified in the above categories. These financial instruments are initially measured at fair value and the profits or losses accounted for in an equity reserve are reflected in the income statement only when the financial assets are actually sold or, in the case of accumulated negative changes, when there is evidence that the reduction in value already accounted for in equity cannot be recovered. Solely in the case of debt securities, if, in a subsequent period, the fair value increases and the increase can be related objectively to an event occurring after the impairment loss was reported in the income statement, the impairment loss must be reversed, with the amount of the reversal recognised in the Income Statement. Furthermore, with respect to debt securities, the returns measured based on the amortised cost method are accounted for with an offsetting entry in the income statement, as in the case of effects related to changes in exchange rates. The changes in exchange rates relating to capital instruments available for sale are accounted for in a specific equity reserve.

- **Investments in associates**: the operating results along with the assets and liabilities of associates are accounted for in the consolidated financial statements using the equity method, unless they are held for sale. Investments in associates are measured at cost and then adjusted to reflect variations, following the acquisition, in the net assets of the associates and any impairment in the value of individual investments. The amount by which the acquisition cost exceeds the percentage of the current value of the assets, liabilities and potential liabilities of the associate ascribable to the Group at the time of acquisition is recognised as goodwill. If an investment shows indications of permanent impairment, the possible reduction in value is verified by performing an impairment test and any losses are accounted for in the income statement. When the reasons which led to the write-down no longer exist, the book value of the investment is restored to its original cost. This recovery is accounted for in the income statement.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument have been extinguished and the NTT DATA Italia Group has substantially transferred all risks and benefits tied to the instrument and the control thereof.

(ii) Financial Liabilities

Financial liabilities are related to loans, trade payables and other payment obligations and are measured at fair value during initial recognition and subsequently at the amortised cost, using the effective interest rate criteria.

If there is a change in expected cash flows and it is possible to obtain a reliable estimate, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and internal rate of return initially determined. Financial liabilities are classified as current liabilities unless the NTT DATA Italia Group has an unconditional right to defer payment for at least 12 months after the balance sheet date.

Financial liabilities are removed from the Balance Sheet at the time of their settlement and when the NTT DATA Italia Group has transferred all the risks and charges related to the instrument itself.

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(iii) Determining the fair value of financial instruments

In order to determine the fair value of financial instruments listed on active markets, the relative market price (bid price) in effect on the closing date of the period of observation is used.

In the absence of an active market, the fair value is determined using measurement models that rely primarily on objective financial variables, and by taking into account, where possible, prices observed in recent transactions and the market prices for similar financial instruments..

F. Contract work in progress

Contract work in progress is represented by specific projects commissioned by customers and currently underway.

If the outcome of an ongoing project can be reliably

estimated, contract revenue and the related costs are identified based on the percentage-of-completion method.
The percentage of completion is determined with reference to the relationship between the costs incurred for activities performed as of the reporting date and the estimated total costs upon completion. If the outcome of an ongoing project cannot be reliably estimated, contract revenues are stated in the amount of the costs incurred, provided that it is likely that these costs will be recovered.
The sum of the costs incurred and results stated on each project are compared with the invoices issued as of the reporting date. If the costs incurred and the stated profits (less losses) are in excess of the advance billings, the difference is classified as current assets under "Contract work in progress". If the advance billings exceed the costs incurred plus measured earnings (less losses), the difference is classified among current liabilities under the heading "Other payables and current liabilities".
Any losses on contracts are recorded in the income statement, when it is likely that the estimated total costs will exceed the expected total revenues.

G. Cash and cash equivalents

Cash and cash equivalents consist of cash, bank and postal current accounts, short-term demand deposits and other short-term highly liquid investments that in any case are payable and due within ninety days of the acquisition date and promptly convertible into cash. For the purposes of determining the net cash for the preparation of the cash-flow statement, the current accounts payable, included under "short-term financial liabilities", are accounted for as a reduction in cash and cash equivalents. Items included in net cash are measured at fair value and any changes are accounted for in the income statement.

H. Shareholders' equity

(i) Share capital

The share capital is represented by the capital subscribed and paid up.

(ii) Legal reserve

It includes the amounts set aside for the legal reserve as per art. 2430 of the Civil Code, which is increased by an amount equivalent to one twentieth of the net profits made, until the reserve itself has reached one fifth of the share capital. Once one fifth of the share capital is reached, if for whatever reason the reserve is decreased, it will be replenished in minimum annual allocations equal to the one indicated above.

(iii) Currency translation reserve

It reflects the translations into Euro of the financial statements of foreign-based companies that have an operating currency other than the Euro.

(iv) Other reserves including profits/losses for the year

They include the operating results for the current period and the previous financial years for the part not distributed or allocated to reserves (in the case of profits) or covered (in the case of losses) and the accumulated effects following the conversion to IFRS.

I. Provisions for risks and charges

Provisions for risks and charges are stated only when there is a current obligation (legal or implicit) for a future outflow of economic resources as a result of past events and it is likely that this outflow will be required to settle the obligation.
This amount represents the best estimate of the amount required to settle the obligation.
When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provisions are discounted. The rate used to determine the present value of the liabilities reflects current market values and includes the additional effects of the specific risk associated with each liability. Changes in the value of the provision, due to the passage of time, are accounted for in the income statement under "Financial expenses".
The costs that the company expects to incur in order to carry out restructuring plans are charged to the financial year in which the program is officially defined.

The risks related to liabilities whose occurrence is only possible are described in the section on commitments and risks, and no provisions are made.

J. Defined benefit plans

With the adoption/implementation of IFRS, the severance indemnity accrued up to December, 31 2006 is considered a defined benefit obligation that must be accounted for in accordance with IAS 19 – Employee Benefits. Consequently, it must be measured on the basis of actuarial assumptions at the end of each period by applying the projected unit credit method.

The measurement process, based on demographic and financial factors, is entrusted to independent professional actuaries.

Actuarial gains and losses, returns on plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) which emerge following the remeasurement of the net defined benefit liability are immediately accounted for in Other Comprehensive Income.

The net interest for the period on the defined benefit liability/(asset) is calculated by applying to the net liability/(asset) the discount rate used to discount the defined benefit obligation, as determined at the beginning of the period, taking into account any changes in the net defined benefit liability/(asset) taking place during the period as a result of contributions collected and benefits paid

Net interest expense and other expenses related to defined benefit plans are recognised in profit/(loss) for the year.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gains or losses deriving from curtailment of the plan are recognised in the profit or loss for the year at the moment in which the adjustment or curtailment takes place.

K. Recognition of revenues from sales and services

The company has adopted in advance the accounting standard IFRS 15 - Revenue from Contracts with Customers.

IFRS 15 has replaced the criteria for the recognition of revenue defined by IAS 18 ‘Revenue’ and IAS 11 ‘Construction Contracts’ and introduced a single general model for establishing if, when and to what extent revenue should be recognised, and which is based on the transfer of control over the goods and services to the customer. In particular, IFRS 15 outlines a model for the recognition of revenue which entails carrying out the following 5 steps:

- Step 1 – Identify the contract with a customer;
- Step 2 – Identify the performance obligations in the contract with the customer;
- Step 3 – Determine the transaction price;
- Step 4 – Allocate the transaction price to the performance obligations in the contract;
- Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation (revenue is recognised over time or at a point in time).

Revenue from the sale of goods arising in the course of ordinary activities is measured at the fair value of the amount received or receivable, taking into account any rights of return and the value of rebates, trade discounts and bonuses linked to volume.

If it is probable that discounts will be granted and the amount can be measured reliably, the discount is recognised as a reduction of revenue concurrently with the recognition of sales.

Revenue from services provided includes the initial amount of revenue agreed in the contract and any variants agreed with the customer, requested price adjustments and payments of incentives to the extent that they are likely to give rise to revenue and can be reliably estimated.

When the outcome of a project can be reliably estimated according to the guidelines laid down by accounting standard IFRS 15, the corresponding revenue is recognised in proportion to progress (over time). Progress is determined on the basis of an estimate of the hours expended and the final balance for each project underway. When the outcome of a project cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are expected to be recovered.

The related costs are stated as incurred unless they relate to future activity on the contract. An

expected loss on a project in progress is immediately recognised as an expense in profit or loss.
The Group generally acts as a "principal" towards its customers and it is therefore entitled to record the revenues and costs relating to the entire sale price. In the event that the Group acts as an "agent" on some specific contracts, then it will be entitled to register only the margin of the transaction (i.e. the revenue of the entire sale price net of the related cost incurred) among the revenue components.
The chargebacks to third parties for costs sustained on their behalf are accounted for by writing off the costs to which they relate.

L. Recognition of costs

Purchases of goods are recognised at the time of the transfer of ownership and are appraised at the fair value of the price due, net of any refunds, rebates, trade discounts and year-end bonuses.
The costs for services are recognised based on the progress of the service being provided as of the end of the reporting period.
Interest payable is measured on an accrual basis.
Financial costs are recognised in the Comprehensive Income as they are accrued, with the exception of borrowing costs directly ascribable to the acquisition, construction or production of assets that require a substantial amount of time before they are ready to be used or sold. With reference to such assets, capitalisation of which began on or after January, 1 2009, the applicable date of accounting standard IAS 23- Borrowing Costs (revised), the associated financial charges are capitalised as part of such assets.

M. Taxes

Current taxes are calculated on the basis of taxable income for the financial year. The taxable income differs from the result reported in the statement of comprehensive income due to the fact that it excludes positive or negative components that are taxable or deductible in other accounting periods and because it excludes components that are not taxable or deductible.
The current tax liabilities are calculated using the rates in force or actually applicable on the balance sheet date
Deferred tax liabilities are generally recognised for all taxable temporary differences, whilst deferred tax assets are recognised to the extent that it may be assumed that future taxable income will be sufficient to allow these deductible temporary differences to be exploited. In particular, the value of the deferred tax assets for accounting purposes is reviewed at the end of every reporting period based on the updated forecasts of future taxable income.
Deferred tax assets and liabilities are not recognised if the temporary differences derive from the initial entry of goodwill or, in the case of transactions other than business combinations, of other assets or liabilities in operations that do not have any influence on either the result for accounting purposes or the result for tax purposes. Furthermore, deferred tax liabilities are recognised for temporary taxable differences related to investments in subsidiaries, associates, and jointly controlled companies; except where the Group is capable of controlling the annulment of such temporary differences and where it is probable that the latter differences will not be annulled in the foreseeable future.
Deferred tax assets and liabilities are calculated based on the tax percentage that will most likely be in force at the moment of realisation of the asset or extinguishment of the liability, keeping in mind the tax percentages in force at the balance sheet date.
Deferred tax assets and liabilities are offset where there is a legal right to offset current tax receivables against current tax payables and when they refer to taxes due to the same revenue authority and the Group intends to pay current taxes due net of tax receivables.

N. Financial income and expenses

Financial income includes interest earned on cash invested (including all financial assets available for sale), dividend income, income from the sale of financial assets available for sale, changes in the fair value of financial assets recognised in the income statement, income from a business combination for the remeasurement of the fair value of the previous

investment, if any, in the acquired company, gains on hedging instruments recognised/recorded in profit or loss and reclassification of net income previously recognised/recorded in Other Comprehensive Income.
Interest income is recognised in profit or loss on an accrual basis using the effective interest method.
Dividend income is recognised when the Group's right to receive payment is established; in the case of listed securities it is normally on the payment due date.
Financial expenses comprise interest payable on loans, the release of the discounting of funds and the corresponding deferred amounts, losses from the sale of financial assets available for sale, changes in the fair value of financial assets at the fair value stated in the income statement and the potential corresponding amounts, losses due to impairment of financial assets (other than trade receivables), losses on hedging instruments recognised in the profit or loss for the year and reclassification of net losses previously recognised in Other Comprehensive Income.
Costs related to loans that are not directly attributable to the cost of acquisition, construction or production of an asset that justifies capitalisation are recognised in profit or loss using the effective interest method.
Exchange gains and losses on financial assets and liabilities are shown at the net between income and expenses based on the position of profits or net losses deriving from currency transactions.

2.4. Use of estimates
The preparation of financial statements requires the management to apply accounting standards and methods that, in some cases, are based on difficult and subjective judgments and estimates based on historical experience and assumptions that are from time to time considered reasonable and realistic depending on the circumstances.
The application of these estimates and assumptions affects the amounts reported in the financial statements, namely, the consolidated balance sheet, statement of comprehensive income, statement of changes in shareholders' equity and consolidated cash flow statement.
The final balances shown in the financial statements, for which the above-mentioned estimates and assumptions were used, may differ from those reported in financial statements that disclose the actual effects of the occurrence of the event under consideration, due to the uncertainty surrounding the assumptions and conditions upon which the estimates are based.
Below is a brief description of the main items requiring a more subjective assessment by management when formulating estimates, and for which a change in the conditions underlying the assumptions made could have a significant impact on the balance sheet values of assets and liabilities.

Revenues and costs
The determination of revenues, costs, and hence the margin of earnings for the year from projects in progress, is based on the best estimates made by management regarding the work completion schedule. Such estimates entail forecasting the costs upon completion of the different projects underway. The assessments may undergo adjustment in the months following the balance sheet date.

Goodwill
In accordance with the accounting standards adopted in preparing the financial statements, the company at least annually reviews goodwill in order to establish the existence of any impairment to be reported in the income statement. In particular, this involves the allocation of goodwill to cash generating units and subsequent determination of its recoverable amount.
Whenever the recoverable amount is lower than the book value of cash generating units, it will be necessary to write down the goodwill allocated to them. Allocating goodwill to cash generating units and determining the recoverable amount thereof involves using estimates that depend on factors that may change over time and produce significant effects on the assessments made by management.
Deferred tax assets
Accounting of deferred tax assets is based on the expected income for future accounting periods.

Assessing expected income in order to account for deferred taxes depends on factors that may vary over time and significantly impact the assessment of deferred tax assets.

Reserve for bad debts

The reserve for bad debts reflects estimates of losses on the Group's receivables portfolio.
Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the target markets.

2.5. Accounting standards adopted since the current Financial Statement

Shown below are the accounting standards, amendments and interpretations issued by the IASB and approved by the European Union, to be adopted mandatorily in the financial statements for the years beginning on or after January, 1 2020.
Amendment to references in IFRS to the "Conceptual Framework for Financial Reporting"
On October 2018, the IASB published the revised version of the "Conceptual Framework for Financial Reporting". The main changes compared to the 2010 version refer to:

- a new chapter on evaluation;
- better definitions and guidance, in particular with reference to the definition of liabilities;
- clarification of important concepts, such as stewardship, prudence and uncertainty in valuations.

The amendment updates some references in the IFRS to the previous "Conceptual Framework in IFRS Standards", the accompanying documents and the "IFRS Practice Statements".
Amendment to IAS 1 and IAS 8 - Definition of material
The amendment, published on October 2018, aims to clarify the definition of "material" in order to help companies to assess whether information has to be included in the Financial Statement.
Amendment to IFRS 9 Financial instruments, to IAS 39 Financial instruments: recognition and measurement and to IFRS 7 Financial instruments: additional information
The reform of the reference indices for the determination of interest rates, still in progress at a global level, has created uncertainties on the timing and amount of future financial flows connected to some financial instruments with the consequent risk of having to interrupt the relationships of hedges designated in accordance with IAS 39 or IFRS 9.
According to the IASB, terminating hedging relationships due to these uncertainties does not provide useful information to users of the financial statements, therefore it has introduced specific amendments to IAS 39, IFRS 9 and IFRS 7, which provide exceptions during the period of uncertainty.
Amendment to IFRS 3 - Definition of business
The amendment aims to help determine whether a transaction is an acquisition of a business or group of assets that does not meet the business definition of IFRS 3.
Amendment to IFRS 16 - Covid-19-related rent concessions
The changes introduce a practical gimmick that simplifies the way the lessee accounts for leases that are a direct consequence of Covid-19. The changes apply starting from the financial years starting from 1 June 2020. Early adoption is possible.
The adoption of these amendments andinterpretations did not have any effect on the Financial Statement as of March 31, 2021.

2.6. Accounting standards of future introductions

Shown below are the accounting standards, amendments and interpretations issued by the IASB and approved by the European Union, to be adopted mandatorily in the Financial Statements for the years beginning on or after January 1, 2020.
The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

IFRS 17 Insurance Contracts
On May 2017, the IASB published IFRS 17 Insurance Contracts which replaces IFRS 4, issued in 2004.

The standard aims to improve investors' understanding of the risk exposure, profitability and financial position of insurers, requiring that all insurance contracts be accounted for consistently, overcoming the comparison problems created by IFRS 4. The standard comes into effect from January 1, 2023, but early adoption is allowed.

Amendment to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or non-current
The IASB clarified how to classify payables and other liabilities between short-term and medium-long term ones. The amendments will apply retrospectively from January 1, 2023. Early adoption is allowed.

Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
The changes refer to the accounting relating to the sale of items before the asset relating to these items is available for use. The amendments apply starting from financial years beginning from January 1, 2022.

Amendment to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract
The amendment clarifies the type of costs that must be considered as those necessary to fulfill the contract for the evaluation of an onerous contract. The amendments apply starting from financial years beginning from January 1, 2022.

Annual Improvements to IFRS Standards 2018–2020
The amendments apply starting from financial years beginning from January 1, 2022 and mainly concern the following accounting principles:
- IFRS 1 First-time adoption of IFRS;
- IFRS 9 Financial instruments;
- illustrative examples of IFRS 16 Leasing;
- IAS 41 Agriculture.

2.7. Risk management

General principles of risk management
The founding principles of the risk policy are based on the prevention of major risks related to group objectives and concern strategic, operational and financial areas. These risks also include dependence on key personnel.
The main risks are reported and discussed at the top management level in order to create the conditions for their coverage, insurance and evaluation of the residual risk.
In addition to the guidelines for risk management, there are specific guidelines for financial risks such as exchange and interest rate risks and credit risks.

Operating risks
The market for strategic consulting and ICT professional services is related to the performance of the economy, especially of the developed countries where the demand for quality products and services and/or high technological content is higher.
An economic downturn at a national and/or international level could have an impact.
The NTT DATA Italia Group is part of the prestigious Japanese NTT DATA Group, which is among the world’s leading IT companies.
The NTT DATA Italia Group may further boast a management team with extensive experience in the industry, enabling it to offer top quality, competitive services and solutions to customers.

Financial risks
(i) Credit risk
Credit risk is the risk that a customer will cause a financial loss by failing to fulfil an obligation and mainly derives from trade receivables.
This credit risk is primarily related to the possibility that customers will not honor their debts to the company on the agreed upon dates.
The customer base consists mainly of medium to large firms for which there are no special risks in terms of collecting receivables.
The first 10 customers account for about 60% of receivables. With the majority of customers, the Group has been conducting business now for a long time and bad debts have not had adverse effects on turnover over time.
The activity of monitoring credit with respect to customers takes place on the basis of a periodic report that provides an analysis of exposures.

The Group companies allocate amounts to the reserve for bad debts that reflect the estimate of the possible losses on trade receivables and other receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the Group's companies have difficulty in meeting obligations associated with financial liabilities. The Group's approach to cash management is to ensure, as much as possible, that there are always sufficient funds to meet its obligations at maturity, both under normal conditions and conditions of financial stress, without incurring exorbitant costs or risk of harming its reputation.

Generally, the Group ensures that there is sufficient cash on demand to meet the needs generated by the operating cycle and investment, including costs related to financial liabilities. The Group treasury services engage in continuous financial forecasting based on expenditure and income expectations in the months ahead and take corrective measures accordingly.

It should be noted that cash flows, funding requirements and liquidity are managed centrally at the EMEA level in contact with the headquarters in Tokyo, in order to ensure the optimization of resources. The strategic goal is to ensure that in every moment the Group has sufficient credit lines to cope with the financial needs for next twelve months. Moreover, it must be pointed out that the Japanese Group NTT DATA boasts a prestigious rating, essential for assessing current risk.

(iii) Exchange rate risk

Exchange rate risk is the risk that the Group might incur costs due to currency fluctuations on business or financial transactions.

With certain exceptions, the Group companies operate in their respective markets using local currencies. Any operations in a currency other than the local currency are monitored centrally at a Group level.

Intercompany loan (bearing interest at the market rate) disbursed in Euro by the parent company NTT DATA EMEA is disbursed in Euro and therefore it is not subject to a foreign exchange risk.

(iv) Interest rate risk

The interest rate risk to which the Group is exposed mainly originates from the use of credit lines regulated at a variable rate (EURIBOR), even if this risk is significantly reduced due to the liquidity provided by the Parent Company NTT DATA EMEA and remunerated at very competitive conditions (in line with the NTT DATA / NTT Group rating).

The Group has not, for the time being, entered into any derivative contracts to hedge interest rate changes, and thus bears the risk of an increase in interest rates.

3. INFORMATION BY SECTOR

A breakdown by operating sector is not provided because not significant, as the NTT DATA Group operates exclusively in the field of 'IT Consulting & Solutions'.
Shown below is a breakdown of revenues and trade receivables and payables by geographical area, as this information is required by the Italian Civil Code:

(€ thousand)	Italy	Europe (excluding Italy)	Rest of the world	Total
31 March 2021				
Revenues	440.558	13.138	10.178	**463.874**
Trade receivables	173.885	6.118	3.331	**183.335**
Total Assets	476.343	6.194	4.826	**487.363**
Trade payables	68.978	9.073	1.798	**79.849**
31 March 2020				
Revenues	409.303	11.865	9.418	**430.586**
Trade receivables	166.042	4.976	5.433	**176.451**
Total Assets	414.540	5.053	8.543	**428.136**
Trade payables	81.533	8.078	1.086	**90.696**

4. COMMENTS ON THE ITEMS INCLUDED IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1. Non-current Assets

4.1.1. Tangible fixed assets

The item "Tangible fixed assets" and relevant changes break down as follows:

(€ thousand)		Plant and equipment	Other tangible assets	Total
Book value		9.587	31.273	40.860
Accumulated depreciation		(9.223)	(21.590)	(30.812)
As of 31 March 2020		**364**	**9.684**	**10.048**
Book value	Increases	1.516	5.439	6.955
	Change in consolidation perimeter	-	(25)	(25)
	Disposals	-	(331)	(331)
	Exchange differences	-	(25)	(25)
Accumulated depreciation	Increases	(228)	(3.575)	(3.803)
	Change in consolidation perimeter	-	18	18
	Disposals	-	103	103
	Exchange differences	-	23	23
Book value		11.103	36.331	47.434
Accumulated depreciation		(9.451)	(25.021)	(34.471)
As of 31 March 2021		**1.653**	**11.310**	**12.963**

The increases in the item "Plant and machinery", amounting to € 1.516 thousand, mostly reflect purchases of computer equipment for expanding and modernizing the equipment base and upgrading the parent company's infrastructure.
The increases in the item "Other assets", amounting to € 5,439 thousand, relate for € 1.892 thousand to the purchase of captal goods (in particular EDP equipments made by the Parent Company) necessary for the Group's core activities, for € 3.409 thousand to the purchase of furniture and fittings) related to the modernization and expansion of the Parent's Company offices in Milan and Rome and for € 137 thousand to improvements to third party assets.

4.1.2. Right of use assets

The IFRS 16 adoption, starting from April 1, 2019, of the IFRS 16 entailed the booking of a right of use for an amount equal to the lease liability at the commencement date. The changes occurred during the fiscal year are following described:

(€ thousand)	As of 01 April 2020	Net changes	Depreciations	As of 31 March 2021
Buildings	15.328	46.775	(6.582)	55.521
Vehicles	2.907	1.583	(1.483)	3.007
Total	**18.235**	**48.357**	**(8.065)**	**58.528**

Net changes are mainly related to the signing of new leasing contract, the redetermination of certain liabilities and the renegotiation of existing contracts.
In particular, the increase of building right of use refers to the contract signed by the Parent Company for the new headquarter in Milan (€ 45.8 million).

4.1.3. Goodwill

The item "Goodwill" breaks down as follows:

(€ thousand)	VP-Tec/VP-Web/SWF	Etnoteam S.p.A.	Agorà	Net Value S.r.l.	Xsfera S.r.l.	Total
As of 1 April 2019	**40.540**	**65.139**	**197**	**309**	**-**	**106.185**
Increase	-	-	-	-	2.845	2.845
Decrease	-	-	-	-	-	-
As of 31 March 2020	**40.540**	**65.139**	**197**	**309**	**2.845**	**109.030**
Increase	-	-	-	-	-	-
Decrease	-	-	-	-	(42)	(42)
As of 31 March 2021	**40.540**	**65.139**	**197**	**309**	**2.803**	**108.988**

As of March 31, 2021 a number of impairment tests had been carried out, with the assistance of independent experts, in order to detect the existence of any loss in value of the recorded goodwill.
The cash-generating units ("CGU") are identified based on the geographical area to which goodwill has been allocated, which coincides with Italy, consistently with the lowest level at which goodwill is monitored for internal management purposes.
The Group decided not to perform an impairment test on the goodwill generated by Xsfera considering the contribution that the activities of the latter have generated on the results achieved by NTT DATA Italia.

The recoverability of the value of goodwill allocated to the CGU is verified by estimating the value in use of the same, understood as the present value of the expected cash flows.
For the purpose of determining the discount rate, reference was made to the Capital Assets Pricing Model, based, to the extent possible, on indicators and parameters observable on the market.
The expected cash flows were determined on the basis of the Business Plan 2021-2024 approved by the Board of Directors.
The main basic assumptions used in the impairment test are illustrated below. With reference to the year ended March 31, 2021, no reductions in the value of goodwill as reported emerged from the impairment test.
Specifically, the impairment test set up by the Company takes into consideration the following aspects:

- **Cash flows for the explicit period:** they are constructed on the basis of the Business Plan drawn up by the Company management. In particular, the forecasts included in the plan predict an increase in revenues at a CAGR (Compounded Average Growth Rate) of 2.0% and a concurrent marginality increase in the last years of projection. Working capital turnover ratios are forecast to remain stable as a result of the excellent results achieved in the Financial Statement closed as of March 31, 2021, with a substantial stability of turnover ratios both in respect of trade receivables (thanks also to reliance on factoring schemes) and trade payables.
- **Time extension of cash flows and "Terminal Value":** the terminal value was determined based on the normalization of cash flows for 2025, to which a normalized growth rate of 1% which is aligned with main companies comparable and coherent with long term growth expectations of the reference market.
- **Investments:** an estimate of investments over the period of the plan was formulated, taking into account the investments made up to now by the Group.
- **WACC:** the discount rate was determined by the company taking into consideration the beta coefficients and rates used for companies comparable to the NTT DATA Italia Group and amount to 8.7%.

The WACC level where there would be a cancellation of the existing difference between the value in use of the CGU and its carrying amount is equal to 17.2%, while the g rate that would lead to the annulment of a value greater than the book value would be equal to -16.3%.
To better assess the results of the impairment test carried out with the "value in use" method, an alternative revenue-based method of evaluation was adopted; it uses specific multipliers on revenues of companies operating in the Italian Information Technology sector. The application of the alternative method confirmed the results of the application of the method described above.

4.1.4. Other intangible assetsi

The item “Other intangible assets” has the following composition and changes:

(€ thousand)	Industrial patent rights and use of intellectual property	Concessions, licenses, trademarks and similar rights	Software in progress	Total
As of 31 March 2020	**2.816**	**3**	**1.288**	**4.108**
Internal works	306	-	-	306
Purchases	121	1	-	121
Change in consolidation perimeter	-	-	(2)	(2)
Adjustments	(72)	-	-	(72)
Transfers	435	-	(435)	-
Depreciations	(1.294)	(2)	-	(1.295)
Exchange differences	(1)	-	-	(1)
As of 31 March 2021	**2.311**	**2**	**851**	**3.164**

The increase in the item “Patent rights” for internal work, amounting to € 306 thousand, refers to development activities related to the “Encoding” project (€ 151 thousand), the “Docspa” project (€ 104 thousand), the “SWM” project (€ 51 thousand).
For further details, please refer to the section headed “Research and development costs” in the Report on Operations.
The increase in the item “Patent rights” for acquisitions relates mainly to purchases of software used in the Group’s ordinary activities.

4.1.5. Investments

The item “Equity investments”, amounting to € 38 thousand, refers to stakes inconsortiums operating in the Group’s sector of business.

4.1.6. Other non-current Assets

The balance of the item “Other non-current Assets” as of March 31, 2021 amounted to € 460 thousand (€ 874 thousand as of March 31, 2020) and refers to the capitalization of costs incurred by the parent company in the acquisition of some new projects from customers and resulting from the application of the accounting standard IFRS 15.
For further details, please refer to the section headed 2.3.K - Recognition of revenues from sales and services.

4.1.7. Other financial assets

The balance of the item “Other financial assets” as of March 31, 2021 was equal to € 108 thousand (€ 262 thousand as of March 31, 2020) and mainly relates to guarantee deposits of the Parent Company.

4.1.8. Deferred tax

Deferred tax assets amounted to € 9.962 abd are ascribable to the Parent Company as well as the deferred tax liabilities. Other deferred tax liabilities, totaling € 3 thousand, are attributable to IFI Solutions.
Deferred tax assets and liabilities break down as follows:

(€ thousand)	31 March 2020	31 March 2021
Deferred tax assets		
Funds	7.857	7.484
Deductible costs for cash	61	76
Value adjustments	996	997
Depreciations (New tax laws)	816	905
Tax losses	-	-
Severance pay adjustment as per IAS 19	583	847
Deferred tax assets	**10.312**	**10.309**
Deferred tax liabilities		
Severance indemnity adjustment as per IAS 19	(348)	(348)
Net deferred tax assets	**9.964**	**9.962**
Other deferred tax liabilities		
Acruals not taxable in the current fiscal period	(7)	(3)
Deferred tax liabilities	**(7)**	**(3)**

The Company management judges the amount of deferred tax assets to be entirely recoverable in light of the company's income expectations as documented in the business plan.

4.2. Current Assets

4.2.1. Work in progress

The item "Work in progress" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Work in progress	23.503	25.971
Total	**23.503**	**25.971**

The increase compared to March 31, 2020 is mainly ascribable to the larger number of projects started in the first quarter of 2021 and still in place as of March 31, 2021 compared with the previous fiscal year.

4.2.2. Trade receivables

The item “Trade receivables” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Receivables from third parties	174.318	181.969
Receivables from parent companies	4.721	2.832
Receivables from affiliates companies	753	2.004
Bad debt provision	(3.341)	(3.470)
Total	**176.451**	**183.335**

The increase in trade receivables is largely tied to higher revenues of the fiscal year 2021 compared with the ones generated in the previous fiscal period. In fact, revenues increased by € 33,288 thousand between the two fiscal years.
Changes in the Reserve for bad debts are summarized below:

(€ thousand)	31 March 2020	31 March 2021
Beginning balance	**3.412**	**3.341**
Accruals	-	129
Change in consolidation perimeter	24	-
Uses/releases	(95)	-
Ending balance	**3.341**	**3.470**

A breakdown of trade receivables by age is provided below:

(€ thousand)		Expired but not devaluated				
	Not due	0-30 days	30-90 days	90-180 days	>180 days	**Total**
31 March 2021	159.148	20.059	3.147	897	83	**183.335**
31 March 2020	162.107	9.826	3.598	920	-	**176.451**

Regarding the geographical distribution of receivables, please refer to the paragraph headed Information by sector (section 3).

4.2.3. Tax receivables

The item “Tax receivables” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Income tax advances	674	7
VAT credit	731	437
Other	1.795	1.981
Total	**3.200**	**2.425**

The item “Others” mainly refers to the withholdings applied at the time of payment to invoices issued by the parent company to customers residing in certain foreign countries, in particular Brazil and Turkey, for an amount of € 1.734 thousand (€ 1.688 thousand as of March 31, 2020).
The change compared to the previous year is mainly attributable to the use of IRES and IRAP advances to cover the debt for current taxes.

4.2.4. Other receivables and current assets

The item “Other receivables and current assets” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Receivables from employees	864	984
Receivables from social security institutions	88	82
Accrued income and prepaid expenses	12.406	15.079
Advances	435	506
Other receivables	3.186	3.039
Provision for other bad debts	(3.000)	(3.000)
Total	**13.979**	**16.691**

The increase in the item “Accrued income and deferred liabilities” is mainly attributable to greater billing, by the Parent Company’s suppliers, of maintenance charges which cover future periods and for which the cost has thus been deferred, as it does not pertain to the present fiscal period ended on March 31, 2021.
The item refers also to a tax credit due from the former Parent Company of NTT DATA Italia S.p.A., Value Partners S.p.A. (now Invest Tre S.r.l.), prudentially written down in the year 2012 through a provision for risks of an equal amount.

4.2.5. Cash and cash equivalents

The item “Cash and cash equivalents” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Severance indemnity	18.213	16.202
Total	**18.213**	**16.202**

Please refer to the cash flow statement for details on the cash flows for the two years and their effects on the net financial position.

4.2.6. Assets and liabilities held for sale

The assets held for sale and the related liabilities are totally referred to the Balance Sheet figures as of March 31, 2021 of NTT DATA Danismanlik as below detailed:

(€ thousand)	31 March 2021
Property, plant and equipment	10
Right of use assets	28
Other intangible assets	1
Other financial assets	16
Trade receivables	315
Tax receivables	289
Other receivables	15
Cash and cash equivalents	490
Assets held for sale	**1.163**
Financial liabilities IFRS 16 non current	12
Trade payables	81
Tax and social security payables	52
Financial liabilities IFRS 16 current	17
Other payables and current liabilities	58
Liabilities directly associated with the assets held for sale	**221**

Below the breakdown of the Net Results deriving from the “Assets held for sale” for the fiscal years ended on March 31, 2020 and March 31, 2021:

(€ thousand)	31 March 2021	31 March 2021
Total revenues	**1.309**	**758**
Costs for materials and services	(614)	(237)
Costs for personnel and directors	(582)	(685)
Amortization, depreciation and write-downs	(28)	(24)
Other operating costs	(4)	(8)
Operating income	**80**	**(197)**
Net financial income/(expenses)	195	71
Income before taxes	**274**	**(125)**
Income taxes	-	(78)
Net income	**274**	**(203)**

4.3. Equity

4.3.1. Share capital

As of March 31, 2021 the share capital amounted to € 33,107 thousand.

4.3.2. Other reserves including the profit for the year

The item “Other reserves including Profit for the year” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Legal reserve	2.039	2.047
Other reserves	52.801	30.578
Merger reserves	(239)	(239)
Net result	(20.871)	18.043
Total	**33.730**	**50.428**

The changes in the item “Other reserves”, amounting to € 22,224 thousand, may be detailed as follows:

- Allocation to profit/(loss) carried forward of the loss generated in the fiscal year ended on March 31, 2020 (€ -20,871 thousand) net of € 8 thousand allocated to Xsfera legal reserve;
- decrease of € 835 thousand in the IAS reserve as a result of the application of Accounting Standard IAS 19 and the consequent results of actuarial measurement;
- decrease of € 510 thousand in the currency translation reserve compared to the previous period.

For further details, reference may be made to the statement of changes in shareholders’ equity.

4.4. Non-current liabilities

4.4.1. Retirement benefit plan

The item “Retirement benefit plan” includes severance indemnity (TFR). It refers exclusively to the parent company NTT DATA Italia S.p.A..

(€ thousand)	31 March 2020	31 March 2021
Severance indemnity	18.213	16.202
Total	**18.213**	**16.202**

In applying Accounting Standard IAS 19, the method called “Projected Unit Credit Cost” was used to calculate the TFR, with the following assumptions:

	31 March 2020	31 March 2021
Economic assumptions		
Annual inflaction rate	1,00%	1,00%
Annual discount rate	1,17%	0,19%
Annual increases in salaries	2,63%	2,63%
Annual growth rate of the employee severance indemnity	2,25%	2,25%
Demographic assumptions		
Likelihood of death	RG 48 survival tables of the Italian population	
Likelihood of disability	INPS table divided by agen and gender	
Likelihood of resignation	8,0%	8,0%
Likelihood of retirement	Fullfilment of the minimum requisites provided by General Insurance	
Likelihood of advances	3%	3%

The changes in severance indemnity break down as follows:

(€ thousand)	31 March 2020	31 March 2021
Beginning balance	**19.651**	**18.213**
Change in consolidation perimeter	444	-
Interest Cost	115	189
Actuarial (gain)/loss	(1.033)	1.099
Payments	(964)	(3.299)
Ending balance	**18.213**	**16.202**

It should be noted that the assessment of the liabilities related to severance indemnity was carried out with the assistance of an independent actuarial firm.

4.4.2. Provisions

The item "Provisions" and the respective changes break down as follows:

(€ thousand)	Non current				Current	
	Disputes	Other	Restoration costs	Total	Restructuring costs	Total
As of 1 April 2019	**672**	**-**	**-**	**672**	**-**	**-**
Increases	1.172	-	2.077	3.249	12.077	12.077
Uses	(40)	-	-	(40)	-	-
As of 31 March 2020	**1.804**	**-**	**2.077**	**3.881**	**12.077**	**12.077**
Increases	1.236	-	4	1.240	-	-
Uses	(64)	-	(225)	(289)	(7.552)	(7.552)
Adjustments	-	-	-	-	(389)	(389)
As of 31 March 2021	**2.977**	**-**	**1.856**	**4.832**	**4.136**	**4.136**

Non current provisions for risks and charges refer to the Parent Company and are mainly related to:

- Disputes: the increase of € 1,236 thousand is related for € 650 thousand to an incremental accrual referred to a penalty risk for a violation occurred during the fiscal year ended on March 31, 2020 with a specific customer; for € 200 thousand in relation to a dispute raised with former employees and for € 386 thousand for the early termination of offices contracts in Milan and Turin. The uses in 2021 refer to payments made mainly in fulfilment of settlement agreements concluded during the year;
- Restoration costs: the uses of € 225 thousand is related to a first tranche of activities made on the offices in Rome.

Current provisions for risks, always referred to the Parent Company, refer to the entitlements related to the restructuring process started by NTT DATA Italia in theprevious fiscal year. In particular the uses of € 7,552 thousand is related to the so-called "Isopensione" program ended on November 2020 while the residual amount of € 4,136 thousand is related to retirement incentives not yet signed as of March 31, 2021.

4.4.3. Financial liabilities

The item "Financial liabilities" breaks down as follows:

(€ thousand)	31 March 2020			31 March 2021		
	Current	Non current	Total	Current	Non current	Total
Loans from parent company	-	97.500	97.500	-	97.500	97.500
Loans from thirs parties	-	-	-	-	-	-
Financial liabilities IFRS 16	6.159	11.478	17.637	4.154	54.463	58.616
Total financial liabilities	**6.159**	**108.978**	**115.137**	**4.154**	**151.963**	**156.116**

During the fiscal year ended on March 31, 2020, the loan granted by NTT DATA EMEA to NTT DATA Italia was renewed for further 3 years and for an amount of € 97.5 million. The Financial liabilities IFRS 16 refers to the outstanding debt as of March 31, 2021 related to the adoption of IFRS 16 since April 1, 2019. The increase of € 40,979 thousand, net by the payments made during the fiscal year, is mainly related to the contracts signed by Parent Company for the new headquarter in Milan (€ 45,840 thousand) and for long-term car rents (€ 1,582 thousand).
The parent company NTT DATA Italia continued to benefit from the "notional cash pooling" treasury scheme started up in 2017 and coordinated by NTT DATA EMEA with JP Morgan, a leading banking group. The "notional cash pooling" scheme provides for interest rates in line with market rates and those currently paid by NTT DATA Italia to other banks in Italy.
It is underlined that the structure of the cash pooling scheme is "notional", meaning that the balance of funds between positive and negative positions of participating companies will not involve any physical transfer of funds.

4.5. Current liabilities

4.5.1. Trade payables

The item "Trade payables" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to third parties	84.314	75.997
Payables to parent companies	5.408	3.067
Payables to affiliate companies	974	785
Total	**90.696**	**79.849**

A break down of "Trade Payables" by due date is provided below:

(€ thousand)		Expired				
	Not due	0-30 days	30-90 days	90-180 days	>180 days	**Total**
31 March 2021	78.919	220	39	79	592	**79.849**
31 March 2020	87.085	274	1.010	1.597	730	**90.696**

The aging reported above shows a significant decrease of the overdue debts, which falls from € 3,610 thousand as of March 31, 2020 to € 930 thousand as of March 31, 2021 mainly through to an improvement of DPO (Day Payables Outstanding) compared to the prior fiscal year.
The amounts over 180 days past due mainly refer to invoices that were disputed or are under dispute.
Regarding the geographical distribution of receivables, please refer to the paragraph headed Information by sector (section 3).

4.5.2. Tax and social security payables

The item "Tax and social security payables" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to Social Security Institutions	30.723	37.675
Withholding tax	3.453	3.758
Income tax payables	73	694
VAT payables	52	1.698
Others	185	222
Total	**34.486**	**44.048**

The increase in the item "Payables to Social Security Institutions" is mainly due to the accrual of costs made by the parent company for the "Isopensione" program.

4.5.3. Other payables and current liabilities

The item "Other payables and current liabilities" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to employees	33.544	37.407
Advances from customers	50.370	58.384
Accrued expenses and deferred income	1.093	1.180
Others	1.794	1.450
Total	**86.801**	**98.422**

The increase in the item "Payables to employees and staff" is mainly attributable to the allocation of costs made by the Parent Company related to bonus to be paid to be paid to employees as well as costs related to holidays and permits accrued and not yet used by the employees as of the balance
The item "Advances from customers" refers to billing of customers by the parent company for activities that will be carried out and revenues that will accrue in the year ending on March 31, 2022.

4.6. Income Statement

4.6.1. Revenues from sales of goods and services

As of March 31, 2021 the item "Revenues from sales of goods and services" amounted to € 461,424 thousand.

(€ thousand)	31 March 2020	31 March 2021
Professional services	395.101	431.712
Hardware and software	19.426	16.135
Maintenance	14.353	13.578
Total	**428.881**	**461.424**

Reference may be made to the Directors' Report on Operations for comments relating to the breakdown of revenue from sales and services by geographical area.

4.6.2. Other income

The item "Other income" amounts to € 2 thousand and it is related to insurance reimbursement received by the Parent Company during the fiscal year.

4.6.3. Change in work in progress

(€ thousand)	31 March 2020	31 March 2021
Change in work in progress	1.705	2.448
Total	**1.705**	**2.448**

See paragraph 4.2.1. Work in progress for further details.

4.6.4. Increase in fixed assets for internal works

(€ thousand)	31 March 2020	31 March 2021
Increased assets for internal work	696	306
Total	**696**	**306**

See paragraph 4.1.4. Other intangible assets for futher details.

4.6.5. Costs for material and services

The item "Costs for material and services" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Professional services	141.058	148.499
Travel expenses	7.403	948
Purchase of materials	15.489	11.894
Leases and rentals	3.657	2.877
Maintenance	2.190	1.527
Utilities	3.022	2.618
Others	16.959	19.540
Total	**189.778**	**187.902**

The item "Costs of collaborations and professional services" is mainly related to consulting and maintenance activities performed by third parties on currently ongoing projects for customers of NTT DATA Italia. The increase of € 8,089 thousand compared to the previous year is mainly related to higher revenues of the Parent Company for services provided to third parties. The item "Travel expenses" decreased by € 6,455 thousand due to the travel limitations related to Covid-19 pandemic which affected all the Group.
The item "Purchases of materials" relates mainly to hardware and software products intended for sale to customers of the Parent Company. The decrease is mainly due to the application of the "net revenues" accounting methodology applied to some projects developed in the fiscal year ended on March 31, 2021 that entailed, in accordance with IFRS, the accounting just of the net margin within the revenues for Hardware and Software. The "net revenues" accounting methodology pertained costs for € 5,208 thousand. The item "Leases and rentals" decreased by € 780 thousand mainly due to the termination of some temporary office contracts signed by the Parent Company and the decrease of cleaning activities that affected the whole Group both in relation of the limitation related to the Covid-19 pandemic.
The item "Other services and miscellaneous services" mainly includes:

- management fees charged by NTT DATA Group companies for € 4,735 thousand (€ 4,948 thousand as of March 31, 2020);
- IT costs for € 5,369 thousand, of which € 4,596 thousand charged by NTT DATA Group companies (€ 3,995 thousand as of March 31, 2020 of which € 2,661 thousand charged by NTT DATA Group companies)
- insurance for € 3,408 thousand (€ 2,405 thousand as of March 31, 2020);
- personnel training costs for € 2,605 thousand (€ 1,631 thousand as of March 31, 2020);
- services provided by professionals (tax and legal consultants, etc.) for € 2,020 thousand (€ 2,667 thousand as of March 31, 2020);
- maintenance services for € 1,527 thousand (€ 2,190 thousand as of March 31, 2020).

4.6.6. Costs for personnel and directors

The item "Costs for personnel and directors" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Wages and salaries	155.266	171.220
Social Secutity Contributions	42.808	46.060
Severance indemnity	10.166	11.338
Others	37.499	8.666
Car rentals	1.676	1.736
Total	**247.415**	**239.020**

The increase of the items "Wages and salaries", "Social Security Contributions" and "Severance indemnity" mainly refer to the increase of workforce that involved the Parent Company during the fiscal year.
The decrease of the item "Other" is mainly related to the "Isopensione" plan and retirement incentives costs accrued by the Parent Company during the prior fiscal year.

The following table shows the data concerning the Group's workforce:

(No. of units)	As of		Average	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Executives	201	212	205	214
Managers	604	652	584	619
Employees	2.666	2.932	2.557	2.795
Apprentices	519	526	440	535
Total	**3.990**	**4.322**	**3.786**	**4.163**

4.6.7. Amortisation, depreciation and value adjustments

The item "Amortisation, depreciation and value adjustments" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Depreciation of intangible assets	2.445	1.295
Depreciation of tangible assets	3.250	3.803
Depreciations right of use	7.493	8.065
Total	**13.188**	**13.163**

The item "Depreciation right of use" is related to the IFRS 16 adoption.
See paragraph B. Leased assets for further details about.

4.6.8. Other operating costs

The item "Other operating costs" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Other taxes	29	38
Other operating costs	740	904
Bad debt provision	2.000	-
Other provisions	1.172	1.236
Total	**3.941**	**2.179**

The item "Other operating expenses" consists mainly of association membership fees and costs for the waste collection tax.
The item "Other provision" refers for € 650 thousand to an incremental accrual referred to a penalty risk for a violation occurred during the fiscal year ended on March 31, 2020 with a specific customer; for € 200 thousand in relationto a dispute raised with former employees and for € 386 thousand for the early termination of offices contracts in Milan and Turin.
See paragraph 4.4.2 Provisions for further details.

4.6.9. Net financial income/expenses and Equity method measurement

The main components of this item are detailed in the following table.

(€ thousand)	31 March 2020			31 March 2021		
	Charges	Income	Net charges/ (income)	Charges	Income	Net charges/ (income)
Exchange rate differences	312	(103)	210	596	(466)	130
Others	395	0	395	417	-	417
Interest (income)/expenses	1.552	(173)	1.379	1.590	(145)	1.445
Total	**2.260**	**(276)**	**1.984**	**2.603**	**(612)**	**1.991**

Reference may be made to the Directors' Report on Operations for comments regarding changes in the net financial charges.

4.6.10. Income Taxes

Taxes for the fiscal period ending on March 31, 2021 amounted to € -1,678 thousand and reflect current taxes totaling € -1,469 thousand, a decrease in deferred tax assets for € -266 thousand and to an adjustment of previous years taxes for € 57 thousand.

(€ thousand)	Amount	Tax	%
Income before taxes	19.924		
Theoretical income tax		(4.747)	23,8%
Income tax based on different taxable income (IRAP)		(995)	5,0%
Temporary differences		4.251	(21,3%)
Other permanent differences and tax from previous years		(187)	0,9%
Actual income tax		**(1.678)**	**(8,4%)**

As of March 31, 2020 the taxes for the year amounted to a total of € +3,878 thousand, reflecting current taxes totaling € -135 thousand, an increase in deferred tax assets of € 4,825 thousand and to a positive adjustment of previous years taxes of € -811 thousand.

5. RELATED-PARTY TRANSACTIONS

In the accounting periods ended on March 31, 2020 and March 31, 2021 the NTT DATA Italia Group entered into transactions with NTT DATA EMEA, the company responsible for oversight and coordination, and other related entities as follows:

(€ thousand)	Relationship	31 March 2020	31 March 2021
Trade receivables			
NTT DATA Corporation	Parent company	2.726	766
NTT DATA EMEA Ltd	Parent company	1.996	2.066
NTT DATA Deutschland Gmbh	Affiliate	91	1.311
NTT DATA UK Limited	Affiliate	452	219
Itelligence Bilgi Sistemleri A.Ş	Affiliate	-	8
NTT DATA Services Operations B.V.	Affiliate	-	26
NTT DATA Services Italy S.r.l.	Affiliate	-	25
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	3
itelligence a/s, Denmark	Affiliate	48	-
NTT DATA MSE Corporation	Affiliate	61	100
NTT DATA Intellilink Corporation	Affiliate	4	-
NTT DATA Romania	Affiliate	-	16
NTT DATA FA Insurance Systems Pte Ltd	Affiliate	1	-
Everis Italia S.p.A.	Affiliate	-	103
NTT Com Managed Services, S.A.U.	Affiliate	25	-
itelligence France SAS	Affiliate	12	-
itelligence AG	Affiliate	23	155
NTT Italia S.p.A.	Affiliate	-	18
NTT DATA Inc.	Affiliate	35	20
Work in progress			
NTT DATA Corporation	Parent company	99	-
NTT DATA EMEA Ltd	Parent company	4	-
Everis Italia S.p.A.	Affiliate	-	252
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	10	-
NTT DATA UK Limited	Affiliate	69	76
NTT DATA Deutschland Gmbh Gmbh	Affiliate	5	-
Other receivables			
NTT Italia S.p.A.	Affiliate	69	96
NTT Security (Germany) GmbH	Affiliate	-	63
NTT DATA Global Delivery Services Private Ltd	Affiliate	-	15

(€ thousand)	Relationship	31 March 2020	31 March 2021
Trade payables			
NTT DATA Corporation	Parent company	57	71
NTT DATA EMEA Ltd	Parent company	5.351	2.996
NTT America, Inc.	Affiliate	-	172
NTT Australia Pty Ltd	Affiliate	-	56
NTT DATA Global Delivery Services Limited	Affiliate	135	146
NTT DATA Deutschland Gmbh	Affiliate	114	26
Everis Brasil Consultoria de Negóci	Affiliate	-	44
itelligence AG	Affiliate	11	8
Everis Italia S.p.A.	Affiliate	232	39
Dimension DATA China/Hong Kong Ltd	Affiliate	2	2
NTT Italia S.p.A.	Affiliate	212	157
NTT DATA UK Limited	Affiliate	13	29
NTT DATA Romania	Affiliate	21	2
NTT DATA Services Italy S.r.l.	Affiliate	12	2
NTT Security (Germany) GmbH	Affiliate	120	66
NTT DATA UK Consulting & IT Solutions Ltd	Affiliate	50	-
itelligence Bilgi Sistemleri A.S.	Affiliate	39	8
Everis Spain, S.L.U.	Affiliate	13	28
NTT Advanced Technology Corporation	Affiliate	1	1
Other payables			
NTT DATA Corporation	Parent company	1.180	932
NTT DATA EMEA Ltd	Parent company	1.340	1.313
NTT DATA Romania	Affiliate	-	7
Everis Italia S.p.A.	Affiliate	-	200
NTT DATA Deutschland Gmbh Gmbh	Affiliate	25	153
NTT DATA Services Italy S.r.l.	Affiliate	-	15
NTT Italia S.p.A.	Affiliate	-	22
NTT France SAS	Affiliate	-	21
itelligence AG	Affiliate	293	166
itelligence AB	Affiliate	13	-
itelligence Bilgi Sistemleri A.S.	Affiliate	-	29
NTT DATA UK Limited	Affiliate	130	1
Itelligence a.s.	Affiliate	-	9
Financial liabilities			
NTT DATA EMEA Ltd	Parent company	97.500	97.500
itelligence Bilgi Sistemleri A.S.	Affiliate	60	-

(€ thousand)	Relationship	31 March 2020	31 March 2021
Revenues and other income			
NTT DATA Corporation	Parent company	5.401	4.493
NTT DATA EMEA Ltd	Parent company	1.056	1.718
NTT DATA Deutschland Gmbh Gmbh	Affiliate	1.624	3.340
NTT DATA UK Limited	Affiliate	787	1.582
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	626	-
NTT DATA UK Consulting & IT Solutions	Affiliate	233	-
itelligence AG	Affiliate	438	510
NTT DATA MSE Corporation	Affiliate	702	461
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	3
Everis Italia S.p.A.	Affiliate	-	839
NTT DATA Romania	Affiliate	-	61
NTT DATA Services Italy S.r.l.	Affiliate	-	80
NTT DATA Services Operations B.V.	Affiliate	-	26
NTT Com Managed Services, S.A.U.	Affiliate	410	16
NTT France SAS	Affiliate	-	32
itelligence AB	Affiliate	-	4
NTT Italia S.p.A.	Affiliate	-	99
NTT DATA Inc.	Affiliate	132	20
Itelligence France S.a.S.	Affiliate	12	-
Qunie Corporation	Affiliate	75	-
Operating costs and financial charges			
NTT DATA Corporation	Parent company	(422)	(571)
NTT DATA EMEA Ltd	Parent company	4.728	6.024
NTT DATA Deutschland Gmbh Gmbh	Affiliate	78	65
Servicios Informaticos itelligence S.A.	Affiliate	-	-
Everis Spain, S.L.U.	Affiliate	13	46
NTT DATA Global Delivery Services Limited	Affiliate	110	86
NTT DATA UK Consulting & IT Solutions	Affiliate	118	-
itelligence AG	Affiliate	10	41
Everis Italia S.p.A.	Affiliate	184	169
NTT Europe Ltd	Affiliate	33	33
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	456
Dimension DATA China/Hong Kong Ltd	Affiliate	4	-
NTT Italia S.p.A.	Affiliate	341	805
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	30	-
NTT DATA UK Limited	Affiliate	(2)	148
NTT America, Inc.	Affiliate	-	939
NTT Australia Pty Ltd	Affiliate	-	183
NTT DATA Services Italy S.r.l.	Affiliate	2	-
NTT DATA Intellilink Corporation	Affiliate	(4)	-
NTT Security (Germany) GmbH	Affiliate	710	359
NTT Advanced Technology Corporation	Affiliate	1	-
NTT DATA Romania	Affiliate	96	93
itelligence Bilgi Sistemleri A.S.	Affiliate	363	74

Transactions with related parties are carried out under normal market conditions in the interest of the NTT DATA Italia Group and refer to both commercial transactions and financial transactions.
The Directors of the parent company did not accrue remuneration during the year.
The accrued fees due to the Independent Auditor amount to € 158 thousand.

6. COMMITMENTS

As of March 31, 2021 there were no irrevocable commitments to purchase materials or services of a long-term nature.

(€ thousand)	31 March 2020	31 March 2021
Guarantees to third parties	45.895	79.697
Total	**45.895**	**79.697**

The guarantees provided to third parties refer to the parent company and are related mainly to bank and insurance sureties for the successful completion of work in progress and for contracts underway and for the participation of NTT DATA Italia in tendering for public works contracts.

7. SUBSEQUENT EVENTS

There were no events subsequent to the date of publication of the financial statements that could require an adjustment of the values reported in the financial statements or an inclusion of further information.
Other events:

- According withy the sale agreement signed between NTT DATA Italia and Itelligence Bilgi Sistemleri A.S., NTT DATA Danismanlik will be excluded from the consolidation area with effect from April 1, 2021 due to the loss of control by the Parent Company. On May 3, 2021, the transfer of the shares of NTT DATA Danismanlik held by NTT DATA Italia and NTT DATA EMEA to the acquiring company and Itelligence Bilgi Sistemleri A.S was completed;
- the health situation linked to the Covid-19 pandemic will continue to have effects at least for a good part of the fiscal year that will end on March 31, 2022 and its mitigation will be closely related to the rapid execution of the vaccination plan implemented by the competent Authorities. The results achieved in the year ended March 31, 2021 confirmed how the structure and business model of the Group have allowed the minimization of the impacts both at an economic and organizational levels.

Based on our best knowledge and information currently available, we do not anticipate that the effects of Covid-19 may raise doubts about the Company's ability to continue operating as an entity operating in the foreseeable future.

8. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

A) List of companies included in the consolidation using the in line-by-line method

Company name	Head office	Share capital (€ thousand)	Shareholders' equity (€ thousand)	Shares owned (%)	Parent company	Carrying value (€ thousand)
NTT DATA Italia S.p.A.	Milan	33.700				
Subsidiaries						
NTT DATA Danismanlik Ltd Şti	Istanbul	3.193	959	99,970%	NTT DATA Italia S.p.A.	1.188
			-	0,030%	NTT DATA Emea Ltd	4
IFI Solution Co., Ltd	Hanoi	113	2.675	99,901%	NTT DATA Italia S.p.A.	747
			3	0,099%	NTT DATA Corporation	-
Xsfera S.r.l.	Milan	50	50	100%	NTT DATA Italia S.p.A.	3.635

B) List of other investments at cost value

Company name	Head office	Currency	Carrying value (€ thousand)
Consorzio ABI Lab	Rome	Euro	2
Consorzio IDC	Milan	Euro	10
Consorzio KS	Milan	Euro	6
Tolemaica Srl	Napls	Euro	20

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

6.3 REPORT OF THE INDEPENDENT AUDITOR

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
NTT DATA Italia S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the NTT DATA Italia Group (the "Group"), which comprise the statement of financial position as at 31 March 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the NTT DATA Italia Group as at 31 March 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of NTT DATA Italia S.p.A. (the "Company") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters – Management and coordination

As required by the law, the Company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own consolidated financial statements. Our opinion on the consolidated financial statements of the NTT DATA Italia Group does not extend to such data.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of NTT DATA Italia S.p.A. for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

NTT DATA Italia Group
Independent auditors' report
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The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

NTT DATA Italia Group
Independent auditors'
report 31 March 2021

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The directors of NTT DATA Italia S.p.A. are responsible for the preparation of the Group's directors' report at 31 March 2021 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the Group's consolidated financial statements at 31 March 2021 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the consolidated financial statements of the NTT DATA Italia Group at 31 March 2021 and has been prepared in compliance with the applicable law.

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

Milan, 2 July 2021

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

7. FINANCIAL STATEMENTS OF NTT DATA ITALIA S.P.A.

7.1 FINANCIAL STATEMENTS

BALANCE SHEET STATEMENT

(€)	Note Ch. 7.2	31 March 2020	31 March 2021
Property, plant and equipment	**3.1.1**	9.978.201	12.868.515
Right of use assets	**3.1.2**	17.852.932	58.377.320
Goodwill	**3.1.3**	104.264.553	104.264.553
Other intangible assets	**3.1.4**	4.085.627	3.147.358
Investments	**3.1.5**	5.608.075	4.377.803
Investments held for sale	**3.1.5**	-	1.849.445
Other financial assets	**3.1.6**	241.416	108.351
Other non current assets	**3.1.7**	874.484	459.682
Deferred tax assets	**3.1.8**	9.964.474	9.961.753
Non current assets		**152.869.762**	**195.414.780**
Work in progress	**3.2.1**	23.523.506	25.971.242
Trade receivables	**3.2.2**	173.658.526	181.498.477
Tax receivables	**3.2.3**	2.364.498	1.988.191
Other receivables and current assets	**3.2.4**	13.580.098	16.401.194
Cash and cash equivalents	**3.2.5**	56.554.196	62.633.106
Current assets		**269.680.824**	**288.492.210**
TOTAL ASSETS		**422.550.586**	**483.906.989**
Share capital	**3.3.1**	33.107.160	33.107.160
Legal reserve	**3.3.2**	2.039.076	2.039.076
Other reserves	**3.3.2**	50.477.510	26.147.176
Net result of the year		(23.495.059)	18.644.452
Shareholders' equity		**62.128.688**	**79.937.865**
Employee benefits	**3.4.1**	17.769.135	16.201.661
Provisions	**3.4.2**	3.880.587	4.831.799
Financial liabilities IFRS 16	**3.4.3**	11.315.749	54.445.075
Financial liabilities	**3.4.3**	97.500.000	97.500.000
Non current liabilities		**130.465.472**	**172.978.535**
Trade payables	**3.5.1**	91.960.769	79.537.420
Tax and social security payables	**3.5.2**	34.141.852	44.004.253
Financial liabilities IFRS 16	**3.4.3**	5.935.565	4.019.332
Provisions	**3.4.2**	12.077.000	4.136.247
Other payables and current liabilities	**3.5.3**	85.841.241	99.293.337
Current liabilities		**229.956.427**	**230.990.589**
Total liabilities		**360.421.898**	**403.969.124**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**422.550.586**	**483.906.989**

(a) Information prepared in accordance with IFRS approved by the European Commission.

COMPREHENSIVE INCOME/(LOSSES)

(€)	Note Ch. 7.2	31 March 2020	31 March 2021
Sales of goods and services	**3.6.1**	424.609.211	457.677.580
Other income	**3.6.2**	-	2.205
Change in work in progress	**3.6.3**	1.705.312	2.447.736
Total revenues		**426.314.524**	**460.127.521**
Increases in fixed assets for internal work	**3.6.4**	696.303	305.833
Costs for materials and services	**3.6.5**	(190.616.152)	(187.834.987)
Costs for personnel and directors	**3.6.6**	(243.130.352)	(235.897.340)
Amortization, depreciation and write-downs	**3.6.7**	(13.011.093)	(12.977.572)
Other operating costs	**3.6.8**	(3.938.349)	(2.175.108)
Operating income		**(23.685.119)**	**21.548.348**
Net financial income/(expenses)	**3.6.9**	(3.823.584)	(1.317.984)
Income before taxes		**(27.508.702)**	**20.230.364**
Income taxes	**3.6.10**	4.013.644	(1.585.912)
Net income		**(23.495.059)**	**18.644.452**
Other comprehensive income or losses:			
Income or losses that will never be reclassified in profit/(loss) for the period:			
Liabilities/(assets) revaluation related to defined benefit funds		1.033.011	(1.099.046)
Taxes on income or losses that will never be reclassified in profit/(loss)		(247.923)	263.771
Total other comprehensive income or losses		**785.088**	**(835.275)**
Total comprehensive income		**(22.709.970)**	**17.809.177**

STATEMENT OF CHANGES IN EQUITY

(€)	Shared Capital	Legal Reserve	Sharepremium Reserve	Employee Benefits Plan Reserve	Other reserves	Retained earnings	Total
As of April 1, 2019	**33.107.160**	**2.039.076**	**-**	**(942.962)**	**(239.046)**	**874.430**	**34.838.658**
Result of the year	-	-	-	-	-	(23.495.059)	(23.495.059)
Other comprehensive income/(losses) for the period	-	-	-	785.088	-	-	785.088
Capital injection	-	-	-	-	50.000.000	-	50.000.000
As of March 31, 2020	**33.107.160**	**2.039.076**	**-**	**(157.874)**	**49.760.954**	**(22.620.629)**	**62.128.688**
Result of the year	-	-	-	-	-	18.644.452	18.644.452
Other comprehensive income/(losses) for the period	-	-	-	(835.275)	-	-	(835.275)
As of March 31, 2021	**33.107.160**	**2.039.076**	**-**	**(993.149)**	**49.760.954**	**(3.976.177)**	**79.937.865**

STATEMENT OF CASH FLOW

(€)	31 March 2020	31 March 2021
Income/(Loss) before taxes	(27.508.702)	20.230.364
Amortization, depreciation and write-downs	13.011.093	12.977.572
Severance indemnity	115.016	188.714
Increases in fixed assets for internal work	(696.303)	(305.833)
Provisions	3.172.000	1.236.383
Impairment losses / (gain) on investments	2.004.300	(661.662)
(Increase)/Decrease in trade receivables	(5.201.652)	(1.882.896)
(Increase)/Decrease in other receivables	(3.220.407)	498.916
Increase/(Decrease) in trade payables	(3.336.249)	(14.967.495)
Increase/(Decrease) in other payables	43.150.449	5.564.612
Income taxes paid	(494.053)	-
Severance indemnity paid	(964.326)	(3.279.487)
Net cash flows from operating activities (A)	**20.031.165**	**19.599.188**
Purchase of tangible assets	(6.639.445)	(6.670.535)
Purchase of intangible assets	(205.467)	(48.065)
(Increase)/Decrease in other non current assets	392.028	414.802
Payments for the acquisition of subsidiaries net of cash acquired	(3.655.478)	-
Net cash flows from investment activities (B)	**(10.108.362)**	**(6.303.798)**
Proceeds from increase in capital	50.000.000	-
Payment of lease liabilities	(7.927.233)	(7.216.480)
Increase/(Decrease) in loan payables	(20.000.000)	-
Net cash flows from financing activities (C)	**22.072.767**	**(7.216.480)**
Net cash flows (D) = (A+B+C)	**31.995.570**	**6.078.910**
Cash available at the beginning of the period	24.558.625	56.554.196
Cash available at the end of the period	56.554.196	62.633.106
Total change in cash and cash equivalents (D)	**31.995.570**	**6.078.910**

7.2 EXPLANATORY NOTES

1. INTRODUCTION

NTT DATA Italia S.p.A. (here in after also "the Company") is a joint-stock company with headquarters in Milan, viale Cassala 14/A and operates in the IT Consulting & Solutions sector, engaging in particular in the development of integrated IT solutions for large and medium-sized enterprises, as well as consultancy on technological and architectural aspects, with a focus on high-impact platforms such as, for example, Security, Customer Relationship Management and Knowledge Management.

The financial statements for the year ended on March 31, 2021, prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), are presented in Euro and consist of the Balance Sheet, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity, and the Explanatory Notes.

All of the values reported in the Explanatory Notes are expressed in thousands of Euro, unless otherwise specified.

These Financial Statements were approved and their publication authorised by the Board of Directors on June 29, 2021. On the same date, the Board of Directors approved the Consolidated Financial Statements of the NTT DATA Italia Group S.p.A.. The General Meeting of Shareholders called to approve the separate Financial Statements may request amendments to these Financial Statements.

The Financial Statements are subject to statutory audit by KPMG S.p.A..

As at March 31, 2021, the Company is 100% owned by NTT DATA EMEA Ltd., a company incorporated on March 16, 2012, and belonging to the Japanese NTT DATA Group. NTT DATA EMEA Ltd. performs activities of oversight and coordination.

The essential data of the last financial statements approved by NTT DATA EMEA, for the period from April 1, 2019 – March 31, 2020 are the following:

Profit & loss - NTT DATA Emea Ltd

(€)	31 March 2019	31 March 2020
Other income	23.101.775	29.176.361
Administrative expenses	(27.268.913)	(42.854.638)
Operating income/(loss)	**(4.167.138)**	**(13.678.277)**
Net financial income/(expenses)	678.755	237.001
Dividends	7.003.376	927.025
Financial assets impairment	(2.501.002)	-
Earn out on investments	759.473,0	-
Income/(Loss) before taxes	**1.773.464**	**(12.514.251)**
Income taxes	474.641	2.061.512
Net result	**2.248.105**	**(10.452.739)**

Balance sheet - NTT DATA Emea Ltd

(€)	31 March 2019	31 March 2020
Intangible assets	571.001	5.054.195
Right of use	-	90.737
Financial assets	387.736.608	608.129.603
Non current assets	**388.307.609**	**613.274.535**
Other receivables and current assets	159.022.718	74.217.423
Accrued income	484.427	1.122.890
Cash and cash equivalents	4.284.314	241.080
Deferred taxes	187.243	1.914.314
Current assets	**163.978.702**	**77.495.707**
TOTAL ASSETS	**552.286.311**	**690.770.242**
Share capital	22	24
Sharepremium reserve	441.385.479	498.822.044
Other reserves and net result of the year	(120.865.737)	(131.210.633)
Shareholders' equity	**320.519.764**	**367.611.435**
Financial liabilities	3.100.439	205.467.244
Non current liabilities	**3.100.439**	**205.467.244**
Trade payables	4.207.218	1.003.857
Tax and social security payables	1.747.831	1.839.625
Financial liabilities	40.913.585	94.547.845
Other payables and current liabilities	181.797.474	20.300.236
Current liabilities	**228.666.108**	**117.691.563**
Total liabilities	**231.766.547**	**323.158.807**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**552.286.311**	**690.770.242**

Method of presenting the financial statements

These financial statements were prepared assuming the company is a going concern, since the Directors have verified that there are no financial, operating or other indicators of situations suggesting the Company's inability to satisfy its obligations in the foreseeable future.

As of January 1, 2005 the Company has prepared its financial statements according to the IFRS adopted by the European Union.

The financial statements for the year ended March 31, 2019 were prepared using the IFRS in force on that date, including the International Auditing Standards (IAS), the interpretations issued by the Standard Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union. The formats used for the financial statement are consistent with those envisaged by the revised IAS 1, in particular:

The **Balance Sheet** was prepared by classifying assets and liabilities according to "current/non-current" criteria.

An asset / liability is classified as "current" when:

- It is expected that an asset / liability will either be realised / extinguished or sold or used in the normal operating cycle of the business;
- It is held principally for trading;
- It is expected that it will be either realised or extinguished within 12 months after the balance sheet date;
- It falls in the category of cash and cash equivalents, unless it is precluded from being traded or used to settle a liability for at least 12 months after the balance sheet date;
- The entity does not have an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

If these conditions are not met, the assets/liabilities are classified as non-current,

The **Statement of Comprehensive** Income was prepared by classifying operating costs by type, since the Company decided that this was more closely representative than presenting costs by destination, and more suitable for representing the specific business of the Company; this includes revenues and costs that are not stated under profits (losses) for the accounting period, or income and charges stated directly under shareholders' equity and deriving from business activities other than transactions with shareholder.

The **Cash Flow Statement** was prepared showing cash flows from operating activities, using the "indirect method", as authorised by IAS 7.

The **Statement of Changes in Shareholders'** Equity includes not only the result of the statement of comprehensive income, but also the business transactions carried out directly with shareholders acting in that capacity and the details of each individual item.

For each significant item listed on the above tables, reference is made to the subsequent explanatory notes which provide the relevant information, details and changes compared to the previous financial year.

Seasonal nature of the business

On the basis of our historical data, the activity of the Group is not subject to significant seasonal phenomena.

2. ACCOUNTING STANDARDS ADOPTED

The accounting standards described below were applied homogeneously for all the periods included in these financial statements.

Description of the main accounting standards and measurement methods adopted

The financial statements were prepared on a cost basis, except in the cases specifically described in the following notes, for which the "fair value" principle was applied.

The main measurement methods used for the individual items of the financial statements are described below.

A. Tangible fixed assets

Tangible fixed assets are measured at the purchase or production cost, net of accumulated depreciation and any impairment losses. The cost includes all expenses directly incurred to prepare the assets for use and any removal and disposal costs that will be incurred as a result of contractual obligations requiring that the asset be restored to its original condition.

The costs incurred for routine and/or scheduled maintenance and repairs are directly charged to the income statement as incurred. Costs relating to the expansion, modernization or improvement of facilities owned or used by third parties are capitalised only insofar as they satisfy the requirements for being separately classified as an asset or part of an asset by applying the "component approach".

Similarly, replacement costs for identifiable components of complex assets are capitalised and depreciated over their estimated useful life; the residual value of the replaced component is reported in the income statement.

The book value of plant and machinery is adjusted by systematic depreciation, calculated on a straight-line basis from the time the asset becomes available and ready to use, depending on the estimated useful life.

The estimated useful for the various categories of assets, is the following:

- Plant, machinery and equipment 4 - 8 years;
- Furniture, office machinery and vehicles 4 - 8 years.

The useful life of tangible assets and the residual values are reviewed and adjusted annually and, where applicable, at the end of each financial year.

If the asset to be depreciated is composed of distinct elements with a useful life that significantly differs from that of other parts that compose the asset, the depreciation is calculated separately for each of the parts that make up the asset, according to the "component approach".

Improvements to leased assets are classified under "Plant and machinery", based on the nature of the

cost incurred. The depreciation period corresponds to the lesser between the remaining useful life of the asset and the duration of the lease agreement.
The profit or loss arising from the sale of tangible fixed assets is determined as the difference between the selling price and the book value of the asset and is recorded under profit and loss of the current year respectively as "Other income" or "Other operating costs".

B. Leased assets
According with IFRS 16 the Company determinates at the contract inception whether an arrangement was or contained a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Leasing contracts are accounted according with IFRS 16: the present value of the residual payments are booked in the Balance Sheet within the financial liabilities. At the same time an equal value is accounted within the "Right of use assets".
The discounted rated applied is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.
The "Right of use" assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term and eventually adjusted during the life of the contract for certain remeasurements of the lease liability.
The Company identified the following categories that fall within the application of IFRS 16:

- Office rents
- Long term car rents.

The Company applied a number of practical expedients when applying the IFRS 16. In particular, the Group:

- Did not recognize right of use assets and liabilities for leases of low value assets (lower than € 5 thousand) and for short-term contract leasing. Payments related to these categories are shown on a straight-line basis in the Income Statement for the life of the leasing contract.
- Excludes from the initial evaluation any service component eventually embedded within the leasing contract where recognizable.

C. Intangible assets
Intangible assets consist of non-cash items, identifiable and without physical substance, controlled and capable of generating future economic benefits. These elements are measured at purchase and/or production cost, including costs directly attributable to preparation of the asset for use, net of accumulated amortisation and any impairment losses. Amortisation begins when the asset is available for use and is calculated over its remaining useful life.
The recoverability of intangible assets is assessed annually.

(i) Goodwill
Goodwill is represented by the excess purchase cost incurred compared to the net fair value, on the date of acquisition of the assets and liabilities of companies. Goodwill is not subject to systematic amortisation but to an annual test to verify the adequacy of the relative value recorded in the balance sheet (impairment test). This test is carried out with reference to the organisational unit generating cash flows ("cash generating unit") to which goodwill is attributed.
Any reduction in the value of the goodwill is noted if the recoverable amount of goodwill is lower than its carrying value on the balance sheet. Recoverable amount means the greater amount between the fair value of the cash generating unit, less sales costs, and the relative value in use (refer to section D below for further details regarding the calculation of the value in use).
In the event that the impairment resulting from the test is higher than the value of the goodwill allocated to the cash generating unit, the remaining surplus is allocated to the assets included in the cash generating unit in proportion to their carrying value. The lowest limit for the allocated amount is the greatest between:

- the fair value of the assets, net of costs of sale;
- the value in use, as defined above.

(ii) Industrial patent rights and use of intellectual property, licenses and similar rights

The expenses related to the purchase of industrial patent rights and the use of intellectual property, of licenses and similar rights are capitalised based on purchase costs.

Amortisation is computed using a straight-line method so that the cost sustained for purchasing the right is allocated over the shortest period between the expected use and the duration of the related contracts, starting from the moment the right purchased is exercisable.

(iii) Others

These relate mainly to expenses for registering trademarks, amortised over a 10-year period.

(iv) Development Assets

An intangible asset arising from the development (or from a stage of development of an internal project) is recognised when:

- the technical feasibility of completing the asset so that it will be available for use or sale is demonstrated;
- it is shown that the intangible asset will generate future economic benefits;
- there is an availability of technical, financial and other resources sufficient to complete the development and for the use or sale of the intangible asset;
- it is possible to reliably calculate the cost attributable to the intangible asset during development.

D. Impairment of assets

At each balance sheet date, tangible and intangible assets with a defined life are analysed in order to identify the existence of any indicators, originating from either external sources or sources within the Company, of a reduction in their value. In circumstances where these indicators are identified, an estimate is made of the recoverable value of these assets and any impairment is accounted for in the income statement. In the case of goodwill and other intangible assets with an indefinite useful life, this assessment is performed at least on a yearly basis.

The recoverable value of an asset is either its fair value less sales cost, or its value in use, whichever is greater, where the latter is the current value of future estimated cash flows arising from the use of the asset and those deriving from disposal at the end of its useful life.

In determining the value in use, the anticipated future cash flows are obtained using a pre- tax discount rate that reflects current market assessments of the value of the money compared to the investment period and the specific risks. For an asset that does not generate largely independent cash flows the realisable value is determined in relation to the cash generating unit to which the asset belongs.

An impairment loss is recognised in the Income Statement when the book value of the asset, or the cash generating unit to which it is allocated, exceeds the recoverable amount. If the conditions for the previous write-down cease to exist, the book value for the asset is restored and the adjustment accounted for in the income statement, within the limits of the net carrying value the asset concerned would have had if it had not been written down and amortisation or depreciation charges had been applied.

E. Financial instruments

(i) Financial assets

When first entered, financial assets are classified in one of the following categories and measured as follows:

- **loans and receivables**: these are financial instruments, primarily related to trade receivables, non-derivatives and not listed in an active market, from which fixed or determinable payments are expected. They are included under current assets, except for those that fall due more than twelve months after the balance sheet date, which are classified as non-current. When initially recorded, these assets are recorded at the fair value and subsequently at the amortised cost using the effective interest rate method. If there is objective evidence of impairment, the asset is reduced accordingly, so that it is equal to the current value of future cash flows. Impairment losses are reported in the income statement. If in subsequent periods, the reasons for previous write-downs no longer exist, the value of the asset is restored to the value that would have been derived by applying the amortised cost, if no write-down had taken place;

- **investments available for sale**: these are non-derivative financial instruments specifically assigned to this category, which cannot be classified in the above categories. These financial instruments are initially measured at fair value and the profits or losses accounted for in an equity reserve are reflected in the income statement only when the financial assets are actually sold or, in the case of accumulated negative changes, when there is evidence that the reduction in value already accounted for in equity cannot be recovered. Solely in the case of debt securities, if, in a subsequent period, the fair value increases and the increase can be related objectively to an event occurring after the impairment loss was reported in the income statement, the impairment loss must be reversed, with the amount of the reversal recognised in the income statement. Furthermore, with respect to debt securities, the returns measured based on the amortised cost method are accounted for with an offsetting entry in the income statement, as in the case of effects related to changes in exchange rates. The changes in exchange rates relating to capital instruments available for sale are accounted for in a specific equity reserve;
- **equity investments in subsidiary and associated companies**: investments in subsidiaries and associates are measured at the purchase and/or subscription cost and adjusted for any impairment. If an investment shows indications of impairment, the possible reduction in value is verified by performing an impairment test and any losses are accounted for in the income statement. When the reasons which led to the write-down no longer exist, the book value of the investment is restored to its original cost. This recovery is accounted for in the income statement.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument have been extinguished and the Company has substantially transferred all risks and benefits tied to the instrument and the control thereof.

(ii) Financial liabilities

Financial liabilities are related to loans, trade payables and other payment obligations and are measured at fair value during initial recognition and subsequently at the amortised cost, using the effective interest rate criteria.

If there is a change in expected cash flows and it is possible to obtain a reliable estimate, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and internal rate of return initially determined.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer payment for at least 12 months after the balance sheet date.

Financial liabilities are removed from the Balance Sheet at the time of their settlement.

(iii) Determining the fair value of financial instruments

In order to determine the fair value of financial instruments listed on active markets, the relative market price (bid price) in effect on the closing date of the period of observation is used.

In the absence of an active market, the fair value is determined using measurement models that rely primarily on objective financial variables, and by taking into account, where possible, prices observed in recent transactions and the market prices for similar financial instruments.

F. Contract work in progress

Contract work in progress is represented by specific projects commissioned by customers and currently underway.

If the outcome of an ongoing project can be reliably estimated, contract revenue and the related costs are identified based on the percentage-of-completion method. The percentage of completion is determined with reference to the relationship between the costs incurred for activities performed as of the reporting

date and the estimated total costs upon completion. If the outcome of an ongoing project cannot be reliably estimated, contract revenues are stated in the amount of the costs incurred, provided that it is likely that these costs will be recovered.
The sum of the costs incurred and results stated on each project are compared with the invoices issued as of the reporting date. If the costs incurred and the stated profits (less losses) are in excess of the advance billings, the difference is classified as current assets under "Contract work in progress". If the advance billings exceed the costs incurred plus measured earnings (less losses), the difference is classified among current liabilities under the heading "Other payables and current liabilities".
Any losses on contracts are recorded in the income statement, when it is likely that the estimated total costs will exceed the expected total revenues.

G. Cash and cash equivalents

Cash and cash equivalents consist of cash, bank and postal current accounts, short-term demand deposits and other short-term highly liquid investments that in any case are payable and due within ninety days of the acquisition date and promptly convertible into cash.
Items included in net cash are measured at fair value and any changes are accounted for in the income statement.

H. Shareholders' equity

(i) Share capital

The share capital is represented by the capital subscribed and paid up.

(ii) Legal reserve

It includes the amounts set aside for the legal reserve as per art. 2430 of the Civil Code, which is increased by an amount equivalent to one twentieth of the net profits made, until the reserve itself has reached one fifth of the share capital. Once one fifth of the share capital is reached, if for whatever reason the reserve is decreased, it will be replenished in minimum annual allocations equal to the one indicated above.

(iii) Other reserves including profits/losses for the year

Includono i risultati economici del periodo in corso e degli esercizi precedenti per la parte non distribuita né accantonata a riserva (in caso di utili) o ripianata (in caso di perdite) e gli effetti accumulati a seguito della conversione IFRS.

I. Provisions for risks and charges

Provisions for risks and charges are stated only when there is a current obligation (legal or implicit) for a future outflow of economic resources as a result of past events and it is likely that this outflow will be required to settle the obligation. This amount represents the best estimate of the amount required to settle the obligation. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provisions are discounted.
The rate used to determine the present value of the liabilities reflects current market values and includes the additional effects of the specific risk associated with each liability. Changes in the value of the provision, due to the passage of time, are accounted for in the income statement under "Financial expenses".
The costs that the company expects to incur in order to carry out restructuring plans are charged to the financial year in which the program is officially defined and in which the parties concerned can reasonably expect the restructuring to take place.
The risks related to liabilities whose occurrence is only possible are described in the section on commitments and risks, and no provisions are made.

J. Defined benefit plans

With the adoption/implementation of IFRS, the severance indemnity accrued up to December 31 2006 is considered a defined benefit obligation that must be accounted for in accordance with IAS 19 – Employee Benefits. Consequently, it must be measured on the basis of actuarial assumptions at the end of each period by applying the projected unit credit method. The measurement process, based on demographic and financial factors, is entrusted to independent professional actuaries.

Actuarial gains and losses, returns on plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) which emerge following the remeasurement of the net defined benefit liability are immediately accounted for in OCI. The net interest for the period on the defined benefit liability/(asset) is calculated by applying to the net liability/(asset) the discount rate used to discount the defined benefit obligation, as determined at the beginning of the period, taking into account any changes in the net defined benefit liability/(asset) taking place during the period as a result of contributions collected and benefits paid. Net interest expense and other expenses related to defined benefit plans are recognised in profit/(loss) for the year.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gains or losses deriving from curtailment of the plan are recognised in the profit or loss for the year at the moment in which the adjustment or curtailment takes place.

K. Recognition of revenues from sales of goods and services

The company has adopted in advance the accounting standard IFRS 15 - Revenue from Contracts with Customers.
IFRS 15 has replaced the criteria for the recognition of revenue defined by IAS 18 ‘Revenue’ and IAS 11 ‘Construction Contracts’ and introduced a single general model for establishing if, when and to what extent revenue should be recognised, and which is based on the transfer of control over the goods and services to the customer. In particular, IFRS 15 outlines a model for the recognition of revenue which entails carrying out the following 5 steps:

- Step 1 – Identify the contract with a customer;
- Step 2 – Identify the performance obligations in the contract with the customer;
- Step 3 – Determine the transaction price;
- Step 4 – Allocate the transaction price to the performance obligations in the contract;
- Step 5 – Recognise revenue when the entity satisfies a performance obligation (revenue is recognised over time or at a point in time).

Revenue from the sale of goods arising in the course of ordinary activities is measured at the fair value of the amount received or receivable, taking into account any rights of return and the value of rebates, trade discounts and bonuses linked to volume. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is recognised as a reduction of revenue concurrently with the recognition of sales.
Revenue from services provided includes the initial amount of revenue agreed in the contract and any variants agreed with the customer, requested price adjustments and payments of incentives to the extent that they are likely to give rise to revenue and can be reliably estimated.
When the outcome of a project can be reliably estimated according to the guidelines laid down by accounting standard IFRS 15, the corresponding revenue is recognised in proportion to progress (over time). Progress is determined on the basis of an estimate of the hours expended and the final balance for each project underway. When the outcome of a project cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are expected to be recovered.
The related costs are stated as incurred unless they relate to future activity on the contract. An expected loss on a project in progress is immediately recognised as an expense in profit or loss.
The chargebacks to third parties for costs sustained on their behalf are accounted for by writing off the costs to which they relate.

L. Recognition of costs

Purchases of goods are recognised at the time of the transfer of ownership and are appraised at the fair value of the price due, net of any refunds, allowances, commercial discounts and year-end bonuses.
The costs for services are recognised based on the progress of the service being provided as of the end of the reporting period. Interest payable is measured on an accrual basis.
Financial costs are recognised in the comprehensive income as they are accrued, with the exception of

borrowing costs directly ascribable to the acquisition, construction or production of assets that require a substantial amount of time before they are ready to be used or sold. With reference to such assets, capitalisation of which began on January 1, 2009, the applicable date of accounting standard IAS 23-Borrowing Costs (revised), the associated financial charges are capitalised as part of such assets.

M. Taxes

Current taxes are calculated on the basis of taxable income for the financial year. The taxable income differs from the result reported in the statement of comprehensive income due to the fact that it excludes positive or negative components that are taxable or deductible in other accounting periods and because it excludes components that are not taxable or deductible. The current tax liabilities are calculated using the rates in force or actually applicable on the balance sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences, whilst deferred tax assets are recognised to the extent that it may be assumed that future taxable income will be sufficient to allow these deductible temporary differences to be exploited.

In particular, the value of the deferred tax assets for accounting purposes is reviewed at the end of every reporting period based on the updated forecasts of future taxable income.

Deferred tax assets and liabilities are not recognised if the temporary differences derive from the initial entry of goodwill or, in the case of transactions other than business combinations, of other assets or liabilities in operations that do not have any influence on either the result for accounting purposes or the result for tax purposes. Furthermore, deferred tax liabilities are recognised for temporary taxable differences related to investments in subsidiaries, associates, and jointly controlled companies; except where the Group is capable of controlling the annulment of such temporary differences and where it is probable that the latter differences will not be annulled in the foreseeable future.

The deferred tax assets and liabilities are calculated based on the tax percentage that will most likely be in force at the moment of realization of the asset or extinguishment of the liability, keeping in mind the tax percentages in force at the balance sheet date.

The deferred tax assets and liabilities are offset where there is a legal right to offset current tax receivables against current tax payables and when they refer to taxes due to the same revenue authority and the Group intends to pay current taxes due net of tax receivables.

N. Financial income and expenses

Financial income includes interest earned on cash invested (including all financial assets available for sale), dividend income, income from the sale of financial assets available for sale, changes in the fair value of financial assets recognised in the income statement, income from a business combination for the remeasurement of the fair value of the previous investment, if any, in the acquired company, gains on hedging instruments recognised/recorded in profit or loss and reclassification of net income previously recognised/recorded in other comprehensive income.

Interest income is recognised in profit or loss on an accrual basis using the effective interest method. Dividend income is recognised when the Group's right to receive payment is established; in the case of listed securities it is normally on the payment due date.

Financial expenses comprise interest payable on loans, the release of the discounting of funds and the corresponding deferred amounts, losses from the sale of financial assets available for sale, changes in the fair value of financial assets at the fair value stated in the income statement and the potential corresponding amounts, losses due to impairment of financial assets (other than trade receivables), losses on hedging instruments recognised in the profit or loss for the year and reclassification of net losses previously recognised in other components of comprehensive income.

The costs related to loans that are not directly attributable to the cost of acquisition, construction or production of an asset that justifies capitalisation

are recognised in profit or loss using the effective interest method.
Exchange gains and losses on financial assets and liabilities are shown at the net between income and expenses based on the position of profits or net losses deriving from currency transactions.

O. Translation of items expressed in currencies other than the Euro
Transactions in foreign currencies are converted into € at the exchange rate in force on the date of the transaction. Monetary items stated in foreign currencies at the balance sheet date are converted into € at the exchange rate effective on that date. Currency translation gains or losses are reported under profit or loss for the year.

Use of estimates

The preparation of financial statements requires the management to apply accounting standards and methods that, in some cases, are based on difficult and subjective judgments and estimates based on historical experience and assumptions that are from time to time considered reasonable and realistic depending on the circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements, namely, the balance sheet, statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement, as well as other information provided.
The final balances shown in the financial statements, for which the above-mentioned estimates and assumptions were used, may differ from those reported in financial statements that disclose the actual effects of the occurrence of the event under consideration, due to the uncertainty surrounding the assumptions and conditions upon which the estimates are based.
Below is a brief description of the main items requiring a more subjective assessment by management when formulating estimates, and for which a change in the conditions underlying the assumptions made could have a significant impact on the balance sheet values of assets and liabilities.

Revenues and costs
The determination of revenues, costs, and hence the margin of earnings for the year from projects in progress, is based on the best estimates made by management regarding the work completion schedule. Such estimates entail forecasting the costs upon completion of the different projects underway. The assessments may undergo adjustment in the months following the balance sheet date.

Goodwill
In accordance with the accounting standards adopted in preparing the financial statements, the Company annually reviews goodwill in order to establish the existence of any impairment to be reported in the income statement. In particular, this involves the allocation of goodwill to cash generating units and subsequent determination of its recoverable amount. Whenever the recoverable amount is lower than the book value of cash generating units, it will be necessary to write down the goodwill allocated to them. Allocating goodwill to cash generating units and determining the recoverable amount there of involves using estimates that depend on factors that may change over time and produce significant effects on the assessments made by management.

Deferred tax assets
Accounting of deferred tax assets is based on the expected income for future accounting periods. Assessing expected income in order to account for deferred taxes depends on factors that may vary over time and significantly impact the assessment of deferred tax assets.

Provisions for risks and charges
To meet legal and tax risks, provisions are made to cover the risk of a negative outcome in legal proceedings. The amount of funds set aside for such risks represents the best estimate made by Company management at the balance sheet date.
This estimate requires assumptions that depend on factors that may change over time and which could therefore have a significant impact on current estimates made by management in preparing the

consolidated financial statements.

Reserve for bad debts
The reserve for bad debts reflects estimates of losses on the Company's receivables portfolio. Provisions have been made against expected losses calculated on the basis of historical experience with receivables with similar credit risk profiles, as well as the careful monitoring of the quality of the receivables portfolio and current and forecast conditions in the target markets.

Accounting standards adopted since the current Financial Statement

Shown below are the accounting standards, amendments and interpretations issued by the IASB and approved by the European Union, to be adopted mandatorily in the financial statements for the years beginning on or after January, 1 2020.

Amendment to references in IFRS to the "Conceptual Framework for Financial Reporting"
On October 2018, the IASB published the revised version of the "Conceptual Framework for Financial Reporting". The main changes compared to the 2010 version refer to:

- a new chapter on evaluation;
- better definitions and guidance, in particular with reference to the definition of liabilities;
- clarification of important concepts, such as stewardship, prudence and uncertainty in valuations.

The amendment updates some references in the IFRS to the previous "Conceptual Framework in IFRS Standards", the accompanying documents and the "IFRS Practice Statements".

Amendment to IAS 1 and IAS 8 - Definition of material
The amendment, published on October 2018, aims to clarify the definition of "material" in order to help companies to assess whether information has to be included in the Financial Statement.

Amendment to IFRS 9 Financial instruments, to IAS 39 Financial instruments: recognition and measurement and to IFRS 7 Financial instruments: additional information
The reform of the reference indices for the determination of interest rates, still in progress at a global level, has created uncertainties on the timing and amount of future financial flows connected to some financial instruments with the consequent risk of having to interrupt the relationships of hedges designated in accordance with IAS 39 or IFRS 9. According to the IASB, terminating hedging relationships due to these uncertainties does not provide useful information to users of the financial statements, therefore it has introduced specific amendments to IAS 39, IFRS 9 and IFRS 7, which provide exceptions during the period of uncertainty.

Amendment to IFRS 3 - Definition of business
The amendment aims to help determine whether a transaction is an acquisition of a business or group of assets that does not meet the business definition of IFRS 3.

Amendment to IFRS 16 - Covid-19-related rent concessions
The changes introduce a practical gimmick that simplifies the way the lessee accounts for leases that are a direct consequence of Covid-19. The changes apply starting from the financial years starting from 1 June 2020. Early adoption is possible.
The adoption of these amendments and interpretations did not have any effect on the Financial Statement as of March 31, 2021.

Accounting Standards of future introduction

Shown below are the accounting standards, amendments and interpretations issued by the IASB and approved by the European Union, to be adopted mandatorily in the Financial Statements for the years beginning on or after January 1, 2020.
The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

IFRS 17 Insurance Contracts
On May 2017, the IASB published IFRS 17 Insurance Contracts which replaces IFRS 4, issued in 2004. The standard aims to improve investors' understanding of the risk exposure, profitability and financial position of insurers, requiring that all insurance contracts be accounted for consistently, overcoming the comparison problems created by IFRS 4. The standard comes into effect from January 1, 2023, but early adoption is allowed.

Amendment to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or non-current
The IASB clarified how to classify payables and other liabilities between short-term and medium-long term ones. The amendments will apply retrospectively from January 1, 2023. Early adoption is allowed.

Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
The changes refer to the accounting relating to the sale of items before the asset relating to these items is available for use. The amendments apply starting from financial years beginning from January 1, 2022.

Amendment to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract
The amendment clarifies the type of costs that must be considered as those necessary to fulfill the contract for the evaluation of an onerous contract. The amendments apply starting from financial years beginning from January 1, 2022.

Annual Improvements to IFRS Standards 2018–2020
The amendments apply starting from financial years beginning from January 1, 2022 and mainly concern the following accounting principles:
- IFRS 1 First-time adoption of IFRS;
- IFRS 9 Financial instruments;
- illustrative examples of IFRS 16 Leasing;
- IAS 41 Agriculture.

Risk management

General principles of risk management
The founding principles of the risk policy are based on the prevention of major risks related to group objectives and concern strategic, operational and financial areas. These risks also include dependence on key personnel.
The main risks are reported and discussed at the top management level in order to create the conditions for their coverage, insurance and evaluation of the residual risk.
In addition to the guidelines for risk management, there are specific guidelines for financial risks such as exchange and interest rate risks and credit risks.

Operating risks
The market for strategic consulting and ICT professional services is related to the performance of the economy, especially of the developed countries where the demand for quality products and services and/or high technological content is higher. An economic downturn at a national and/or international level could have an impact.
The Company has joined the prestigious Japanese NTT DATA Group, which is among the world's leading IT companies.
The Company may further boast a management team with extensive experience in the industry, enabling it to offer top quality, competitive services and solutions to customers.

Financial risks
(i) Credit Risk
Credit risk is the risk that a customer will cause a financial loss by failing to fulfil an obligation and mainly derives from trade receivables. This credit risk is primarily related to the possibility that customers will not honour their debts to the Company on the agreed upon dates.
The customer base consists mainly of medium to large firms for which there are no special risks in terms of collecting receivables. The first 10 customers account for about 60% of receivables. With the majority of customers, the Group has been conducting business now for a long time and bad debts have not had adverse effects on turnover over time.
The activity of monitoring credit with respect to

customers takes place on the basis of a periodic report that provides an analysis of exposures. The Group companies allocate amounts to the reserve for bad debts that reflect the estimate of the possible losses on trade receivables and other receivables.

(ii) Liquidity Risk
Liquidity risk is the risk that the Company has difficulty in meeting obligations associated with financial liabilities. The Company's approach to cash management is to ensure, as much as possible, that there are always sufficient funds to meet its obligations at maturity, both under normal conditions and conditions of financial stress, without incurring exorbitant costs or risk of harming its reputation.
Generally, the Company ensures that there is sufficient cash on demand to meet the needs generated by the operating cycle and investment, including costs related to financial liabilities. The treasury service engages in continuous financial forecasting based on expenditure and income expectations in the months ahead and takes corrective measures accordingly.
It should be noted that cash flows, funding requirements and liquidity are managed centrally at the EMEA level in contact with the headquarters in Tokyo, in order to ensure the optimisation of resources.
The strategic goal is to ensure that in every moment the Company has sufficient credit lines to cope with the financial needs for next twelve month. Moreover, it must be pointed out that the Japanese Group NTT DATA boasts a prestigious rating, essential for assessing current risk.

(iii) Exchange
Exchange rate risk is the risk that the Company might incur costs due to currency fluctuations on business or financial transactions.

(iv) Interest rate Risk
The interest rate risk to which the Company is exposed originates mainly from financial debts at variable rates (Euribor), even if this risk is significantly reduced considering that the Company has paid off its short and medium-term loans from credit institutions, which have been replaced with intercompany loans at a fixed rate received from the parent companies NTT DATA EMEA Ltd and NTT DATA Corporation.
The Company has not, for the time being, entered into any derivative contracts to hedge interest rate changes, and this bears the risk of an increase of interest rates.

3. COMMENTS ON THE ITEMS INCLUDED IN THE BALANCE SHEET AND THE INCOME STATEMENT

3.1 Non-current Assets

3.1.1. Property, plant and equipment

The item "Property, Plant and equipment" and relevant changes as of March 31, 2021 and March 31, 2020 are as follows:

(€ thousand)		Plant and equipment	Other tangible assets	Total
Book value		9.608	30.798	40.405
Accumulated depreciation		(9.242)	(21.185)	(30.427)
As of 31 March 2020		**365**	**9.613**	**9.978**
Book value	Increases	1.516	5.381	6.898
	Disposals	-	(331)	(331)
Accumulated depreciation	Increases	(228)	(3.552)	(3.780)
	Disposals	-	104	104
Book value		11.124	35.848	46.972
Accumulated depreciation		(9.470)	(24.633)	(34.104)
As of 31 March 2021		**1.654**	**11.215**	**12.869**

The increase in item "Plant and equipment", amounting to € 1,516 thousand, mostly reflect purchases of office equipment.
The increases in the item "Other assets" amounting to € 5,381 thousand refer for € 1,835 thousand to the purchase of capital goods, in particular the EDP equipment, necessary for the Company's core activities, for € 3,409 thousand to the purchase of furniture and fittings following the modernization and expansion of the Milan and Rome offices and for € 137 thousand to capitalized costs for improvements to third party assets.

3.1.2. Right of use assets

The adoption, starting from 1 April 2019, of the accounting standard IFRS 16 entailed the recognition of a right of use equal to the value of the financial liability at the transition date.
The following table shows the fixed assets by category:

(€ thousand)	01/04/20	Net changes	Amortization	31/03/21
Buildings	14.946	46.847	(6.422)	55.371
Vehicles	2.907	1.583	(1.483)	3.007
Total	**17.853**	**48.430**	**(7.905)**	**58.377**

The net changes mainly refer to the signing of new leasing contracts with a consequent increase in the right of use value, to the redetermination of some liabilities and renegotiations of existing contracts. In particular, the increase of building right of use refers to the contract signed by the Company for the new headquarter in Milan (€ 45.8 million).

3.1.3. Goodwill

The item "Goodwill" amounted to € 104,265 thousand and was generated as follows: € 40,539 thousand in 2004 as a result of the merger of VP Technologies Srl, V.P. Web S.p.A. and Software Factory S.p.A; € 63,220 thousand in 2008 as a result of the merger of Etnoteam S.p.A; € 197 thousand in the course of the 2009 financial year as a result of the merger of the company Agora S.r.l. and € 309 thousand in 2010 as a result of the merger of the company Net Value S.r.l..

At March 31, 2021 impairment tests had been carried out, with the assistance of independent experts, in order to detect the existence of any loss in value of the recorded goodwill.

The cash-generating units ("CGU") are identified based on the geographical area to which goodwill has been allocated, which coincides with Italy, consistently with the lowest level at which goodwill is monitored for internal management purposes.

The recoverability of the value of goodwill allocated to the CGU is verified by estimating the value in use of the same, understood as the present value of the expected cash flows.

For the purpose of determining the discount rate, reference was made to the Capital Assets Pricing Model, based, to the extent possible, on indicators and parameters observable on the market.

The expected cash flows were determined on the basis of the Business Plan approved by the Board of Directors.

The main basic assumptions used in the impairment test are illustrated below. With reference to the year ended March 31, 2021, the impairment tests did not reveal any impairment of the goodwill recorded.

Specifically, the impairment test set up by the Company takes into consideration the following aspects:

- **Cash flows** for the explicit period: they are constructed on the basis of the Business Plan drawn up by the Company management. In particular, the forecasts included in the plan predict an increase in revenues at a CAGR (Compounded Average Growth Rate) of 2.0% and a concurrent marginality increase in the last years of projection. Working capital turnover ratios are forecast to remain stable as a result of the excellent results achieved in 2020, with a substantial stability of turnover ratios both in respect of trade receivables (thanks also to reliance on factoring schemes) and trade payables.
- **Time extension of cash flows and "Terminal Value**": the terminal value was determined based on the normalisation of cash flows for 2025, to which a normalised growth rate of 1% was applied, in line with main comparable companies and consistent with long-term growth expectations of the reference market.
- **Investments:** an estimate of investments over the period of the plan was formulated, taking into account the investments made up to now by the Company.
- **WACC:** the discount rate was determined by the Company taking into consideration the beta coefficients and rates used for companies comparable to the NTT DATA Italia Group and amount to 8.7%.

The WACC level where there would be a cancellation of the existing difference between the value in use of the CGU and its carrying amount is equal to 17.2%, while the g rate that would lead to the annulment of a value greater than the book value would be equal to -16.3%.
To better assess the results of the impairment test carried out with the "value in use" method, an alternative revenue-based method of evaluation was adopted; it uses specific multipliers on revenues of companies operating in the Italian Information Technology sector.
The application of the alternative method confirmed the results of the application of the method described above.

3.1.4. Other intangible assets

The item "Other intangible assets" has the following composition and changes:

(€ thousand)	Industrial patent rights and use of intellectual property	Concessions, licenses, trademarks and similar rights	Software in progress	Total
As of 31 March 2020	**2.796**	**4**	**1.286**	**4.086**
Internal works	306	-	-	306
Purchases	115	-	-	115
Transfers	435	-	(435)	-
Adjustments	(67)	-	-	(67)
Depreciations	(1.291)	(2)	-	(1.292)
As of 31 March 2021	**2.295**	**2**	**850**	**3.147**

The increase in the item "Patent rights" for internal work, amounting to € 306 thousand, mainly refers to development activities related to the "Encoding" project (€ 151 thousand), the "Docspa" project (€ 104 thousand), the "SWM" project (€ 51 thousand).
For additional information please refer to paragraph "Investments in innovation" in the Report on Operation section.
The increase in the item "Patent rights" for acquisitions relates mainly to purchases of software.

3.1.5. Investments

The item "Investments" has the following composition and changes:

(€ thousand)	Investments in subsidiares	Investments in associates	Other investments	Total
A of April 1, 2019	**3.939**	**-**	**18**	**3.957**
Increases	3.635	-	20	3.655
Decreases	-	-	-	-
Impairment	(2.004)	-	-	(2.004)
As of March 31, 2020	**5.570**	**-**	**38**	**5.608**
Increases	-	-	-	-
Decreases	(42)	-	-	(42)
Restoration	662	-	-	662
As of March 31, 2021	**6.189**	**-**	**38**	**6.227**

The restoration of € 662 thousand refers to the investment in the Turkish subsidiary NTT DATA Danismanlik which in the previous year had suffered a write-down of € 2,004 thousand which was necessary above all in consideration of the unstable economic and political situation of the country. It should also be noted that in March 2021 NTT DATA Italia S.p.A. signed a contract for the sale of the Turkish subsidiary to Itelligence Bilgi Sistemleri A.S., a company based in Istanbul and part of the NTT DATA Group. This agreement provides for the loss of control by the NTT DATA Italia Group starting from April 2021, while the transfer of ownership will take place by May 2021. The investment in NTT DATA Danismanlik was therefore classified among the "Equity investments held for sale "in the Financial Statement.

Moreover on April 21, 2020 the Company entered into with the subsidiary Xsfera S.r.l. a lease of the company as a whole with retroactive effect on April 1, 2020 in order to strengthen commercial synergies within the Group. The three-year agreement concerned the commercial assets and liabilities of Xsfera, as well as the staff existing on that date.
The Company decided not to perform an impairment test on the value of the investment in Xsfera considering the contribution that the activities of the latter have generated on the results achieved by NTT DATA Italia.

The table below provides a list of the companies in which the Company had aninvestment as of March 31, 2021:

Company name	Head office	% Shares held	Total equity (€ thousand)	Share of equity	Carrying value (€ thousand)
Investments in Subsidiares					
NTT Data Danismalik Ltd Sirketi	Istanbul	99,97%	959	959	1.849
Ifi Solution Co., Ltd	Hanoi	99,90%	3.041	3.038	747
Xsfera S.r.l.	Milan	100,00%	1.063	1.063	3.593
Other investments					
Consorrtium ABI Lab	Rome				2
Consortium IDC	Milan				10
Consorzio KS	Milan				6
Tolemaica S.r.l.	Naples				20

3.1.6. Other financial assets

The item “Other financial assets” as of March 31, 2021 and as of March 31, 2020 breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Security deposits	241	108
Total	**241**	**108**

3.1.7. Other non-current assets

The balance of the item "Other non-current Assets" as of March 31, 2021 is equal to € 460 thousand and refers to the capitalisation of costs incurred by the Company in the acquisition of some new projects from customers and resulting from the application of the accounting standard IFRS 15.
For further details, please refer to the section headed 2.1.K - Recognition of revenues from sales and services.

3.1.8 Deferred tax assets and liabilities

Deferred tax assets, equal to € 9,962 thousand at March 31, 2021 (€ 9,964 thousand at March 31, 2020), include the fiscal charge corresponding to the temporary differences originating among the ante-tax result and the taxable income in relation to items with deferred deductibility.
Detail of Deferred tax assets is provided at the table below:

(€ thousand)	31 March 2020	31 March 2021
Deferred tax assets	9.964	9.962
Total	**9.964**	**9.962**

Deferred tax assets and liabilities as of March 31, 2021 and as of March 31, 2020 break down as follows:

(€ thousand)	Deferred tax assets		Deferred tax liabilities	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Temporary difference generated by:				
- Bad debt provision	482	491	-	-
- Other non deductible funds	7.375	6.993	-	-
- Tax losses	-	-	-	-
- Cash deductible costs	61	76	-	-
- Depreciation (New tax law)	816	905	-	-
- Value adjustments	996	997	-	-
Differences generated by IFRS transition:				
- Severance pay adjustment as per IAS 19	583	847	(348)	(348)
Total	**10.312**	**10.309**	**(348)**	**(348)**

The Directors of the Company evaluate the amount of deferred tax assets fully recoverable in light of the Company's income expectations documented in the business plan.

3.2. Current assets

3.2.1. Work in progress

Work in progress consists of projects in progress as of March 31, 2021. These projects are accounted for according to the percentage of completion method, net of any losses.

(€ thousand)	31 March 2020	31 March 2021
Work in progress	23.524	25.971
Total	**23.524**	**25.971**

The increase compared to March 31, 2020 is mainly due to the greater number of projects that started in the first quarter of 2021 and are underway on March 31, 2021.

3.2.2. Trade receivables

The item "Trade receivables" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Receivables from third parties	171.501	180.502
Receivables from subsidiares	149	-
Receivables from parent companies	4.721	2.832
Receivables from affiliate companies	600	1.501
Bad debt provision	(3.313)	(3.337)
Total	**173.659**	**181.498**

The increase in trade receivables is basically linked to the higher revenues of the 2021 financial year compared to those of the previous year.

The breakdown of receivables as of March 31, 2021 is as follows:

(€ thousand)		Expired but not devalued				
	Not due	0-30 days	30-90 days	90-180 days	>180 days	**Total**
31 March 2021	157.312	20.059	3.147	897	83	**181.498**
31 March 2020	159.315	9.826	3.598	920	-	**173.659**

Trade receivables as of March 31, 2021 break down as follows by geographical area:

(€ thousand)	v/Subsidiares	v/Parent Companies	v/Affiliate Companies	v/Third Parties	Total
Italy	-	-	147	173.737	173.883
Europe (excluding Italy)	-	2.066	1.325	2.325	5.716
Rest of the world	-	766	30	1.103	1.899
Total	**-**	**2.832**	**1.501**	**177.165**	**181.498**

Changes in "Reserve for bad debts" are summarized below:

(€ thousand)	31 March 2020	31 March 2021
Beginning balance	**3.402**	**3.313**
Increases	-	-
Uses/releases	(89)	-
Contribution from company rent	-	24
Ending balance	**3.313**	**3.337**

3.2.3. Tax receivables

The item “Tax receivables” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Income tax advances	671	-
Reimbursement requested for taxes paid	3	3
Other	1.690	1.985
Total	**2.364**	**1.988**

The item “Others” mainly refers to the withholdings applied at the time of payment to invoices issued by the Company to customers residing in certain foreign countries, in particular Brazil and Turkey, for an amount of € 1.734 thousand (€ 1.688 thousand as of March 31, 2020).
The change compared to the previous year is mainly attributable to the use of IRES and IRAP advances to cover the debt for current taxes..

3.2.4. Other receivables and current assets

The item “Other receivables and current assets” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Receivables from employees	864	984
Receivables from social security institutions	88	82
Accrued income and prepaid expenses	12.303	14.847
Other receivables	3.325	3.488
Provision for other bad debts	(3.000)	(3.000)
Total	**13.580**	**16.401**

The increase in the item “Accrued income and prepaid expenses” is mainly attributable to invoicing by part of the suppliers of maintenance fees that cover future periods and for which the cost was therefore suspended as it is not related to the current financial year.
The item “Other receivables” includes, for € 3,000 thousand, a receivable from the former parent company, Value Partners S.p.A. (now Invest Tre S.r.l.) prudently written down by entering a risk provision of the same amount in the 2012 financial year.

3.2.5. Cash and cash equivalents

The item “Cash and cash equivalents” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Cash at banks	56.553	62.633
Cash on hand	1	0
Total	**56.554**	**62.633**

Please refer to the statement of cash flows for details on the cash flows of the two years.

3.3. Equity

3.3.1. Share capital

As of March 31, 2021 the share capital amounted to € 33,107,160 and was made up of 13,242,864 ordinary shares with a face value of € 2.50 each.
As of March 31, 2021 all of the issued shares were subscribed and paid up.

3.3.2. Other reserves including Profit of the year

The item “Other reserves including Profit for the year” breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Legal reserve	2.039	2.039
Other reserves	50.717	26.386
Merger reserves	(239)	(239)
Net result	(23.495)	18.644
Total	**29.022**	**46.831**

The changes of the “Other reserves” may be detailed as following described:

- allocation of the loss for the year 2020 (€ 4,968 thousand) to profit/(loss) carried forward, as per the resolution of the General Meeting of Shareholders that approved the Financial Statements for the year 2020 on July 16, 2020;
- change in the IAS reserve of € 835 thousand following the application of Accounting Standard IAS 19 and the consequent results of actuarial valuation results.
- For further details, please refer to the statement of changes in shareholders’ equity.

3.3.3. Breakdown of distributable reserves

				Summary of the uses in the prior three fiscal years	
Nature/Description	Amount (€)	Possibility of utilization	Available	for coverage of losses	for other reasons
Share capital	**33.107.160**				
Capital reserve					
Capital injection reserve	50.000.000	A,B,C			
Income reserves					
Legal reserve	2.039.076	B			
Deficit merger reserve	(239.046)				
IAS 19 reserve	(993.149)				
Retained earnings/(losses)	(22.620.629)	A,B,C			
Total reserves	**28.186.253**		-		
Not available amount			-		
Residual available amount			-		
Profit/(loss) of the year	**18.644.452**				
Total Equity	**79.937.865**				

Legenda
A: for share capital increase
B: for coverage of losses
C: distribution to shareholders

* Pursuant to article 2432 of Italian Civil Code share capital premium reserve can not be distribuited until legal reserve will not reach one fifth of share capital

3.4. Non-current liabilities

3.4.1. Employee benefits

The item "Employee benefits" refers to severance indemnity (TFR):

(€ thousand)	31 March 2020	31 March 2021
Severance indemnity	17.769	16.202
Total	**17.769**	**16.202**

In application of the IAS 19 Accounting Standard for the valuation of the severance indemnity (TFR), the method called "Projected Unit Credit Cost" was used, with the following assumptions:

	31 March 2020	31 March 2021
Economic assumptions:		
Annual inflation rate	1,00%	1,00%
Annual discount rate	1,17%	0,19%
Annual growth rate of the employee severance indemnities	2,25%	2,25%
Demographic assumptions:		
Likelihood of death	RG 48 survival tables of the Italian population	
Likelihood of disability	INPS tables divided by age and gender	
Likelihood of resignation	8,0%	8,0%
Likelihood of retirement	Fulfilment of the minimum requisites provided by the General Insurance	
Likelihood of advances	3,0%	3,0%

The changes in the Severance Indemnity can be summarized as follows:

(€ thousand)	31 March 2020	31 March 2021
Beginning balance	**19.651**	**17.769**
Interest cost	115	189
Actuarial (gain)/loss	(1.033)	1.099
Transfer in / (out)	-	424
Payments	(964)	(3.279)
Ending balance	**17.769**	**16.202**

It should be noted that the assessment of the liabilities relating to the severance indemnity was carried out with the support of an independent firm expert in actuarial matters.

3.4.2. Provisions

The item "Provisions" and the related changes can be detailed as follows:

	Non current				Current	
(€ thousand)	Disputes	Other	Restoration costs	Total	Restructuring costs	Total
As of 1° April 2019	**672**	**-**	**-**	**672**	**-**	**-**
Increases	1.172	-	2.077	3.249	12.077	**12.077**
Uses	(40)	-	-	(40)	-	**-**
As of 31 March 2020	**1.804**	**-**	**2.077**	**3.881**	**12.077**	**12.077**
Increases	1.236	-	4	1.240	-	-
Uses	(64)	-	(225)	(289)	(7.552)	(7.552)
Adjustments	-	-	-	-	(389)	(389)
As of 31 March 2021	**2.976**	**-**	**1.856**	**4.832**	**4.136**	**4.136**

Non current term provisions mainly refer to:

- Disputes: the increase of € 1,236 thousand is related for € 650 thousand to an incremental accrual referred to a penalty risk for a violation occurred during the fiscal year ended on March 31, 2020 with a specific customer; for € 200 thousand in relation to a dispute raised with former employees and for € 386 thousand for the early termination of offices contracts in Milan and Turin. The uses in 2021 refer to payments made mainly in fulfilment of settlement agreements concluded during the year;
- Restoration costs: the uses of € 225 thousand is related to a first tranche of activities made on the offices in Rome.

Current provisions refer to the entitlements related to the restructuring process started by the Company in the prior fiscal year. In particular the uses of € 7,552 thousand is related to the so-called "Isopensione" program ended on November 2020 while the residual amount of € 4,136 thousand is related to retirement incentives not yet signed as of March 31, 2021.

3.4.3. Financial liabilities

The item "Financial liabilities" breaks down as follows:

(€ thousand)	31 March 2020			30 March 2021		
	Current	Non current	Total	Current	Non current	Total
Loans from Parent Company	-	97.500	97.500	-	97.500	97.500
Loans from third parties	-	-	-	-	-	-
Financial liabilities IFRS 16	5.936	11.316	17.251	4.019	54.445	58.464
Total Financial Liabilities	**5.936**	**108.816**	**114.751**	**4.019**	**151.945**	**155.964**

During the fiscal year 2020, the loan granted by NTT DATA EMEA to NTT DATA Italia was renewed for further 3 years and for an amount of € 97.5 million.
The Financial liabilities IFRS 16 refers to the outstanding debt as of March 31, 2021 related to the adoption of IFRS 16 since April 1, 2019. The increase of € 41,213 thousand, net by the payments made during the fiscal year, is mainly related to the contracts signed for the new headquarter in Milan (€ 45,840 thousand) and for long-term car rents (€ 1,582 thousand).
NTT DATA Italia continued to benefit from the "notional cash pooling" project, started in 2017 and coordinated by NTT DATA EMEA with JP Morgan, a leading Banking Group. This treasury project ("notional cash pooling") envisages interest rates in line with the market and with what is currently applied to NTT DATA Italia by other banks in Italy. It should be noted that the compensation of creditors and debtors balances on the accounts linked to the same pool takes place without physical movement or transfer of money balances ("notional").

3.5. Current liabilities

3.5.1. Trade payables

The item "Trade Payables" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to third parties	84.085	75.877
Payables to subsidiares	1.607	101
Payables to parent companies	5.295	2.775
Payables to affiliate companies	974	785
Total	**91.961**	**79.537**

As of March 31, 2020 the breakdown of payables in terms of due date is the following:

(€ thousand)		Expired				
	Not due	0-30 days	30-90 days	90-180 days	>180 days	**Total**
31 March 2021	78.608	220	39	79	592	**79.537**
31 March 2020	87.564	728	1.342	1.597	730	**91.961**

The aging reported above shows a significant decrease of the overdue debts, which fall from € 4,397 thousand at March 31, 2020 to € 930 thousand at March 31, 2021 mainly through to an improvement of DPO (Day Payables Outstanding) compared to the prior fiscal year.
The amounts over 180 past due mainly refer to invoices that were disputed or are under dispute. As of March 31, 2021 trade payables could be broken down geographically as follows:

(€ migliaia)	v/Subsidiares	v/Parent Companies	v/Affiliate Companies	v/Third Parties	Total
Italy	-	-	197	68.790	68.987
Europe (excluding Italy)	-	2.704	159	5.918	8.781
Rest of the world	101	71	429	1.169	1.769
Total	**101**	**2.775**	**785**	**75.877**	**79.537**

3.5.2. Tax and social security payables

The item "Tax and social security payables" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to Social Security Institutions	30.562	37.675
Withholding tax	3.417	3.758
Income tax payables	-	650
VAT payables	(22)	1.698
Others	185	222
Total	**34.142**	**44.004**

The increase in the item "Payables to Social Security Institutions" item is mainly attributable to the "Isopensione" plan signed by employees.

3.5.3. Other payables and current liabilities

The item "Other payables and current liabilities" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Payables to employees	33.123	37.386
Advances from customers	50.066	58.384
Accrued expenses and deferred income	1.092	1.179
Others	1.560	2.345
Total	**85.841**	**99.293**

The increase in the item "Payables to employees" for € 4,262 thousand, is mainly attributable to the allocation of costs related to bonuses to be paid to employees as well as costs related to holidays and permits accrued and not yet used by the employees as of the balance sheet date.
The increase in the "Advances from customers" item is due to the greater billing to customers for activities that will be rendered and will accrue revenues during the 2022 financial year compared to similar operations carried out at the end of the previous year.
The increase in the item "Accrued expenses and deferred income" mainly refers to the accrual of interest expenses related to the loan in place with the parent company NTT DATA EMEA.

3.6. Income Statement

3.6.1. Revenues from sales of goods and services

The revenues from sales of goods and services amounted to € 457,678 thousand.
Reference may be made to the Directors' Report on Operations for comments relating to revenue trends.

(€ thousand)	31 March 2020	31 March 2021
Professional services	390.830	427.965
Hardware and software	19.426	16.135
Maintenance	14.353	13.578
Total	**424.609**	**457.678**

The breakdown by geographical area is as follows:

(€ thousand)	31 March 2020	31 March 2021
Italy	406.846	437.866
Europe (excluding Italy)	11.675	12.027
Rest of the world	6.088	7.785
Total	**424.609**	**457.678**

3.6.2. Other income

As of March 31, 2021the item "Other income" amounts to € 2 thousand and refers to insurance reimbursement received during the fiscal year.

3.6.3. Change in work in progress

(€ thousand)	31 March 2020	31 March 2021
Change in work in progress	1.705	2.448
Total	**1.705**	**2.448**

See paragraph 3.2.1. Work in progress for further details.

3.6.4. Increase in fixed assets for internal work

(€ thousand)	31 March 2020	31 March 2021
Increased assets for internal work	696	306
Total	**696**	**306**

See paragraph 3.1.3. Goodwill for further details.

3.6.5. Costs for materials and services

The item Costs for materials and services breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Professional services	139.895	146.773
Travel expenses	7.289	935
Purchases of materials	15.441	11.832
Leases and rentals	3.558	2.973
Utilities	2.934	2.547
Others	21.499	22.776
Total	**190.616**	**187.835**

The costs of collaborations and professional services mainly refer to consultancy and maintenance activities performed by third party suppliers on currently ongoing projects for customers of NTT DATA Italia. The increase of € 6,878 thousand, compared to the previous year, is mainly related to higher revenues for services to third parties.

The item “Travel expenses” decreased by € 6,354 thousand due to the travel limitations related to Covid-19 pandemic which affected all the Group.

The item “Purchases of materials” relates mainly to hardware and software products intended for sale to customers and the decrease is mainly due to the application of the “net revenues” accounting methodology applied to some projects developed in the fiscal year ended on March 31, 2021 that entailed, in accordance with IFRS, the accounting just of the net margin within the revenues for Hardware and Software. The “net revenues” accounting methodology pertained costs for € 5,208 thousand.

The item “Leases and rentals” decreased by € 780 thousand mainly due to the termination of some temporary office contracts signed by NTT DATA Italia and the decrease of cleaning activities that affected the Company both in relation of the limitation related to the Covid-19 pandemic.

The item “Other services and miscellaneous services” mainly includes:

- maintenance costs: € 1,527 thousand (€ 2,177 thousand as of March 31, 2020);
- insurance costs: € 3,383 thousand (€ 2,381 thousand as of March 31, 2020);
- management fees: € 4,692 thousand (€ 4,898 thousand as of March 31, 2020);
- training costs € 2,605 thousand (€ 1,598 thousand as of March 31, 2020);
- services provided by professionals (tax and legal consultants, etc.): € 1,985 thousand (€ 2,582 thousand as of March 31, 2020);
- IT costs: € 3,682 thousand, of which € 3,209 thousand of Group companies’ chargebacks (€ 3,031 thousand as of March 31, 2020, of which € 2,638 thousand of Group companies’ chargebacks).

3.6.6. Costs for personnel and directors

The item “Costs for personnel and directors” breaks down as follows

(€ thousand)	31 March 2020	31 March 2021
Wages and salaries	151.681	168.530
Social Security Contibutions	42.421	45.919
Severance indemnity	10.122	11.338
Others	37.248	8.374
Car rentals	1.659	1.736
Total	**243.130**	**235.897**

The increase of the items “Wages and salaries”, “Social Security Contributions” and “Severance indemnity” for € 21,563 thousand mainly refer to the strengthening of the company workforce which became necessary following the significant increase in projects and therefore in revenues.
The decrease of the item “Other” is mainly related to the “Isopensione” plan and retirement incentives costs accrued by the Company during the prior fiscal year.

The following table shows the data concerning the workforce, with a breakdown of changes:

(No. of units)	As of		Average	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Executives	196	206	200	208
Managers	603	652	583	619
Employees	2.354	2.675	2.241	2.556
Apprentices	519	526	440	535
Total	**3.672**	**4.059**	**3.464**	**3.919**

3.6.7. Amortisation, depreciation and write-downs

The item "Amortisation, depreciation and write-downs" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Depreciations of intangible assets	2.444	1.292
Depreciations of tangible assets	3.242	3.780
Depreciations right of use	7.326	7.905
Total	**13.011**	**12.978**

For further details see paragraph 3.1.1. Property, plant and equipment, 3.1.2 Right of use assets and paragraph 3.1.4 Other intangible assets.

3.6.8. Other operating costs

The item "Other operating costs" breaks down as follows:

(€ thousand)	31 March 2020	31 March 2021
Other operating costs	712	928
Bad debt provision	2.000	-
Other provisions	1.172	1.236
Other operating costs	54	10
Total	**3.938**	**2.175**

The item "Other operating expenses" consists mainly of association membership fees and costs for the waste collection tax.
The item "Other provision" refers for € 650 thousand to an incremental accrual referred to a penalty risk for a violation occurred during the fiscal year ended on March 31, 2020 with a specific customer; for € 200 thousand in relation to a dispute raised with former employees and for € 386 thousand for the early termination of offices contracts in Milan and Turin.

3.6.9. Net financial charges

The table below provides a breakdown of the main components of the item in question:

	31 March 2020			31 March 2021		
(€ thousand)	Charges	Income	Net charges/ (income)	Charges	Income	Net charges/ (income)
Exchange rate differences	137	(84)	53	464	(344)	120
Others	391	0	392	417	(0)	417
Interest (income)/expenses	1.548	(173)	1.375	1.588	(145)	1.442
Impairment / (Restoration) of investments	2.004	-	2.004	-	(662)	(662)
Total	**4.081**	**(258)**	**3.824**	**2.469**	**(1.151)**	**1.318**

Reference may be made to the Directors' Report on Operations for comments regarding changes in the net financial charges.

3.6.10. Income taxes

Taxes for the year ended March 31, 2021 amount to € 1,586 thousand and refer to current taxes for € 1,386 thousand, to the increase in prepaid taxes for € 266 thousand and the positive adjustment of taxes of previous years for € 49 thousand.

(€ thousand)	Amount	Tax	%
Income before taxes	20.230		
Theoretical income taxes		(4.855)	24,0%
Income tax based on different taxable income (IRAP)		(995)	(4,9%)
Temporary differences		4.251	21,0%
Other permanent differences and tax from previous years		14	0,1%
ACTUAL INCOME TAX		**(1.586)**	**(7,8%)**

4. Related-party transactions

In the accounting periods ended on March 31, 2021 and March 31, 2020 the Company entered into transactions with NTT DATA EMEA, the company responsible for oversight and coordination, and other related entities as follows:

(€ thousand)	Relationship	31 March 2020	31 March 2021
Trade receivables:			
NTT DATA Danismanlik VeBilisim Cozumleri Ltd Sirketi	Subsidiary	60	-
NTT DATA Corporation (Japan)	Parent Company	2.726	766
NTT DATA Deutschland Gmbh	Affiliate	-	925
NTT DATA UK Limited	Affiliate	452	219
NTT DATA Emea Ltd	Parent Company	1.996	2.066
Itelligence a/s, Danmark	Affiliate	48	-
IFI Solution Co., Ltd	Subsidiary	58	-
Itelligence AG	Affiliate	23	155
Everis Italia S.p.A.	Affiliate	-	103
NTT Com Managed Services, S.A.U.	Affiliate	25	-
NTT DATA Inc.	Affiliate	35	20
Xsfera S.r.l.	Subsidiary	32	-
NTT DATA INTELLILINK CORPORATION	Affiliate	4	-
Itelligence France SAS	Affiliate	12	-
Itelligence Bilgi Sistemleri A.Ş	Affiliate	-	8
NTT DATA Services Operations B.V.	Affiliate	-	26
NTT DATA Services Italy S.r.l.	Affiliate	-	25
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	3
NTT Italia S.p.A.	Affiliate	-	18
Work in progress:			
Everis Italia S.p.A.	Affiliate	-	252
NTT DATA UK Limited	Affiliate	69	76
NTT DATA Emea Ltd	Parent Company	4	-
NTT DATA Corporation (Japan)	Parent Company	99	-
NTT DATA Deutschland Gmbh	Affiliate	5	-
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	10	-
Xsfera S.r.l.	Subsidiary	21	-
Other receivables:			
NTT Italia S.p.A.	Affiliate	69	96
NTT Security (Germany) GmbH	Affiliate	-	63
NTT DATA Global Delivery Services Private Ltd	Affiliate	-	15

Trade payables:			
NTT DATA Emea Ltd	Parent Company	5.238	2.704
IFI Solution Co., Ltd	Subsidiary	138	84
NTT Data Global Delivery Services Limited	Affiliate	135	146
NTT DATA UK Limited	Affiliate	13	29
NTT DATA Danismanlik VeBilisim Cozumleri Ltd Sirketi	Subsidiary	17	17
NTT DATA Corporation (Japan)	Parent Company	57	71
NTT DATA Deutschland Gmbh	Affiliate	114	26
Itelligence AG	Affiliate	11	8
Everis Italia S.p.A.	Affiliate	232	39
NTT DATA Romania	Affiliate	21	2
NTT DATA Services Italy S.r.l.	Affiliate	12	2
NTT Europe Ltd	Affiliate	0	0
NTT Security (Germany) GmbH	Affiliate	120	66
Dimension Data China/Hong Kong Ltd	Affiliate	2	2
NTT Italia S.p.A.	Affiliate	212	157
Xsfera S.r.l.	Subsidiary	1.453	-
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	0	-
NTT DATA UK Consulting & IT Solutions Ltd	Affiliate	50	-
Itelligence Bilgi Sistemleri A.S.	Affiliate	39	8
Everis Spain, S.L.U.	Affiliate	13	28
NTT Advanced Technology Corporation	Affiliate	1	1
NTT America, Inc.	Affiliate	-	172
NTT Australia Pty Ltd	Affiliate	-	56

(€ thousand)	Relationship	31 March 2020	31 March 2021
Revenues and other income:			
NTT DATA Emea Ltd	Parent Company	1.056	1.718
NTT DATA Deutschland Gmbh	Affiliate	1.533	2.589
NTT DATA UK Limited	Affiliate	787	1.582
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	626	-
NTT DATA UK Consulting and IT Solutions	Affiliate	233	-
NTT DATA Corporation (Japan)	Parent Company	5.401	4.493
Everis Italia S.p.A.	Affiliate	-	839
Itelligence AG	Affiliate	438	510
NTT Com Managed Services, S.A.U.	Affiliate	410	16
Itelligence AB	Affiliate	0	4
NTT DATA Inc.	Affiliate	132	20
Itelligence France S.a.S.	Affiliate	12	-
Xsfera S.r.l.	Controllata	21	-
Qunie Corporation	Affiliate	75	-
NTT DATA Romania	Affiliate	-	15
NTT DATA Services Italy S.r.l.	Affiliate	-	80
NTT DATA Services Operations B.V.	Affiliate	-	26
NTT France SAS	Affiliate	-	32
NTT Italia S.p.A.	Affiliate	-	99
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	3
Operating costs and financial charges			
IFI Solution Co., Ltd	Subsidiary	544	293
NTT DATA Danismanlik VeBilisim Cozumleri Ltd Sirketi	Subsidiary	(100)	(39)
Xsfera S.r.l.	Subsidiary	1.005	170
NTT DATA Emea Ltd	Parent Company	4.632	5.869
NTT DATA Deutschland Gmbh	Affiliate	78	65
NTT DATA Deutschland GmbH-ZNL Wien	Affiliate	30	-
NTT DATA Romania	Affiliate	96	93
NTT Data Global Delivery Services Limited	Affiliate	110	86
NTT DATA UK Limited	Affiliate	(2)	148
NTT DATA UK Consulting and IT Solutions	Affiliate	118	-
NTT DATA Corporation (Japan)	Parent Company	(422)	(571)
Intelligence AG	Affiliate	10	41
Servicios Informaticos itelligence S.A.	Affiliate	0	-
NTT DATA Services Italy S.r.l.	Affiliate	2	-
Everis Spain, S.L.U.	Affiliate	13	46
Everis Italia S.p.A.	Affiliate	184	169
NTT Europe Ltd	Affiliate	33	33
NTT Security (Germany) GmbH	Affiliate	710	359
Dimension Data China/Hong Kong Ltd	Affiliate	4	-
NTT Italia S.p.A.	Affiliate	341	805
NTT DATA INTELLILINK CORPORATION	Affiliate	(4)	-
NTT Advanced Technology Corporation	Affiliate	1	(0)
itelligence Bilgi Sistemleri A.S.	Affiliate	363	73
NTT America, Inc.	Affiliate	-	939
NTT Australia Pty Ltd	Affiliate	-	183
Everis Brasil Consultoria de Negócios e Tecnologia da Informação Ltda	Affiliate	-	456

Transactions with related parties are carried out under normal market conditions in the interest of the Company and refer to both commercial transactions and financial transactions.

The Directors of the Company did not accrue remuneration during the year.

The fees accrued against independent auditing firm amount to € 151 thousand.

5. COMMITMENTS

The item “Commitments” includes:

(€ thousand)	31 March 2020	31 March 2021
Guarantees to third parties	45.895	79.697
Total	**45.895**	**79.697**

Guarantees given in favour of third parties mainly relate to bank and insurance guarantees given for the proper execution of contract work in progress and for the Company’s participation in tenders for public works.

6. SUBSEQUENT EVENTS

There were no events subsequent to the date of publication of the financial statements that could require an adjustment of the values reported in the financial statements or an inclusion of further information.
Other events:

- According withy the sale agreement signed between NTT DATA Italia and Itelligence Bilgi Sistemleri A.S., NTT DATA Danismanlik was excluded from the consolidation area with effect from April 1, 2021 due to the loss of control by the Parent Company. On May 3, 2021, the transfer of the shares of NTT DATA Danismanlik held by NTT DATA Italia and NTT DATA EMEA to the acquiring company and Itelligence Bilgi Sistemleri A.S was completed;
- the health situation linked to the Covid-19 pandemic will continue to have effects at least for a good part of the fiscal year that will end on March 31, 2022 and its mitigation will be closely related to the rapid execution of the vaccination plan implemented by the competent Authorities. The results achieved in the year ended March 31, 2021 confirmed how the structure and business model of the Company have allowed the minimization of the impacts both at an economic and organizational levels.

Based on our best knowledge and information currently available, we do not anticipate that the effects of Covid-19 may raise doubts about the Company’s ability to continue operating as an entity operating in the foreseeable future.

7.3 PROPOSAL OF THE BOARD OF DIRECTORS

Dear Shareholder,

While we thank you for placing your trust in us, we ask you to approve the financial statements for the year ended March 31, 2021, with a **positive net result of € 18,644,452** and to carry forward this profit.

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

7.4 REPORT OF THE INDEPENDENT AUDITOR

(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
NTT DATA Italia S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of NTT DATA Italia S.p.A. (the "Company"), which comprise the statement of financial position as at 31 March 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto.

In our opinion, the separate financial statements give a true and fair view of the financial position of the NTT DATA Italia S.p.A. as at 31 March 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of NTT DATA Italia S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters – Management and coordination

As required by the law, the Company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the separate financial statements of NTT DATA Italia S.p.A. does not extend to such data.

NTT DATA Italia S.p.A.
Independent auditors' report
31 March 2021

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of NTT DATA Italia S.p.A. for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

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

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

— identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The directors of NTT DATA Italia S.p.A. are responsible for the preparation of the Company's directors' report at 31 March 2021 and for the consistency of such report with the related separate financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the Company's separate financial statements at 31 March 2021 and its compliance with the applicable law and to express a statement on any material misstatements.

In our opinion, the directors' report is consistent with the separate financial statements of NTT DATA Italia S.p.A. at 31 March 2021 and has been prepared in compliance with the applicable law.

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

Milan, 2 July 2021

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit