Report 2022

NTT DATA
Trusted Global Innovator

Natural and urban elements blend into the new aesthetic NTT DATA Italia offices. These are the environments of the **smile working**, our company philosophy that promotes growth and sustainability.
A new working scenario, more flexible and functional, where people's wellbeing is at the center of everything. One aspect that this publication illustrates in a graphic and photographic way, revealing the new workspaces of NTT DATA Italia.

Courtesy translation

NTT DATA ITALIA S.p.A.
Registered Office: Milan, Via Calindri n. 4

Share Capital: Euro 40.970.700 fully paid up
Subject to direction and coordination by NTT DATA EMEA Ltd
Tax Code and registration in Companies Register of Milan: 00513990010

Report 2022

Report as at March 31, 2022

ABOUT US

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

We respond to all needs by offering viable solutions and innovative ideas to always guarantee the maximum satisfaction of our customers.

Foresight

For us, working with information technology means moving into an evolving reality, facing today's challenges and seizing the opportunities of tomorrow. Predicting future scenarios quickly is essential to support customers in achieving their goals.

Teamwork

We believe in knowledge sharing, in collaboration for a common goal, in different cultures and points of view. This is the only way to achieve extraordinary results.

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01

Group Results

“In NTT DATA Italia, matter acquires new forms.”

GROUP RESULTS

486.497
Revenues
€ thousand

34.221
EBIT
€ thousand

26.877
Net result
€ thousand

38.458
Operating cash flow
€ thousand

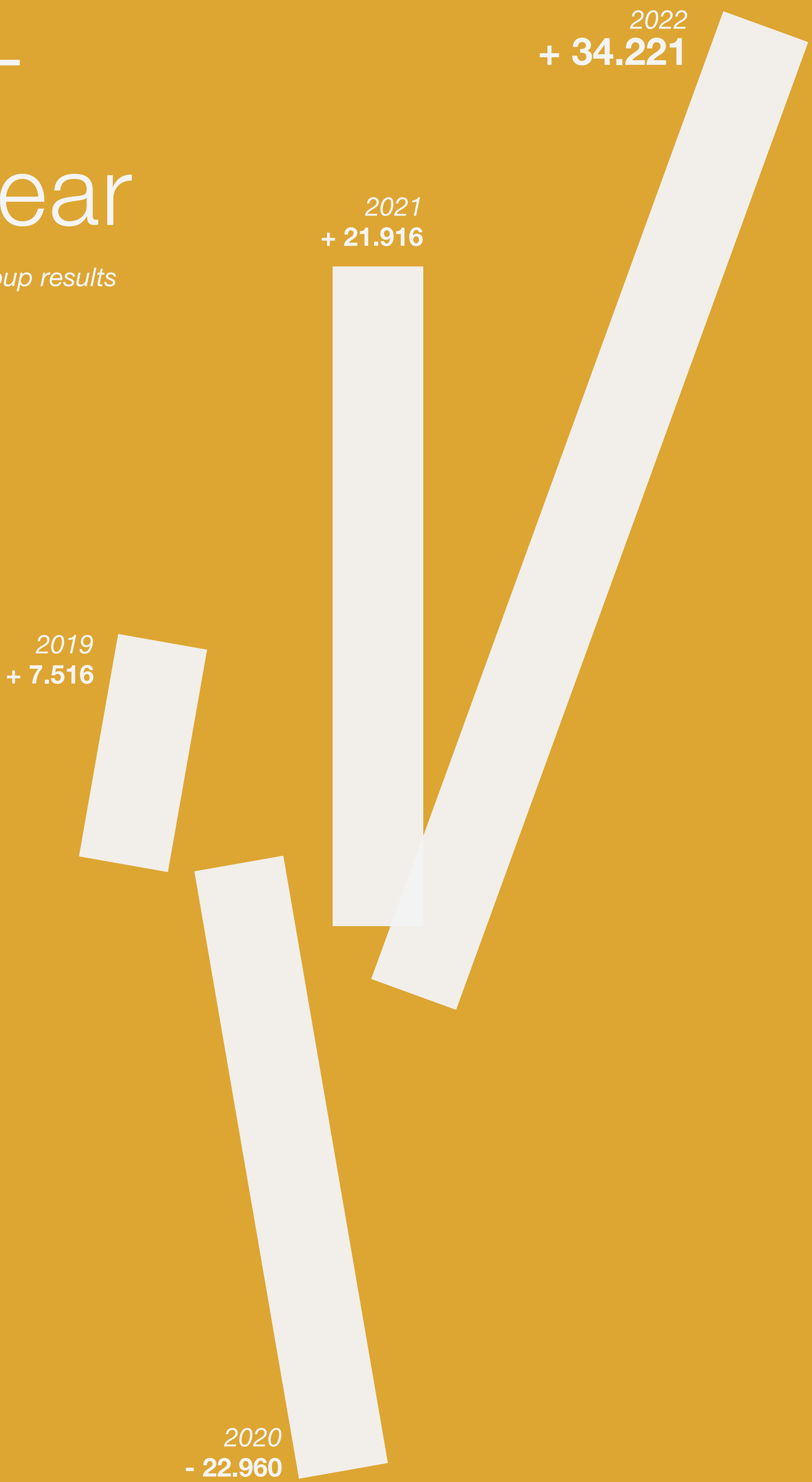
5.558
Employees
employees, number

REVENUES
By year

€ thousand, group results

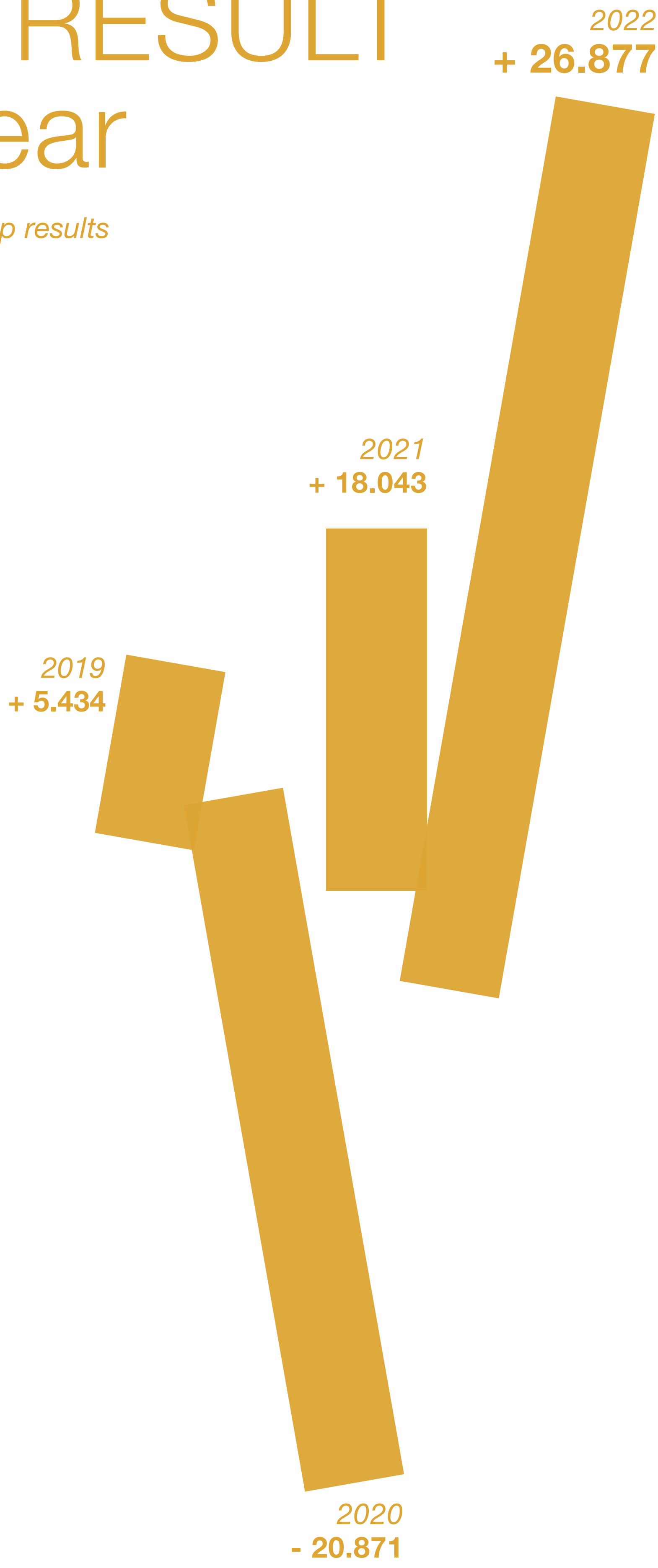
EBIT
by year

€ thousand, group results



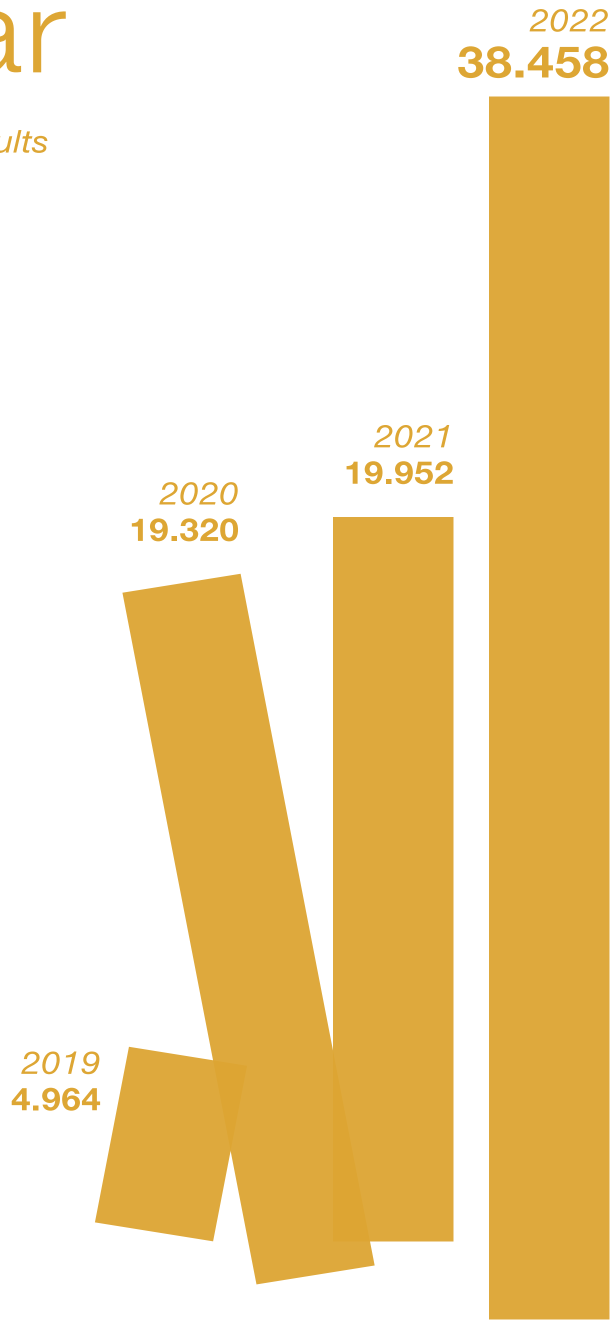
NET RESULT by year

€ thousand, group results



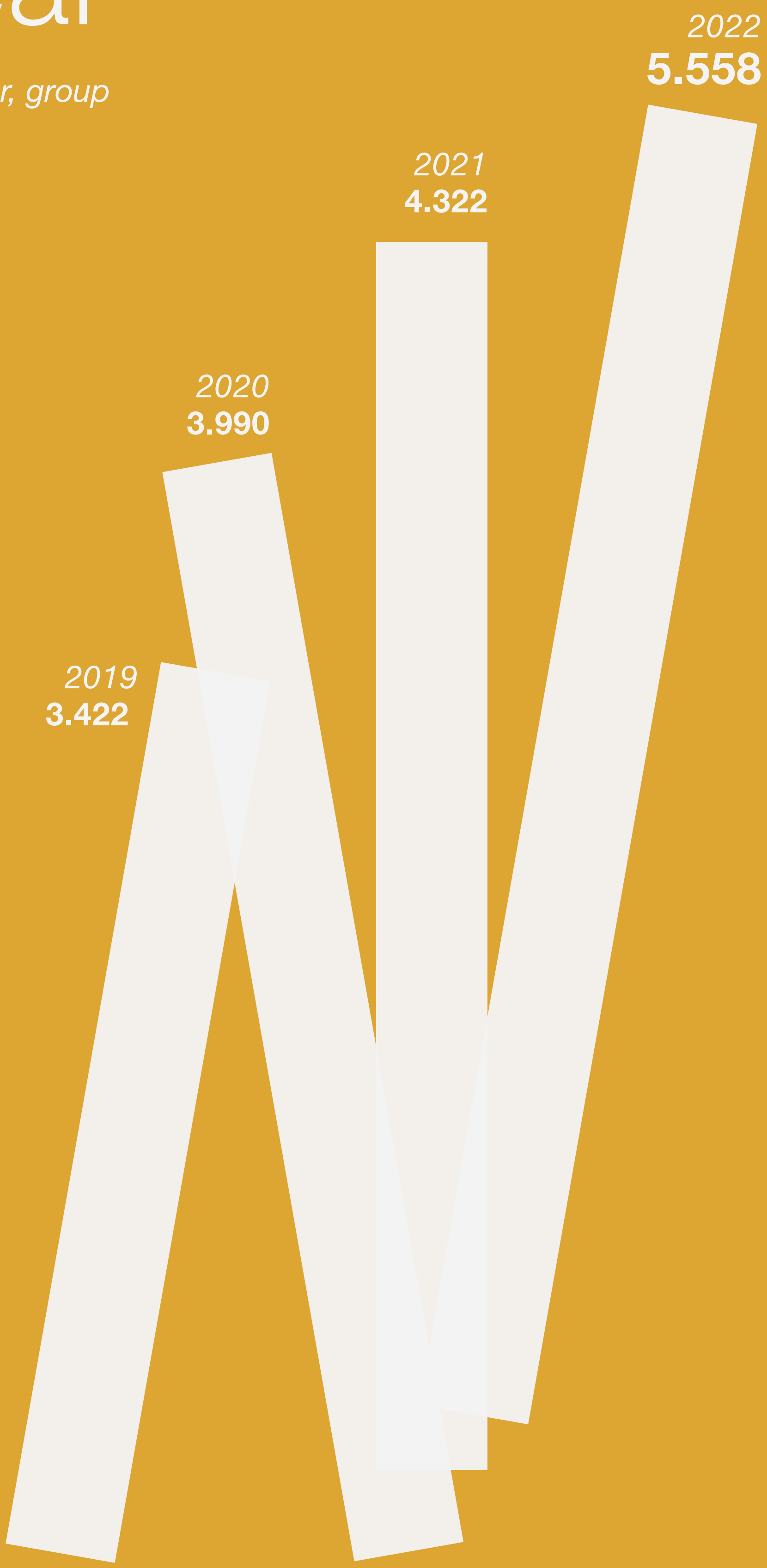
OPERATING CASH FLOW by year

€ thousand, group results

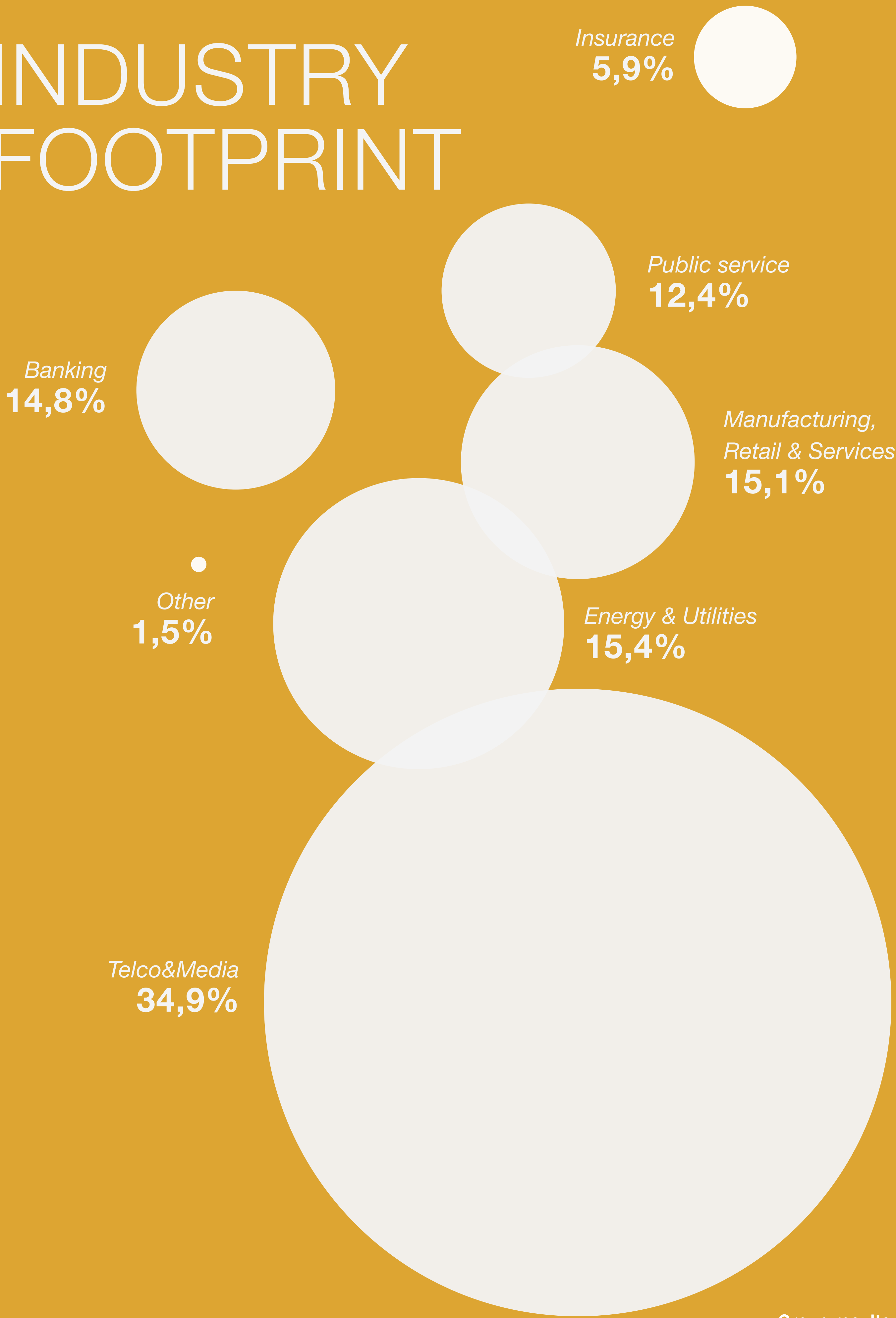


EMPLOYEES
by year

employees, number, group



INDUSTRY FOOTPRINT



02

Board of Directors and Auditors

“Our smile leaving philosophy in the heart of the Company”

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

Koji Miyajima* Chairman
Walter Ruffinoni CEO
Gerhard Lübke Director

BOARD OF STATUTORY AUDITORS

Nicola Broggi Chairman of the Board of Statutory
Barbara Ferri – Stefano Poretti Statutory Auditors

INDEPENDENT AUDITOR

KPMG S.P.A.

* The Chairman resigned with effect from June 23, 2022. On that date the Board of Directors appointed by cooptation Ide Miyuki who will remain in charge until the next Shareholders meeting.

03

Letter to Shareholders

“Our oasis of calmness in the center.”

Letter to Shareholders

Dear shareholders,

We have successfully confronted the challenges of the past two years tied to the dramatic events of the pandemic (COVID-19); we now find ourselves in a context of further uncertainty tied to the international political and economic situation, which has negatively impacted the market in Italy, as regards both the last part of the fiscal year and the prospects for the coming years.

Despite these events, the year just ended was characterised by incredible successes in terms of operating performance, exploitation of resources and quality of work environments. Our customer care capability has improved significantly, as we have effectively grasped service needs and the drive towards the process of technological innovation.

Group revenues grew to € 486.5 million (+5% compared to the previous year) and the operating result stood at € 34.2 million (equal to 7% of revenues), up 56.2% compared to the previous year. The company's financial solidity was further reinforced, with consolidated shareholders' equity amounting to € 136 million. The growth in operating income regarded all market areas we operate in, and in particular the Banking and Insurance Industry (+13.7%), Utilities (9,7%), the Public Sector (+3.0%) and Telco & Media (+2.5%). The free cash flow generated in the year amounted to € 27.5 million (+437.6% vs PY) and the operating cash flow stood at €32.8 million (162.7% vs PY).

This year was characterised by a profound transformation: the creation of a **single NTT DATA brand** starting from October 2021; the adoption of a **common organisational model** for the companies NTT DATA Italia and everis italia spa; the creation of a **leadership team** that works cohesively in managing customers. This transformation will enable us to better leverage the skills and offerings of the Group, as well as the best talents within our organisation, and to improve our ability to serve our customers.

The new entity that has been formed in Italy, at the initiative of the two companies (NTT DATA and everis), now boasts nearly **5,300 professionals** distributed across the country and operates through a common organisational and corporate structure. This process of transformation was completed in March 2022, by virtue of the capital increase made by NTT DATA Spain in favour of NTT DATA Italia and the transfer of 100% of the shares of everis Italia.

This year is also the year in which a major transformation in our work environments took place with the adoption of the philosophy of "**smile working**": the new offices have been conceived with innovative logics of managing spaces in terms of both liveability and usage. The new headquarters were designed choosing materials and furnishings that meet the requirements of **environmental sustainability**.

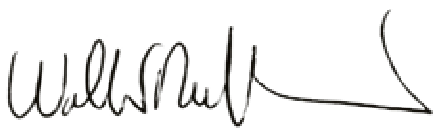
During the fiscal year, new offices were inaugurated in Milan and Rome and the new Turin offices will soon be available as well; finally, the new philosophy will also be extended to other divisions in Italy. Moreover, the Milan headquarters have obtained Environmental Management Certification (ISO 14001 – ISO 14006). We published our **environmental policy**, identifying clear environmental improvement targets. The environmental system certification programme will also be extended to the other divisions.

Furthermore, NTT DATA Italia was awarded coveted recognition as one of the **Top Employers Italia 2022**. The certification of the Top Employer Institute rewards company excellence in HR policies and strategies and best practices contributing to people's wellbeing, and improving the work environment.

In order to reach this important goal, NTT DATA had to meet the high standards required according to the HR Best Practices Survey, in particular as regards People Strategy, Work Environment, Talent Acquisition, Learning, Well-being, Diversity & Inclusion and many others. The certification represents official recognition of NTT DATA's commitment to taking care of its people.

The positive results are the fruit 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.
corsi.

The CEO
Walter Ruffinoni



04
Smile working: il lavoro incontra il benessere

“Spaces redesigned with a view on the future.”

Smile working: work meets well-being

The future is increasingly bright for NTT DATA Italia. After having successfully confronted the challenges of the past two years, we are gradually coming back to live in our offices and continue our path as a market leader.

The health emergency due to the COVID-19 pandemic did not dampen our predisposition for innovation and our capacity for self-renewal, on the contrary it gave us an opportunity to redesign our environments and effectively meet our new needs.

We have expanded our offerings of technological solutions and our customer service capability, exploiting the competences of every company in the Group. In particular, as of October 2021, everis, acquired back in 2014, was formally integrated with NTT DATA under a single brand. Thanks to the addition of over 1,000 professionals, the new Group created in Italy now boasts over 5,300 professionals across the country and operates through a common organisational and corporate structure.

The reality we are building today will help us to shape an increasingly inclusive, sustainable tomorrow focused on people's wellbeing. Because people are at the centre of our business philosophy and what drives the projects we carry out, with commitment and pride, working together with our partners and customers.

Sustainable design: new workspaces for a constantly evolving world.

The Coronavirus pandemic has permanently changed people's habits and needs, posing a new challenge to every company: to redesign the concept of the office.

We at NTT DATA have imagined it as a flexible and functional environment based on principles of sustainability, relationships and sharing of spaces, in a perfect balance between smart working and smile living.

A return to the office in a spirit of innovation.

On 16 November 2021 we inaugurated our new headquarters in Milan, two buildings, 12 floors and 4 floors for a total of 16,000 sq. m with completely zero impact. An ambitious project that is part of the investments planned in our country and which will also involve the offices in Rome, Turin, Cosenza and Naples, the plan being to hire 5,000 people by 2025.

The new offices have been conceived with innovative logics of managing spaces in terms of both liveability and usage. The main operation was to make every floor unique with respect to layout, materials and furnishings: elements of urban life are blended with natural elements, transforming spaces traditionally conceived for productivity into places for interaction, exchange and sharing among people.

The Milan complex has received Leed (Platinum level) and BiodiverCity certification, recognition awarded by the International Biodiversity & Property Council (IBPC/CIBI) to urban and suburban projects that place a particular emphasis on safeguarding biodiversity. What is more, the headquarters have obtained Integrated Environmental Management Certification (ISO 14001 – ISO 14006).

The same philosophy has also been adopted for the new offices in Rome, which will occupy 15,000 sq. m in a 10-storey building and will be formally inaugurated at the end of April 2022. The offices in Turin will also be involved in a new opening, by the end of June 2022.

This new way of conceiving workspaces has become an integral part of how we work and will be progressively extended to all our operating divisions in Italy.

Our highly evolved work environment.

One of the principles that has guided us towards an evolution of the work environment, where people's wellbeing goes hand in hand with productivity, has been to recreate a "feeling of home" in a familiar, friendly setting supported by a gamification logic. For this reason we have envisaged two types of work environments, fused together and integrated:

- *hard spaces*, all spaces indispensable in every office, such as phone booths, meeting rooms, individual offices, open offices, conference rooms, break areas and printing areas;
- *soft spaces* arise from relational needs, are personalisable and offer different types of use in order to adapt to people's new post-pandemic habits with great flexibility. For example, we have designed break areas for people to recharge their batteries, lounge areas for chatting and relaxing, workstations for those seeking quiet and tranquillity, and large white boards and entire walls that can be written on for workshop sessions.

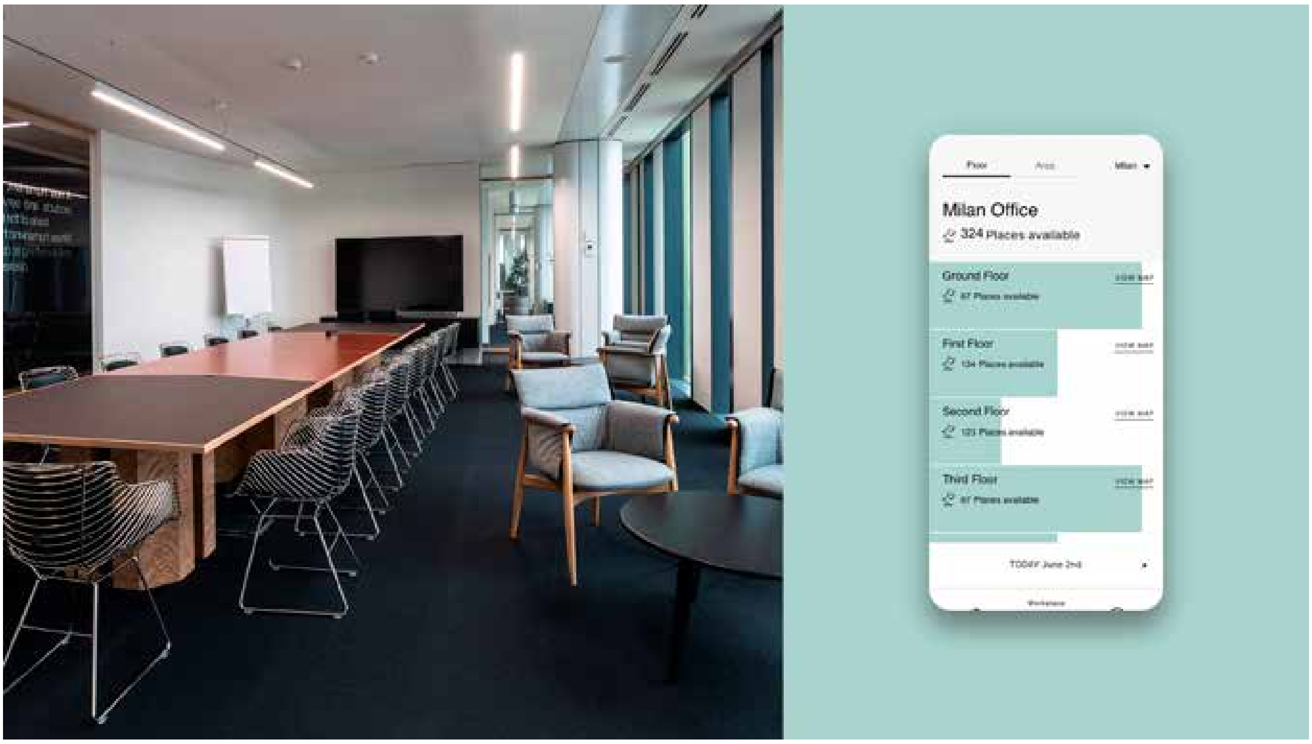
SoBos and CYCL-e around, welcome back to the office.

For a safer return to the office, our teams have worked to develop tools capable of ensuring distancing between people and avoiding overcrowding. Like **SoBos**, our desktop and mobile application for reserving a workstation in a fast, simple manner.

We have also conceived a new approach for helping people to get to the office in a sustainable way. Our aptitude for innovation and desire to keep ahead of industrial transformations have in fact led us to adopt new products of the green economy sector.

In 2021, NTT DATA Italia was one of the very first companies to experiment with Pirelli's "**CYCL-e around**" project. An innovative service that places a fleet of e-bikes at the disposal of employees, not only for travel from home to work, but also for leisure.

The project, to be launched in April 2022, is a demonstration of our commitment to promoting healthier lifestyles and modes of travel and will contribute to reducing environmental impacts while assuring more fluid and sustainable movements.



NTT DATA and everis, together towards One Company.

In line with our growth strategy, this year we have concluded an important business operation in order to offer our customers a wider range of innovative solutions.

As of March 2022, **everis Italia** has been formally merged with NTT DATA Italia, giving rise to an integrated corporate group with the addition of over 1,000 professionals in the Milan, Rome and Turin offices.

From the start both companies have operated jointly on the market, adopting a common organisational structure to facilitate the gradual convergence towards a single company: **One NTT DATA**.

United we are bigger.

The organisational model of the new NTT DATA aims at a clearer market positioning, oriented towards making the most of the skills and distinctive experience that everis and NTT DATA have built up over the years.

The operation not only enables us to become an even more prominent player at a local and international level, but also offers us the opportunity to take our place among the world's leading IT companies in terms of skills excellence, geographical presence and financial capabilities.

Human-centred, the work model that rewards the country.

The end of the process we began in 2020 under the name of “Road to 2023” is only a year away. The NTT DATA Italia manifesto designed by our leaders and our talents with the aim of reaching a more sustainable, innovative, people-focused society. In these two years we have worked together with our customers to make it possible, to build a more inclusive country, with the attention that women, young people and southern Italy deserve.

The philosophy guiding us towards change.

We are a **Smile Working Company**, we promote values like equity, meritocracy and inclusiveness, strongly believing in our employees’ growth and the benefits our country can derive. For this reason, alongside our attention to projects, we have created opportunities for listening, sharing and wellbeing.

During the pandemic, together with NTT DATA 4 Wellness, we involved our community of people in online yoga and Pilates lessons. We also started up a virtual café so as not to miss taking breaks with co-workers or lose contact with customers and organised workshops and coaching sessions to alleviate the stress due to remote work.

At home or in the office, for us the key to wellbeing is working well together.

In order to get prepared for a gradual return to the office, NTT DATA concluded an agreement on smart working to enable us, at the end of the health emergency, to build a work model based on trust and a sense of responsibility.

This approach to work is so innovative that it received **Top Employer Italia 2022 Certification**. The certification rewards companies of excellence in our country for having reached the high standards required according to the HR Best Practices Survey in terms of HR policies and strategies and people’s wellbeing.

Inclusion as a social value.

It is with the idea of increasing people’s awareness about issues tied to inclusion and diversity that every year we take part in programmes of a social character. Like the **4Weeks4Inclusion** in October 2021, an initiative that brought together over 200 companies to achieve a common objective: to promote diversity of all kinds, by sharing stories, models and tools and creating a debate among representatives of institutions, the business community and trade unions.

Furthermore, in order to assure the creation of inclusive organisations and software, we have launched training courses in partnership with schools and universities. Some areas of NTT DATA, for example, focus on the accessibility of digital products, with the aim of creating an **increasingly inclusive**

digital culture.

Banca AideXa: an accessible solution for a fintech that is ready for every business.

Taking care of people through services designed for small and medium-sized enterprises in difficulty. This is the main idea that led some Italian entrepreneurs to create an innovative fintech for B2B.

After starting off in June 2018 with the name of Banca Idea, the project broadened its plan of action in 2019 upon reaching 10 co-founders. In 2020, it then confronted the challenges of the COVID-19 pandemic and managed to seize every opportunity to continue to grow, becoming **Banca AideXa** in 2021.

And it was precisely in June of the same year that NTT DATA Italia came onto the scene with the involvement of **Tangity**, the design studio of NTT DATA, which Banca AideXa asked to design and develop a scalable modular solution.

The challenge for inclusiveness.

In addition to helping the brand in its positioning, the goal we set ourselves was to create a **100% accessible website**. A solution capable of speaking the same language as people with a story and a sustainable style, free from the schemes of a traditional bank. In order to optimise the management and control of the website, AideXa also asked us for a CMS that allowed the website to be administrated in full autonomy.

The project, which lasted 3 months and was essentially completed remotely, saw the involvement of an always present client on the one hand and, on the other hand, enthusiasm for working on a product with no digital gaps, ready to be used also by people with disabilities.

During both the design and development stages, our designers followed version 2.1 of the Web Content Accessibility Guidelines (**WCAG**), a series of internationally recognised indications developed by the World Wide Web Consortium (W3C). An essential requisite, for example, is alternative text: the description of an image or any other non-text content that offers benefits to the blind or visually impaired.

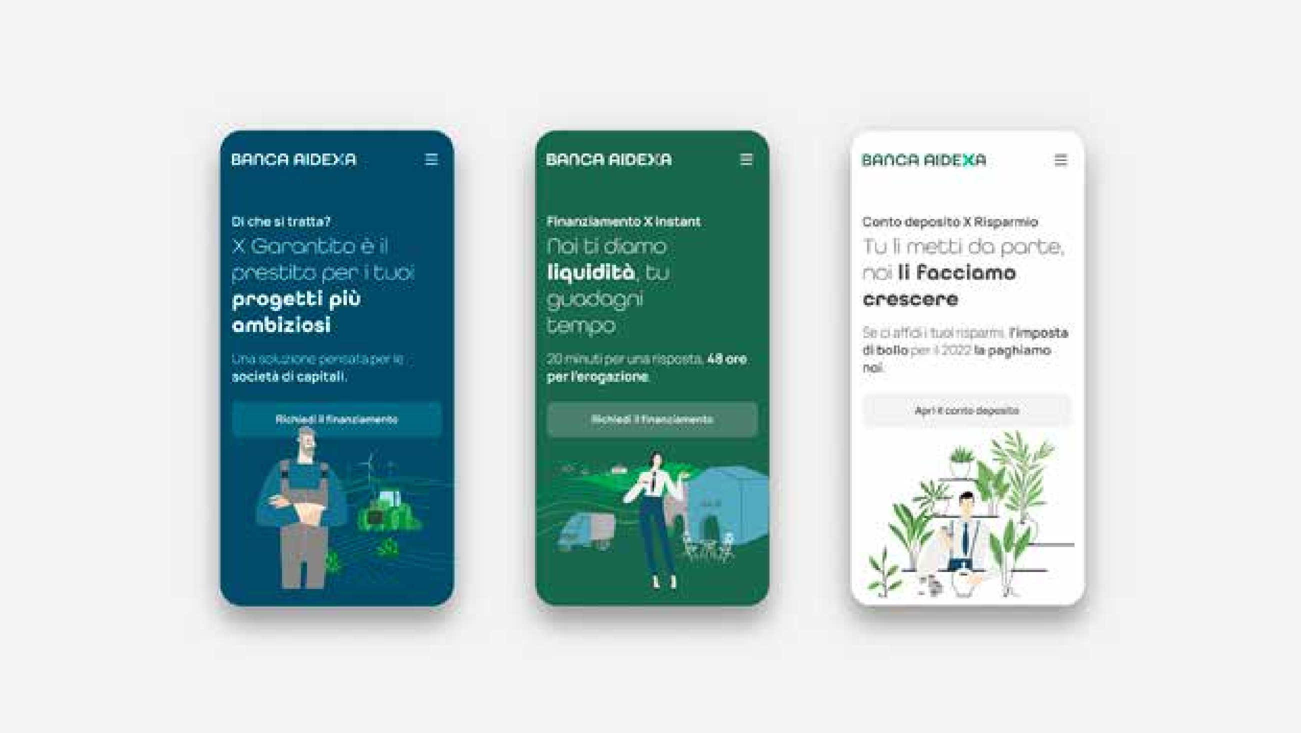
The NTT DATA accessibility team, finally, offered an assessment of the product and its contents on the basis of the tests conducted, pointing out potential optimisations to the team of developers.

A successful result.

The solution we brought to the market with Banca AideXa combines innovation with social responsibility, revolutionising the world of digital products in favour of diversity.

The content of every page simulates a dialogue between user and bank and is accompanied with a series of illustrations that make the various services easier to understand. Navigation of the website is simple and intuitive, while the easy-to-use CMS allows the client to enter data and rapidly create new pages.

A user-friendly product, a user interface conceived for businesses and a visual identity marked by minimalism and sustainability. These are the features that enabled Tangity to win the **iF Design Award 2022**, one of the most prestigious awards for design excellence worldwide.



Smart Water Management System, our commitment to the environment.

In Italy, the poor conditions of the water supply infrastructure caused – in 2018 alone – a loss of over 40% of drinking water in the distribution network. According to a study by Istat (Italian National Statistics Institute), over 3.4 billion cubic metres are leaked every year, about 156 litres per day per inhabitant.

In order to address this problem and contribute to a more sustainable society, NTT DATA Italia developed **OrigAMI**, a project conceived in partnership with the University of Calabria, aimed at the development of a Smart Water Management System.

Innovation against all waste.

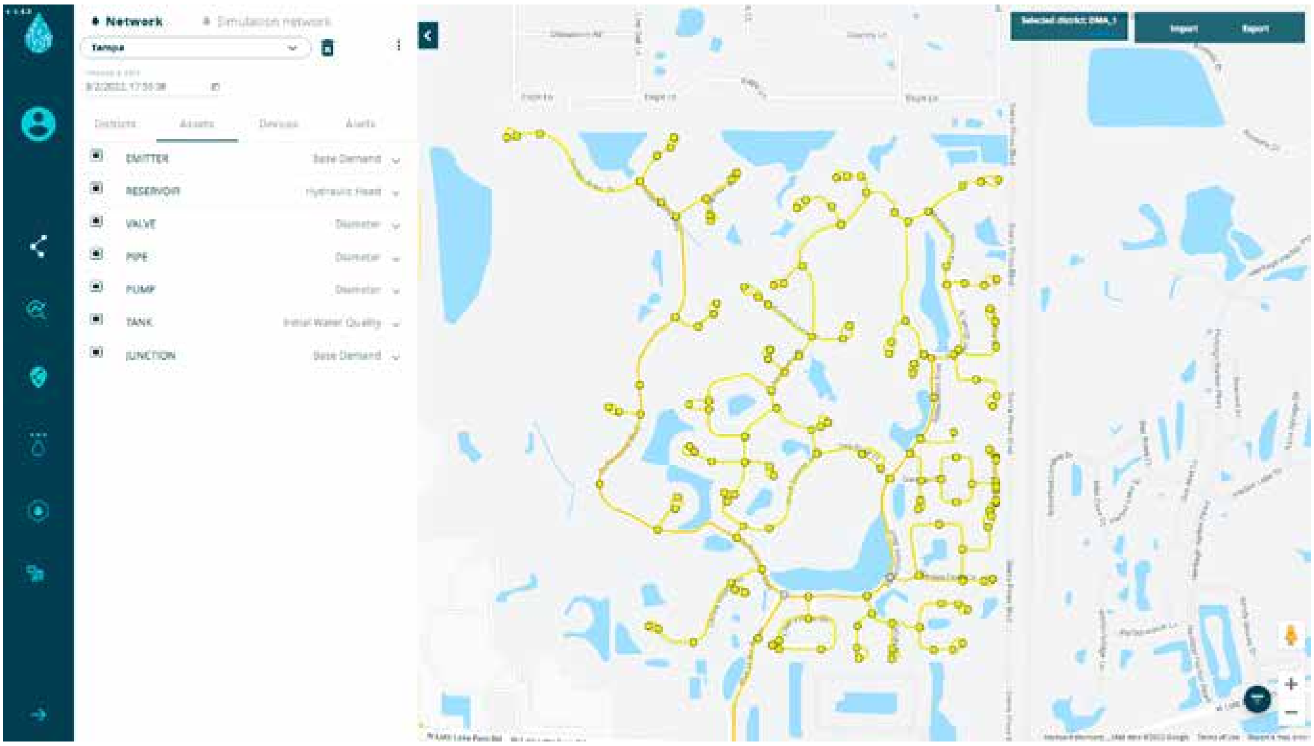
The solution is based on a cloud-native approach and is combined with our IoT technology to enable a centralised management of all operations tied to water distribution (measurement of consumption, detection, monitoring of chlorine and contaminants and support to water pipe maintenance). Not only.

origAMI is first and foremost a decision support system: it provides tools for hydraulic modelling, simulation, maintenance and failure prediction. This means a cost reduction for utilities, and thus lower rates for people and more investments in the upgrading of water distribution networks.

A project with a glocal vision.

OrigAMI draws inspiration from the **17 Sustainable Development Goals** of the United Nations. Launched in 2016, it grew out of the awareness that sustainability must be increasingly integrated within corporate business models.

Guaranteeing and supplying safe water is a priority environmental issue for us. For this reason, we are working together with our local and global partners to bring smart water management systems to the whole world. The prize received at the **NTT DATA Awards 2022** in the Sustainability category with the Water Management System of the utility Acea, which uses origAMI, is a demonstration of our commitment, a recognition that gives us strength to continue building a better future for everyone.



Employer Branding and attraction strategies

Greater flexibility, a new organisational model and dedicated training. These are the elements that people are looking for in the “new” world of work.

Before applying for a job, potential candidates now do research into the company’s reputation: they read reviews by employees, explore social profiles and are more and more interested in professional growth and wellbeing. According to the data of the new edition of Microsoft’s **Work Trend Index** (“Great Expectations: Making Work”), 54% of Italians prioritise health and wellbeing over work. While 37% are considering the idea of quitting their job within a year.

Vying for the best talents

In the past two years, the unexpected impact with smart working has transformed the very meaning of work. By revealing new personal needs on the one hand, and the need for companies to improve their **Employer Brand** on the other. That is, to develop loyalty-building and recruiting strategies to attract talents and succeed in standing out in a competitive market.

NTT DATA Italia’s strategies include the **Talent Acquisition** process. A long-term planning of HR activities, which have the objective of boosting the company’s image by sharing its vision through social media and channels dedicated to job opportunities. Part of this process is the development of a new approach to recruiting, which we have dubbed “**reverse interview**”. Now it is NTT DATA Italia that reaches out to talent as a candidate employer. In an arranged meeting, the company explains the reasons for its interest and introduces itself, illustrating its business philosophy.

Although it is at an experimental stage, this new approach has markedly improved the recruiting experience: compared to the traditional method, 60% of the people contacted via LinkedIn responded positively to our request as a candidate.

However, recruiting on its own is not enough. Employees also play a fundamental role in the company’s Employer Branding. If involved in loyalty-building activities, like the ones NTT DATA dedicates to listening and relations among co-workers (Smile&Meet), people can become veritable ambassadors of the company. A good strategy, according to a study conducted by the Boston Consulting Group, can reduce the employee turnover rate to as low as 28%, meaning savings in the costs of recruiting new personnel.

New generations, the most important investment.

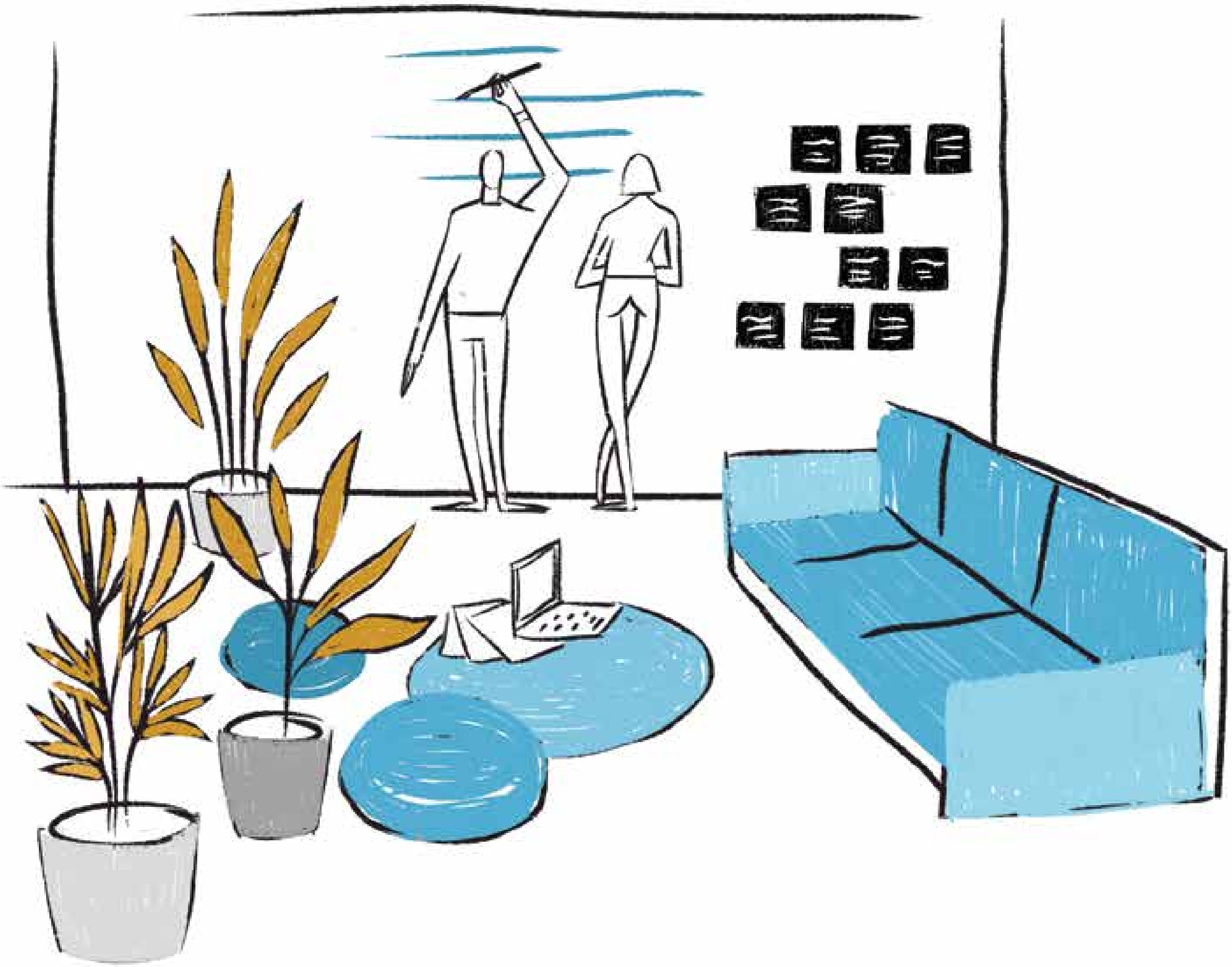
Another statistic that brings to light the competitive situation in the market comes from a survey conducted by the **ManpowerGroup** at the end of 2021. In Italy, 76% of employers are unable to find people with the skills they need: the highest percentage in the last 15 years. And the trend is on the rise if we consider the Information Technology sector.

For companies this entails a responsibility to invest in training new talents so as to favour youth employment and expand the supply of the skills demanded.

For this reason, NTT DATA established the “**ITS Academy Leading Generation**” Foundation: an initiative undertaken with other companies, schools and universities which offers high quality technical training to newly graduated high school students. Like the programme we have set up with 20 openings for high school graduates who want to become Digital Developers. The training programme offers 3 scholarships and lasts for two years, at the end of which all students can participate in a selection process for recruitment purposes.

05

Report on operations



“Biggest ideas have found their place.”

Report on operations

The Consolidated Financial Statements and the Financial Statements of the parent company NTT Data Italia S.p.A. for the year ended March 31, 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union with European Regulation (EC) No 1606/2002 of 19 July 2002, as well as Italian Legislative Decree No 38 of 28 February 2005, which established rules for the application of IFRS within the framework of Italian law.

The following companies fall within the scope of consolidation of the Group NTT DATA Italia:

- 100% NTT DATA Italia S.p.A. (Parent company);
- 99.90% IFI Solution Co., Ltd (Vietnam)
- 100% everis Italia S.p.A. (Italia);
- 100% Xsfera S.r.l. (Italia).

We report that in the month of March 2021 the parent company NTT DATA Italia S.p.A. concluded an agreement with Itelligence Bilgi Sistemleri A.Ş. (now NTT DATA Business Solutions Türkiye), a company belonging to the NTT DATA Group, for the transfer of the subsidiary NTT DATA Danismanlik.

The agreement provided for the loss of control by the NTT DATA Italia starting from the month of April 2021, whereas the transfer of ownership took place in the month of May 2021.

During the fiscal year, the NTT DATA Corporation continued its implementation of the "**ONE NTT DATA**" project, which, in October 2021, also saw the companies of the subsidiary group everis unified under a single NTT DATA brand; a process of corporate simplification was launched in the countries in which both of the original brands were present.

Within the framework of this project, on March 18, 2022 NTT DATA Italia S.p.A. acquired 100% of everis Italia S.p.A. from NTT DATA Spain S.L.U. through a transfer to the latter of 3,145,416 newly issued shares (worth € 7,864 thousand) and the allocation by the parent company of a share premium reserve amounting to € 17,844 thousand. The agreement provided for NTT DATA Spain to maintain control of everis italia S.p.A until March 31, 2022 and for this reason everis Italia was included within the scope of consolidation solely with respect to assets and liabilities.

Report on operations accompanying the consolidated financial statements

Business Performance

The fiscal period ended March 31, 2022 closed with a significant growth in revenues and a strong improvement in the consolidated business performance (+56.1%). Revenues in the period stood at € 486,497 thousand, up € 22,623 thousand (+4.9%) from the previous period, with the following breakdown by geographical area:

• Italy: € 481,653 thousand, + € 21,525 thousand compared to the previous period.
• Vietnam: € 5,214 thousand, + € 1,004 thousand compared to the previous period.
• Consolidation adjustments: - € 370 thousand, + € 94 thousand compared to the previous period.

The operating result amounted to € 34,221 thousand, with an increase of € 12,305 thousand (+56.1%) compared to the previous period, and an improvement in terms of percentage of revenues (7.0% this year compared to 4.7% of the previous year). In particular: the parent company contributed € 33,737 thousand to the consolidated operating result and the subsidiaries € 484 thousand. The net financial expenses amounted to € 4,112 thousand (€ 1,991 thousand in the previous year). The € 2,121 thousand increase mainly reflects the financial effects of the deconsolidation of NTT DATA Danismanlik (- €1,344 thousand) and the increase in leasing-related financial expenses under IFRS 16 (€ 826 thousand in the current year compared to € 287 thousand in the previous year). The Group's net result totalled € 26,877 thousand, a significant increase compared to last year, which saw a net profit of € 18,043 thousand.

Consolidated Profit & Loss

(€ thousand)	*31 March 2021*				*31 March 2022*				
	Parent company	*Subsi-diaries*	*Adjust-ments*	*Total*	*Parent company*	*Subsi-diaries*	*Adjust-ments*	*Total*	*Δ%*
Total revenues	**460.128**	**4.210**	**(463)**	**463.874**	**481.483**	**5.384**	**(370)**	**486.497**	**4,9%**
Increases in fixed assets for internal work	306	-	-	306	342	-	-	342	11,7%
Cost of materials and services	(187.835)	(531)	463	(187.902)	(186.733)	(869)	370	(187.232)	(0,4%)
Cost of personnel and directors	(235.897)	(3.084)	(39)	(239.020)	(249.296)	(3.968)	-	(253.264)	6,0%
Other operating costs	(2.175)	(4)	-	(2.179)	3.036	135	-	3.171	(245,5%)
EBITDA	**34.526**	**591**	**(39)**	**35.079**	**48.831**	**683**	**(0)**	**49.514**	**41,2%**
Depreciation and value adjustments	(12.978)	(185)	-	(13.163)	(15.094)	(199)	-	(15.293)	16,2%
EBIT	**21.548**	**406**	**(39)**	**21.916**	**33.737**	**484**	**(0)**	**34.221**	**56,1%**
Net financial charges	(1.318)	(12)	(662)	(1.991)	(2.661)	(108)	(1.344)	(4.112)	106,5%
Result before taxes	**20.230**	**394**	**(700)**	**19.924**	**31.076**	**376**	**(1.344)**	**30.109**	**51,1%**
Income taxes	(1.586)	(92)	-	(1.678)	(3.128)	(104)	-	(3.232)	92,6%
Net Profit/(Loss) from disconti-nued operations held for sale	-	(242)	39	(203)	-	-	-	-	(100,0%)
Net result	**18.644**	**60**	**(662)**	**18.043**	**27.948**	**272**	**(1.344)**	**26.877**	**49,0%**

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. Shareholders' equity stood at € 135,841 thousand as of March 31, 2022, a significant increase compared to the € 83,535 thousand as of March 31, 2021;

this is mainly attributable to the transfer of everis Italia to NTT DATA Italia (€ 22,958 thousand) and the business results achieved by all of the Group companies. Non-current assets stood at € 190,609 thousand, with an increase of € 6,361 thousand compared to the previous year, mainly as a result of the inclusion of the tangible fixed assets of everis Italia within the scope of consolidation. Net working capital amounted to € 17,041 thousand, with an increase of € 9,995 thousand compared to the previous year. Financial payables (IFRS 16) amounted to € 62,702 thousand, with an increase of € 4,085 thousand compared to the previous year, mainly as a result of the consolidation of everis Italia.

Net financial liabilities amounted to € 88,540 thousand and relate to a loan provided by NTT DATA EMEA to the parent company NTT DATA Italia, with an outstanding amount of € 97,500 thousand net of the amount of financial receivables (€ 8,960 thousand) due to everis Italia from NTT DATA Spain.

Consolidated Balance Sheet

(€ thousand)	*31 March 2019*	*31 March 2020*	*31 March 2021*	*31 March 2022*
Fixed assets	**119.931**	**142.877**	**184.249**	**190.609**
Work in progress	21.818	23.503	25.971	33.015
Trade receivables	169.248	176.451	183.335	248.554
Trade payables	(94.715)	(90.696)	(79.849)	(107.499)
TWC	**96.351**	**109.258**	**129.457**	**174.070**
Other assets	17.879	17.179	20.279	23.091
Other payables	(91.680)	(121.287)	(142.690)	(180.120)
NWC	**22.550**	**5.149**	**7.046**	**17,041**
Deferred taxes	5.381	9.676	9.959	11.038
Retirement employee benefit plan	(19.651)	(18.213)	(16.202)	(16.005)
Provisions	(672)	(15.958)	(8.968)	(6.718)
Capital employed	**127.539**	**123.532**	**176.084**	**195.966**
Net payables towards third parties	27.077	58.443	63.567	91.116
Financial liabilities IFRS 16	-	(17.637)	(58.616)	(62.702)
Net capital employed	**154.617**	**164.338**	**181.035**	**224.381**
Net financial liabilities from Parent Companies	*117.500*	*97.500*	*97.500*	*88.540*
Shareholders' Equity	*37.117*	*66.838*	*83.535*	*135.841*
NTT DATA resources	**154.617**	**164.338**	**181.035**	**224.381**

A reconciliation with the financial statements for the 2022 fiscal period is provided below:

- Non-current assets: they do not include deferred tax assets amounting to € 11,041 thousand (value explained separately).

- Other receivables: they are composed of “Tax receivables” amounting to € 3,575 thousand and “Other receivables and current assets” amounting to € 19,516 thousand.
- Other payables: these are composed of “Tax payables and social security” amounting to € 44,648 thousand (including € 13,772 thousand in payables for the retirement scheme) and “Other current liabilities” amounting to € 135,472 thousand.
- Deferred tax assets: the value reported is the net amount between “Deferred tax assets” amounting to € 11,041 thousand and “Deferred tax liabilities” amounting to € 3 thousand.
- Miscellaneous provisions: they consist of provisions for risks and charges amounting to € 2,145 thousand, provisions for restoration expenses amounting to € 669 thousand and provisions for early retirement and leaving incentives amounting to € 3,904 thousand.

The Cash Flow Statement shows an improvement in the free cash flow, which stood at € 27,549 thousand, with an increase of €22,425 thousand compared to the previous year. In particular:

- the cash flow from operating activities was positive, € 38,458 thousand versus € 19,952 thousand as of March 31, 2021.
- investing activities amounted to - € 5,622 thousand, and were down from the previous period (- € 7,452 thousand).
- the financing activities amounted to - € 5,287 thousand and mainly relate to lease contracts accounted for as per IFRS 16 and, specifically, to the net change between the conclusion of new contracts and the payment of the amounts contractually provided for.

The Group’s cash holdings stood at € 91,116 thousand, an increase of € 27,549 thousand compared to the previous period.

Consolidated Cash Flow statement

(€ thousand)	*31 March 2021*	*31 March 2022*
Cash Flow from P&L	34.207	42.578
Working capital variation	(14.254)	(4.120)
Cash Flows generated from operating activities	**19.952**	**38.458**
Investing Activities	(7.452)	(5.622)
Cash Flow generated from operating and investing activities	**12.500**	**32.836**
Cash Flow generated from financing activities	(7.376)	(5.287)
Increase/(Decrease) in third parties financing	**5.124**	**27.549**
Cash available at the beginning of the period	58.443	63.567
Cash available at the end of the period	63.567	91.116

The Group’s Net Financial Position as of March 31, 2021 stood at - €60,125 thousand (- € 92,549 thousand as of March 31, 2021). The improvement by € 32,424 thousand mainly reflects the cash flows generated by the parent company NTT DATA Italia during the fiscal year (+ € 25,969 thousand), as well as the consolidation of everis Italia.

Consolidated Net Financial Position

(€ thousand)	*31 March 2021*			*31 March 2022*			
	Short	*Med.-long*	*Total*	*Short*	*Med.-long*	*Total*	*Difference*
Cash and cash equivalents	63.567	-	63.567	91.116	-	91.116	27.549
Financial receivables vs NTT DATA Spain SLU	-	-	-	8.960	-	8.960	8.960
Total financial assets	**63.567**	**-**	**63.567**	**100.076**	**-**	**100.076**	**36.509**
NTT DATA Emea Ltd loans	-	(97.500)	(97.500)	-	(97.500)	(97.500)	-
Financial liabilities IFRS 16	(4.154)	(54.463)	(58.616)	(5.001)	(57.701)	(62.702)	(4.085)
Total financial liabilities	**(4.154)**	**(151.963)**	**(156.116)**	**(5.001)**	**(155.201)**	**(160.202)**	**(4.085)**
Net financial position excluding IFRS 16	**63.567**	**(97.500)**	**(33.933)**	**100.076**	**(97.500)**	**2.576**	**36.509**
Net financial position	**59.414**	**(151.963)**	**(92.549)**	**95.075**	**(155.201)**	**(60.125)**	**32.424**

Excluding the effects of the application of IFRS 16, the net financial position as of March 31, 2021 was equal to - € 2,576 thousand, an improvement of € 36,509 thousand compared to the previous year (- € 33,933 thousand as of March 31, 2021).

Subsidiaries

The results achieved by the subsidiaries are reported below.

- IFI Solution (Vietnam): the operating performance achieved in the fiscal year was positive. In particular, revenues were up compared to the previous year and amounted to € 5,214 thousand (€ 4,040 thousand as of March 31, 2021). The operating result stood at € 356 thousand and the net result achieved was equal to € 173 thousand.
- Xsfera (Italy): on April 21, 2020 the Company entered into an agreement with the parent company to lease the business as a whole, effective as of April 1, 2020. The three-year agreement regarded the commercial assets and liabilities of Xsfera, as well as the personnel employed at that date. During the current fiscal year, Xsfera generated revenues totalling € 170 thousand as a result of the above-mentioned lease agreement, while the net result was equal to € 100 thousand.
- everis Italia (Italy): during the fiscal year the company earned revenues totalling € 104,479 thousand, as compared to an operating result of € 3,210 thousand and a net result of € 2,001 thousand. Following the acquisition of the company, which took place in March 2022, everis Italia was included within the scope of consolidation solely with respect to assets and liabilities.

For further details, please refer to what was described earlier.

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

(€ thousand)	*31 March 2021*		*31 March 2022*	
	Shareholders' equity	*Result of the year*	*Shareholders' equity*	*Result of the year*
NTT DATA Italia S.p.A. Financial Statemen	**79.938**	**18.644**	**133.621**	**27.948**
Shareholders' equity and results of subsidiaries	5.063	60	27.545	272
Consolidation adjustments	(1.466)	(662)	(25.324)	(1.344)
Consolidated Financial Statement	**83.535**	**18.043**	**135.841**	**26.877**

Workforce

The Group workforce as of March 31, 2022 reached 5,558 employees, versus 4,322 as of March 31, 2021 (+8.3%), an increase of 1,236 employees compared to the previous year; the breakdown by geographical area is as follows:

- Italy: 5,257 employees (+1,198 employees compared to March 2021, of whom 984 deriving from the consolidation of everis Italia);
- Vietnam: 301 employees (+71 employees compared to March 2021);

company's growth was mainly distributed among the following divisions:

- **Naples** +56 employees (+14.4%);
- **Rome** +54 employees (+3.9%);
- **Turin** +37 employees (+18.0%);
- **Cosenza** +35 employees (+11.0%);
- **Milan** +34 employees (+2.2%).

Excluding everis Italia, 1,022 employees joined the Group in the fiscal year, including 843 hired by NTT DATA Italia. There was a focus on young people with high professional qualifications (office personnel and managers). During the year 252 women were hired, 219 by the Parent Company.

(number of units)	*NTT DATA Italia*	*everis Italia*	*IFI Solution*	*Total*
Women	1.252	279	77	1.608
Men	3.021	705	224	3.950
Total	**4.273**	**984**	**301**	**5.558**

Business outlook

Although the Covid-19 pandemic negatively impacted the situation of the global economy and market in 2021 and continues to be present in the early months of 2022, the Group's main performance indicators did not suffer any significant impacts in the course of the last fiscal period.

The deterioration of the international political and economic scenario is influencing the growth prospects of the global market and has given rise to major elements of uncertainty as regards the prospects for the coming years; we hope that a rapid solution will be found.

Notwithstanding this context, the prospects for the global and Italian ITC markets remain positive and the business plan presented and approved by the Board of Directors confirmed our business and financial targets and forecasts growth in revenues and profitability, as well as a boosting of our market share.

Furthermore, the close cooperation with the company everis Italia enables us to achieve major cost synergies and will allow us to further increase our range of offerings to customers.

Performance of the Parent Company NTT DATA S.p.A.

Operating performance

Revenues in the period stood at € 481,483 thousand, with an increase of € 21,355 thousand compared to the previous year. Breaking down the revenues by industry, it is worth noting in particular the increase in Banking and Insurance (€ +12.0 million compared to the previous period), Energy & Utilities (€ +6.6 million compared to the previous period) and Telco & Media (€ +4.2 million compared to the previous fiscal year). **Fixed assets from internal work** accounted for 0.07% (€ 342 thousand) of revenues, and were substantially in line with the previous fiscal year (€ 306 thousand, equal to 0.07% of revenues).

EBITDA stood at a positive € 48,831 thousand, with a decided improvement in the earnings margin compared to the previous year (+41.4%) thanks above all to the increase in revenues and a reduction in the "**cost for materials and services**" as a percentage of revenues (38.8% versus 40.8% of the previous year). The cost of personnel stood at 51.8% vs 51.3% of the previous period, in line with the company's strategy of increasing the share of services managed internally.

The **EBIT** was a positive € 33,737 thousand, equal to 7.0% of revenues (4.7% in the previous year).

The **net financial charges** amounted to € 2,661 thousand, and included net interest charges of - € 1,223 thousand, mainly related to the loan provided by the controlling company NTT DATA EMEA and - € 818 thousand in financial charges related to lease liabilities under IFRS 16.

The **net result** for the year was a positive € 27,948 thousand (€ 18,644 thousand the previous year).

Profit & Loss

(€ thousand)	*31 March 2021*	*% VPT*	*31 March 2022*	*% VPT*	*Δ%*
Total Revenues	**460.128**	**100,0%**	**481.483**	**100,0%**	**4,6%**
Increases in fixed assets for internal work	306	0,1%	342	0,1%	
Cost of materials and services	(187.835)	(40,8%)	(186.733)	(38,8%)	
Cost of personnel and managers	(235.897)	(51,3%)	(249.296)	(51,8%)	
Other operating costs	(2.175)	(0,5%)	3.036	0,6%	
EBITDA	**34.526**	**7,5%**	**48.831**	**10,1%**	**41,4%**
Depreciations and value adjustments	(12.978)	(2,8%)	(15.094)	(3,1%)	
EBIT	**21.548**	**4,7%**	**33.737**	**7,0%**	**56,6%**
Net financial costs	(1.318)	(0,3%)	(2.661)	(0,6%)	
Result before taxes	**20.230**	**4,4%**	**31.076**	**6,5%**	**53,6%**
Income taxes	(1.586)	(0,3%)	(3.128)	(0,6%)	
Net result	**18.644**	**4,1%**	**27.948**	**5,8%**	**49,0%**

Balance sheet and financial standing

The non-current assets stood at € 208,839 thousand, with an increase of € 23,386 thousand compared to the previous year, mainly as a result of the inclusion of the equity investment in everis Italia, amounting to € 25,708 thousand.

Net working capital amounted to **€ 4,583** thousand, an increase of € 1,559 thousand compared to the previous year, mainly as a result of the greater volumes of business:

Shareholders' equity stood at **€ 133,621** thousand as of March 31, 2022, up from the € 79,938 thousand as of March 31, 2021, mainly by virtue of the result for the year, € 27,948 thousand, and the contribution of everis Italia, for an amount of € 25,708 thousand.

Financial payables (IFRS 16) stood at € 56,230 thousand, down € 2,234 thousand compared to the previous year per.

The financial liabilities relate to a loan from NTT DATA EMEA and amounted to **€ 97,500 thousand**; the value was unchanged from the previous year.

Balance Sheet

(€ thousand)	*31 March 2019*	*31 March 2020*	*31 March 2021*	*31 March 2022*
Fixed assets	**121.910**	**142.905**	**185.453**	**208.839**
Work in progress	21.818	23.524	25.971	33.297
Trade receivables	167.990	173.659	181.498	208.238
Trade payables	(94.539)	(91.961)	(79.537)	(91.928)
TWC	**95.269**	**105.221**	**127.932**	**149.607**
Other assets	16.819	15.945	18.389	19.760
Other payables	(91.282)	(119.983)	(143.298)	(164.783)
NWC	**20.806**	**1.183**	**3.024**	**4.583**
Deferred taxes	5.388	9.964	9.962	9.851
Leaving indemnity provision	(19.651)	(17.769)	(16.202)	(15.572)
Provisions	(672)	(15.958)	(8.968)	(6.718)
Capital employed	**127.780**	**120.326**	**173.269**	**200.983**
Net Credits/(Debts) towards third parties	24.559	56.554	62.633	86.368
Financial liabilities IFRS 16	-	(17.251)	(58.464)	(56.230)
NET CAPITAL EMPLOYED	**152.339**	**159.629**	**177.438**	**231.121**
Loan from Parent Company	*117.500*	*97.500*	*97.500*	*97.500*
Net equity	*34.839*	*62.129*	*79.938*	*133.621*
NTT DATA RESOURCES	**152.339**	**159.629**	**177.438**	**231.121**

A reconciliation with the financial statements for the 2022 fiscal period is provided below:

- Non-current assets: they do not include deferred tax assets amounting to € 9,851 thousand (value explained separately).
- Other receivables: they are composed of “Tax receivables” amounting to € 2,222 thousand and “Other receivables and current assets” amounting to € 17,538 thousand.
- Other payables: these are composed of “Tax payables and social security” amounting to € 42,233 thousand (including € 13,772 thousand in payables for the retirement scheme) and “Other current liabilities” amounting to € 122,551 thousand.
- Deferred tax assets: the value reported is the net amount of “Deferred tax assets”, amounting to € 9,851 thousand.
- Miscellaneous provisions: they consist of provisions for risks and charges amounting to € 2,145 thousand, provisions for restoration expenses amounting to € 669 thousand, and provisions for early retirement and leaving incentives amounting € 3,903 thousand.

The **Cash Flow Statement** shows an improvement in the **free cash flow**, which stood at **€ 23,735**

thousand. In particular:

- the **cash flow from operating activities** was positive, € 38,412 thousand (at March 31, 2021 it was equal to € 19,599 thousand)
- **investing activities** amounted to € -35,255 thousand and were up by € 28,951 thousand compared to the previous year, mainly in relation to the transfer transaction involving the equity investment in everis Italia already described earlier.
- The **financing activities** amounted to € +20,578 thousand (€ -7,216 thousand in the previous period) and relate to the combined effect of the increase in shareholders' equity generated by the transfer transaction involving the equity investment in everis Italia, amounting to € 25,708 thousand, net of the increase in financial liabilities related to leasing and amounting to - € 5,130 thousand.

The **available liquid resources** amounted to **€ 86,368 thousand**, with an increase of **€ 23,735 thousand** compared to the previous period.

Cash Flow Statement

(€ thousand)	*31 March 2021*	*31 March 2022*
Cash flow from PL	33.666	42.139
Variance in working capital	(14.066)	(3.727)
Cash flows from operating activities	**19.599**	**38.412**
Investing activities	(6.304)	(35.255)
Cash flows from operating and investing activities	**13.295**	**3.157**
Financing activities	(7.216)	20.578
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**6.079**	**23.735**
Cash available as of Juanuary, 1st	*56.554*	*62.633*
Cash available at the end of the period	*62.633*	*86.368*

The Company's **Net Financial Position** as of March 31, 2022 stood at - € 67,362 thousand (- € 93,331 thousand in the previous year). The improvement by € 25,969 thousand is mainly ascribable to the cash flow generated during the year from operating activities, amounting to € 38,412 thousand.

Excluding the effects of the application of IFRS 16, the Net Financial Position as of March 31, 2022 was equal to - € 11,132 thousand, an improvement of € 23,735 thousand compared to the previous year (- € 34,867 thousand as of March 31, 2021).

We shall note that since June 2016 NTT DATA Italia has been included in the cash pooling scheme of NTT DATA EMEA.

Net Financial Position

(€ thousand)	31 March 2021 Short	Med.-long	Total	31 March 2022 Short	Med.-long	Total	Difference
Cash	62.633	-	62.633	86.368	-	86.368	23.735
Total financial assets	**62.633**	**-**	**62.633**	**86.368**	**-**	**86.368**	**23.735**
NTT DATA Emea Ltd loans	-	(97.500)	(97.500)	-	(97.500)	(97.500)	-
Financial liabilities IFRS 16	(4.019)	(54.445)	(58.464)	(2.890)	(53.341)	(56.230)	2.234
Total financial liabilities	**(4.019)**	**(151.945)**	**(155.964)**	**(2.890)**	**(150.841)**	**(153.730)**	**2.234**
Net financial position excluding IFRS 16 effects	62.633	(97.500)	**(34.867)**	86.368	(97.500)	**(11.132)**	**23.735**
NET FINANCIAL POSITION	**58.614**	**(151.945)**	**(93.331)**	**83.478**	**(150.841)**	**(67.362)**	**25.969**

Presence across the country

In addition to the headquarters in Milan, via Calindri 4, NTT DATA Italia S.p.A. operates from 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, Via Spagna 240-242 87036 Rende (Cosenza)

INNOVATION EXPENSES

During 2022, the company has continued 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 organization;
- **Intelligence Virtual Entity**, a "virtual agent" enabling remote communication with users;
- **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 € 342 thousand.

BUSINESS OUTLOOK

Please refer to the paragraph describing the business outlook in the report on operations accompanying the Consolidated Financial Statements.

OTHER INFORMATION

Relations 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.), 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 collective body chaired by an outside professional having competencies in legal matters, management, control systems analysis or in any event extensive experience with the problems specifically relating to the activities within the scope of responsibility of the Supervisory Body.

We note that during the Company's fiscal year the Supervisory Body met on a two-monthly / quarterly / four-monthly basis, according to need, 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, 2021, the latter appointed the new members of the Supervisory Body, whose term of office is confirmed until the approval of the Financial Statements as of March 31, 2023.

The yearly report of the Supervisory Body will be submitted to the Board of Directors.
During the year a series of specific training initiatives were undertaken, aimed both at individuals in the company who operate in the areas at greatest risk of the potential commission of predicate offences and at the company workforce as a whole.

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 S.p.A. 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 these certifications is conditional upon passing the routine yearly audits or a complete review of the system upon expiry of the three-year period of validity.

In general NTT DATA Italia intends to continue promoting projects and initiatives to expand its business management system towards new areas; during 2021 new certifications were obtained for compliance with the system standard ISO 14001 (for environmental protection) and SA8000 (for social responsibility), our aim being to operate with an eye to continual improvement.

DATA PROTECTION

Data protection[1] is a fundamental activity for NTT DATA Italia, considering its essential role in terms of protecting the rights of individuals and reputations (both of the company, and of customers and suppliers). For this reason NTT DATA Italia has strengthened its commitment to managing data (whether personal or not) and responding adequately to data protection needs by implementing a

[1] Regulation (EU) 2016/679 of the European Parliament and of the Council 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.

balanced set of measures of an organizational, logical (through suitable hardware and software tools) and physical character, which together make up the Information Security Management System.

Furthermore, thanks to the implementation of advanced technological solutions (so-called "Legal Tech"), the company has an overall picture of the level of company compliance and engages in constant monitoring and control of processing activities recorded in the processing register, intervening where necessary so as to ensure a level of compliance commensurate with the risks. The Company has made significant progress towards meeting the schedule and carrying out the planned actions, as also demonstrated by the audits performed during the year by various customers. Training sessions were regularly conducted for new employees and for the specific company functions in order to increase awareness and make people better acquainted with the obligations relating to data protection, while ensuring observance of the high company standards. The CEO of NTT DATA Italia has been updated on the progress of the programme of compliance with the applicable personal data protection legislation.

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 ++, valid until June 5, 2021 (the first awarding of the rating was obtained in 2017).

During the year the Company completed the relevant biennial renewal procedure with the maximum score (3 stars), following notification of the adoption of a Sustainability Report published by the Company on its website https://it.nttdata.com/ in September 2021. NTT DATA Italia is thus present in the list of companies with a legality rating shown on the website of the Authority: https://www.agcm.it/competenze/rating-di-legalita/rating-elenco-imprese.

HEALTH & SAFETY

During the current fiscal year, in continuity with the preceding years, NTT DATA Italia once again 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 continuation of the Covid-19 pandemic, a series of initiatives were undertaken during the year with the aim of making work environments safe and enabling workers to operate in safety. Among the initiatives undertaken we shall mention:

- installation of automatic temperature and "Green Pass" reading systems in all NTT DATA divisions and monitoring of the correct use of personal protection systems;

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

• safety signs with the rules to be followed, distributed in workplaces (hygienic and sanitary standards, distancing, sanitization);
• 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, which, to increase the level of safety, is of the FFP2 type, 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 fiscal year ended March 31, 2022, during which 844 new workers were hired, the following took place:

• **1,326 medical check-ups** for the issue of certificates of fitness (newly hired workers) and renewal of the medical certificates of fitness (workers already employed at NTT DATA Italia in previous years);

• **9,174 hours of training**, including:
- **6,984 hours of general and specific training** for newly hired workers;
- **1,746 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;

- **444 hours of specific, non-standard training**.

• **over 100 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 in the ICT services industry.

The Company 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.

Our Company has business relationships built up over time with the majority of customers and losses on receivables have not historically had any major effect on turnover. Monitoring of customer credit risk is performed on the basis of periodic reports and an analysis of all receivables recorded as 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 Italian 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 undue burdens or risking damage to its reputation.

NTT DATA Italia makes sure 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 mentioned, since June 2018 NTT DATA Italia has belonged to the EMEA cash pooling scheme and has access to the credit lines provided by the controlling 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 on the support of NTT DATA EMEA to manage exchange rate risk relating to any transactions in a currency 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 and paid back with interest at 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 Company's ability to continue to operate as a going concern.

EQUITY INVESTMENTS IN SUBSIDIARIES 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: it is determined as the algebraic sum of financial liabilities (current and non-current), cash and cash equivalents and financial receivables (current and non-current).

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

06

Consolidated Financial Statement

“In our new offices, comfort is at home.”

Consolidated financial statement

Balance Sheet statement

(€ thousand)	*Note*	*31 March 2021*	*31 March 2022*
Property, plant and equipment	**4.1.1**	12.963	19.055
Right of use assets	**4.1.2**	58.528	57.790
Goodwill	**4.1.3**	108.988	108.988
Other intangible assets	**4.1.4**	3.164	4.527
Investments	**4.1.5**	38	43
Other non current assets	**4.1.6**	460	93
Other financial assets	**4.1.7**	108	112
Deferred tax assets	**4.1.8**	9.962	11.041
Non current assets		**194.210**	**201.650**
Work in progress	**4.2.1**	25.971	33.015
Trade receivables	**4.2.2**	183.335	248.554
Tax receivables	**4.2.3**	2.425	3.575
Other receivables	**4.2.4**	16.691	19.516
Cash and cash equivalents	**4.2.5**	63.567	91.116
Assets held for sales	**4.2.6**	1.163	-
Financial receivables	**4.2.7**	-	8.960
Current assets		**293.153**	**404.736**
TOTAL ASSETS		**487.363**	**606.387**

(€ thousand))	Note	31 March 2021	31 March 2022
Share capital	**4.3.1**	33.107	40.971
Legal reserve	**4.3.2**	2.047	2.075
Other reserves	**4.3.2**	30.339	65.918
Net result for the year		18.043	26.877
Shareholders' Equity		**83.535**	**135.841**
Employee benefits	**4.4.1**	16.202	16.005
Provisions	**4.4.2**	4.832	2.814
Deferred tax liabilities	**4.1.7**	3	3
Financial liabilities IFRS 16	**4.4.3**	54.463	57.701
Mid and long term financial liabilities	**4.4.3**	97.500	97.500
Non current liabilities		**172.999**	**174.023**
Trade payables	**4.5.1**	79.849	107.499
tax and social security payables	**4.5.2**	44.048	44.648
Financial liabilities IFRS 16	**4.4.3**	4.154	5.001
Provisions	**4.4.2**	4.136	3.903
Other payables and current liabilities	**4.5.3**	98.422	135.472
Liabilities directly associated with the assets held for sale	**4.2.6**	221	-
Current liabilities		**230.829**	**296.523**
Tital liabilities		**403.828**	**470.546**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**487.363**	**606.387**

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

Comprehensive income/(losses)

(€ thousand)	*Note*	*31 March 2021*	*31 March 2022*
Sales of goods and services	**4.6.1**	461.424	477.819
Other income	**4.6.2**	2	1.352
Change in work in progress	**4.6.3**	2.448	7.325
Total revenues		**463.874**	**486.497**
Increases in fixed assets for internal work	**4.6.4**	306	342
Costs for materials and services	**4.6.5**	(187.902)	(187.232)
Costs for personnel and directors	**4.6.6**	(239.020	(253.264)
Amortization, depreciation and write-downs	**4.6.7**	(13.163)	(15.293)
Other operating costs	**4.6.8**	(2.179)	3.171
Operating income		**21.916**	**34.221**
Net financial income/(expenses)	**4.6.9**	(1.991)	(4.112)
Income before taxes		**19.924**	**30.109**
Income taxes	**4.6.10**	(1.678)	(3.232)
Net income from continuing operations		**18.246**	**26.877**
Net income from discontinued operation	**4.2.6**	(203)	-
NET INCOME		**18.043**	**26.877**
Other comprehensive income or losses			
Income or losses that may subsequently be reclassified in profit/(loss) for the period			
Foreign currency translation differences		(510)	2.610
Income or losses that will never be reclassified in profit/(loss) for the period			
Liabilities/(assets) revaluation related to defined benefit funds		(1.099)	35
Taxes on income or losses that will never be reclassified in profit/(loss)		264	(8)
Total other comprehensive income or losses		**(1.345)**	**2.636**
TOTAL COMPREHENSIVE INCOME		**16.698**	**29.513**

Statement of changes in Shareholder's equity

(€ thousand)	*Share Capital*	*Legal Reserve*	*Share-premium reserve*	*Currency Conversion reserve*	*Employee Benefits Plan reserve*	*Other reserves*	*Retained earning*	*Total*
As of 1 April 2020	**33.107**	**2.039**	**-**	**(1.978)**	**(158)**	**49.758**	**(15.931)**	**66.838**
Result of the year	-	-	-	-	-	-	18.043	18.043
Other comprehensive income/(losses) for the period	-	-	-	(510)	(835)	-	-	(1.345)
Allocation of prior year results	-	8	-	-	-	-	(8)	-
As of 31 March 2021	**33.107**	**2.047**	**-**	**(2.488)**	**(993)**	**49.758**	**2.105**	**83.535**
Result of the year	-	-	-	-	-	-	26.877	26.877
Other comprehensive income /(losses) for the period	-	-	-	2.610	27		-	2.636
Allocation of prior year results	-	6	-	-	-	-	(6)	-
Change in consolidation perimeter	7.864	22	11.069	-	-	-	3.838	22.792
AS OF 31 MARCH 2022	**40.971**	**2.075**	**11.069**	**122**	**(967)**	**49.758**	**32.813**	**135.841**

Cash Flow Statement

(€ thousand)	*31 March 2021*	*31 March 2022*
Income before taxes	19.924	30.109
Amortizations, depreciations and write-downs	13.163	16.636
Severance indemnity	189	30
Increases in fixed assets for internal work	(306)	(342)
Provisions	1.236	(3.856)
(increase)/Decrease in trade receivables	(1.299)	(10.914)
(Increase)/Decrease in other receivables	618	105
Increase/(Decrease) in trade payables	(13.452)	8.644
Increase/(decrease) in other payables	3.286	479
Taxes paid	(128)	(1.597)
Severance indemnity paid	(3.279)	(625)
Net cash flow from operating activities (A)	**19.952**	**38.458**
Purchase of tangible assets	(6.727)	(9.749)
Purchase of intangible assets	(54)	(2.040)
Assets and liabilities held for sale net of cash available	(1.086)	-
(Increase)/Decrease in other non current assets	415	366
Proceeds from sale of investments	-	1.849
Payments for the acquisition of subsidiaries net of cash acquired	-	3.951
Net cash flow from investing activities (B)	**(7.452)**	**(5.622)**
Financial liabilities for leasing	7.376	(5.287)
Net cash flows from financing activities (C)	**(7.376)**	**(5.287)**
Net cash flows (D) = (A+B+C)	**5.124**	**27.549**
Cash available at the beginning of the period	*58.443*	*63.567*
Cash available at the end of the period	*63.567*	*91.116*
Total change in cash and cash equivalents (D)	**5.124**	**27.549**

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, 2022, 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 23, 2022 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 via Calindri 4. As at March 31, 2022, it is owned by the following companies, both part of the NTT Group:

- 80.81% by NTT DATA EMEA Ltd,
- 19.19% by NTT DATA Spain S.L.U..

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, 2022 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, 2022.

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, 2022, included within the scope of consolidation and consolidated on a line-by-line basis:

Consolidation area

Company	*Currency*	*Share Capital*	*Number of Shares*	*Par Value Shares/quotas (Local Member)*	*Shares/quotas held directly (Loacal Member) (No.)*	*Shares/quotas held indirectly (No.)*	*Ownership (%)*
NTT DATA Italia S.p.A.	EUR	40.970.700	17.988.280	2,50	17.988.280	-	100,00%
Xsfera Srl	EUR	50.000	1	50.000,00	1	-	100,00%
everis Italia S.p.A.	EUR	113.000	113.000	1,00	113.000	-	100,00%
Ifi Solution Co., Ltd	VND	3.052.500.000	305.249	10.000,03	304.948	-	99,90%

Consolidation principles

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. . a sale agreement concerning the subsidiary NTT DATA Danismanlik. This agreement provided for the loss of control over the subsidiary by the NTT DATA Italia Group starting from April 1, 2021 while the transfer of ownership took place on 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”.

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:

Exchange rates

		Timely exchange		*Average exchange*	
		31 March 2021	*31 March 2022*	*April 2020 March 2021*	*April 2021 March 2022*
TRY	Turkish lira	9,7250	16,2823	8,5945	12,1759
VND	Vietnamese dong	27.054,0000	25.365,0000	27.061,2305	26.581,2046

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

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, includingcosts 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.

(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 followingtheremeasurementofthenetdefinedbenefit 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 balancefor 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.

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.

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 2021.

Reform of the benchmarks for determining interest rates - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arose during the reform of a reference interest rate, including the replacement of a benchmark with an alternative one.

These amendments provide for a specific accounting treatment to spread over time the changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates, thus avoiding immediate repercussions on the profit (loss) of the period and unnecessary terminations of hedging relationships following the replacement of the reference index for determining interest rates.

Concessions on fees related to COVID-19 after 30 June 2021 (Amendment to IFRS 16).

The IASB published in March 2021 an amendment to IFRS 16 to extend the time limit of one of the criteria that the lessor must comply with in order to apply the amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)" which provides for lessees the right to account for the reduction in fees connected with Covid-19 without having to assess, by analyzing the contracts, whether the definition of lease modification pursuant to IFRS 16 is respected.

Postponement of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)
In June 2020, the IASB made changes to IFRS 4 extending the expiry of the temporary exemption of IFRS 9 until 2023.

The adoption of these amendments and interpretations did not have any effect on the financial statements as of March 31, 2022.

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, 2022.

The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

Property, plant and equipment - Income before intended use (Amendments to IAS 16)
The amendments refer to accounting related to the sale of items before the asset related to those items is available for use. The amendments apply from fiscal years beginning on or after 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.

Reference to the conceptual framework (changes to IFRS 3)
The amendments to IFRS 3, issued by the IASB in May 2020, are intended to update the reference in the accounting standard to the “Conceptual Framework,” without resulting in changes to the provisions of the standard. The amendments take effect on January 1, 2022.
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.

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.

Business combinations

On March 2022 NTT DATA Italia acquired from NTT DATA Spain S.L.U. 100% of everis Italia S.p.A.
The effects in the Financial Statement of the Parent company amounted to € 25,708 thousand, of which € 7,864 thousand as share capital increase (equals to 3,145,416 newly issued shares) and € 17,844 thousand as sharepremium reserve.

The following tables reports the Balance Sheet of everis Italia at the consolidation date. It is also provided a representation of the Consolidated Profit and Loss in case everis Italia has been consolidated since April 1, 2021

Balance Sheet statement everis Italia

(€ thousand)	*31 March 2022*
Property, plant and equipment	762
Right of use assets	5.512
Other intangible assets	145
Other financial assets	16
Deferred tax assets	1.190
Non current assets	**7.625**
Trade receivables	40.307
Tax receivables	822
Other receivables	1.889
Cash and cash equivalents	3.956
Financial receivables	8.960
Current assets	**55.933**
TOTAL ASSETS	**63.558**
Share capital	113
Legal reserve	23
Other reserves	20.821
Net result for the year	2.001
Shareholders' Equity	**22.957**
Employee benefits	433
Financial liabilities IFRS 16	3.986
Non current liabilities	**4.420**
Trade payables	17.963
Tax and social security payables	2.388
Financial liabilities IFRS 16	1.923
Other payables and current liabilities	13.906
Current liabilities	36.181
Total liabilities	**40.601**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**63.558**

Consolidated Profit and Loss

(€ thousand)	*Consolidated as of 31.03.2022*	*everis Italia*	*Infragroup transactions elimination*	*Consolidated including everis Italia*
Revenues	486.497	104.479	(7.446)	583.530
Net income	26.877	2.001	-	28.878

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:

Information by sector

(€ thousand)	*Italy*	*Europe (excluding Italy)*	*Rest of the world*	*Total*
31 March 2022				
Revenues	453.478	21.017	12.002	**486.497**
Trade receivables	229.573	10.514	8.467	**248.555**
Total Assets	580.187	15.130	11.070	**606.387**
Trade payables	90.410	12.953	4.136	**107.499**
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**

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:

Property, plant and equipment

(€ thousand)		*Plant and equipment*	*Other tangible assets*	*Total*
Book value		11.124	36.466	47.590
Accumulated depreciation		(9.470)	(25.157)	(34.627)
As of 31 March 2021		**1.654**	**11.309**	**12.963**
Book value	Increases	815	8.929	9.744
	Change in consolidation perimeter	461	2.511	2.972
	Disposals	(35)	(86)	(121)
	Exchange differences	1	-	1
Accumulated depreciation	Increases	(577)	(3.841)	(4.418)
	Change in consolidation perimeter	(327)	(1.883)	(2.210)
	Disposals	35	86	121
	Exchange differences	3	-	3
Book value		12.366	47.820	60.186
Accumulated depreciation		(10.337)	(30.794)	(41.131)
AS OF 31 MARCH 2022		**2.030**	**17.025**	**19.055**

The increases in the item “Plant and machinery”, amounting to € 815 thousand, mostly reflect purchases of machinery for Parent Company offices.

The increases in the item “Other assets”, amounting to € 8,929 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 € 4.480 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 € 2,866 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 2021*	*Net changes*	*Depreciations*	*As of 31 March 2022*
Buildings	55.521	4.091	(7.803)	51.809
Vehicles	3.007	4.547	(1.910)	5.644
IT equipment	-	337	-	337
Total	**58.528**	**8.975**	**(9.712)**	**57.790**

Net changes are mainly related to the signing of new leasing contract, the redetermination of certain liabilities, the renegotiation of existing contracts and the net effect generated by the inclusion of everis Italia into the Group Balance Sheet consolidation perimeter.

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 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**
Increase	-	-	-	-	-	-
Decrease	-	-	-	-	-	-
AS OF 31 MARCH 2022	**40.540**	**65.139**	**197**	**309**	**2.803**	**108.988**

As of March 31, 2022 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 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, 2022, 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 6.1% 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, 2022, with a substantial stability of turnover ratios both in respect of trade receivables and trade payables.

- **Time extension of cash flows and "Terminal Value"**: the terminal value was determined based on the normalization of cash flows for 2026, 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 8.8%.

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 36.3%, while the g rate that would lead to the annulment of a value greater than the book value would be equal to -13.1%.

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:

Other intangible assets

(€ thousand)	*Industrial patent rights and use of intellectual property*	*Concessions, licenses, trademarks and similar rights*	*Software in progress*	*Total*
As of 31 March 2021	**2.311**	**2**	**850**	**3.164**
Internal works	342	-	-	342
Purchases	2.071	-	-	2.071
Change in consolidation perimeter	145	-	-	145
Disposals	(32)	-	-	(32)
Depreciations	(1.159)	(1)	-	(1.160)
Exchange differences	(2)	-	-	(2)
AS OF 31 MARCH 2022	**3.676**	**1**	**850**	**4.527**

The increase in the item “Patent rights” for internal work, amounting to € 342 thousand, refers to development activities related to the “Encoding” project (€ 150 thousand), the “Docspa” project (€ 92 thousand), the “Hotspot” project (€ 50 thousand) and the “IVE” project (€50 thousand). For further details, please refer to the section headed “Research and development costs” in the Report on Operations.

The increase in “Patent rights” for acquisitions mainly refers to capitalization made by the Parent Company of the multi-year utility project related to the construction of a Datacenter in cloud environment.

4.1.5. Investments

The item “Equity investments”, amounting to € 43 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, 2022 amounted to € 93 thousand (€ 460 thousand as of March 31, 2021) 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, 2022 was equal to € 112 thousand (€ 108 thousand as of March 31, 2021) and mainly relates to guarantee deposits of the Parent Company.

4.1.8. Deferred tax

Deferred tax assets amounted to € 11,041 and are ascribable to € 9,851 thousand to the Parent Company and to € 1,190 thousand to the subsidiary everis Italia. Other deferred tax liabilities, totaling € 3 thousand, are attributable to IFI Solutions.

Deferred tax assets and liabilities break down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Deferred tax assets		
Bad debt provision	491	441
Other non deductible funds	6.993	7.990
Cash deductible costs	76	123
Depreciation (New tax law)	905	997
Value adjustments	997	999
Severance pay adjustments as per IAS 19	847	838
Deferred tax assets	**10.309**	**11.388**
Deferred tax liabilities		
Severance indemnity adjustment as per IAS 19	(348)	(348)
NET DEFERRED TAX ASSETS	**9.962**	**11.041**
Other deferred tax liabilities		
Acruals not taxable in the current fiscal period	(3)	(3)
DEFERRED TAX LIABILITIES	**(3)**	**(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 2021*	*31 March 2022*
Work in progress	25.971	33.015
TOTAL	**25.971**	**33.015**

Work in progress
4.2.2. Trade receivables

(€ thousand)	*31 March 2021*	*31 March 2022*
Receivables from third parties	181.969	240.208
Receivables from parent companies	2.832	8.029
Receivables from affiliates companies	2.004	3.775
Bad debt provision	(3.470)	(3.457)
TOTAL	**183.335**	**248.554**

The item "Trade receivables" breaks down as follows:
The increase in trade receivables is largely tied to higher revenues of the fiscal year 2022 compared with the ones generated in the previous fiscal period (revenues indeed increased by € 22,623 thousand) and to the inclusion of everis Italia within the Consolidation Perimeter (€ 40,307 thousand).

(€ thousand)	*31 March 2021*	*31 March 2022*
Beginning balance	**3.341**	**3.470**
Accruals	129	129
Change in consolidation perimeter	-	173
Uses/releases	-	(316)
ENDING BALANCE	**3.470**	**3.457**

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 2022	212.235	28.579	6.264	1.475	-	**248.554**
31 March 2021	159.148	20.059	3.147	897	83	**183.335**

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

Changes in the Reserve for bad debts are summarized below:

4.2.3. Tax receivables

The item “Tax receivables” breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Income tax advances	7	243
VAT credit	437	521
Other	1.981	2.761
TOTAL	**2.425**	**3.525**

The item “Others” mainly refers to the withholdings applied at the time of payment to invoices issued by the Parent Company end everus Italia to customers residing in certain foreign countries for an amount of €2.665 thousand (€1,734 thousand as of March 31, 2021).

4.2.4. Other receivables and current assets

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Receivables from employees	984	1.428
Receivables from social security institutions	82	85
Accrued income and prepaid expenses	15.079	17.559
Advances	506	244
Other receivables	3.039	199
Provision for other bad debts	(3.000)	-
TOTAL	**16.691**	**19.516**

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 decrease in the item “Other receivables” is mainly related to the collection for € 3,000 thousand of the receivable from the former Parent Company Value Partners S.p.A. (now Invest Tre S.r.l.). At the same time, NTT DATA Italia released to the Income Statement the related Provision for risks of the same amount recorded in the financial statements.

4.2.5. Cash and cash equivalents

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Cash at banks	63.562	91.111
Cash on hand	5	6
TOTAL	**63.567**	**91.116**

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

As at 31 March 2022, there were no assets and liabilities held for sale because the outstanding amounts as at 31 March 2021 were totally related to the Balance Sheet figures of NTT DATA Danismanlik which has been excluded from the Group consolidation perimeter at the beginning of the current fiscal year.

4.2.7. Financial receivables

They amout to € 8,960 thousand and they are related to the cash pooling balance owed by everis Italia versus NTT DATA Spain S.L.U.

4.3. Equity

4.3.1. Share capital

As of March 31, 2022 the share capital amounted to € 40,971 thousand (€ 33.107 thousand as of March 31, 2021).

The share capital increase of € 7,863,540 was made by NTT DATA Spain S.L.U through the contribution of shares representing 100% of the share capital of everis Italia S.p.A. as resolved by the Extraordinary Shareholders’ Meeting on March 15, 2022.

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 2021*	*31 March 2022*
Legal reserve	2.047	2.075
Merger reserve	(239)	(239)
Other reserve	30.578	66.157
Net result	18.043	26.877
TOTAL	**50.428**	**94.870**

The changes in the item “Other reserves”, amounting to € 35.773 thousand, may be detailed as follows:

- Allocation to profit/(loss) carried forward of the profit generated in the fiscal year ended on March 31, 2021 (€ 18,043 thousand) net of € 6 thousand allocated to Xsfera legal reserve;
- Allocation to profit/(loss) carried forward of both everis Italia profit/(loss) carried forward and the profit made in the current fiscal year
- decrease of € 27 thousand in the IAS reserve as a result of the application of Accounting Standard IAS 19 and the consequent results of actuarial measurement;
- recognition of a share premium reserve in the amount of € 17,844 thousand following the entry of NTT DATA Spain S.L.U into the shareholding structure as per the resolution of the Extraordinary Shareholders’ Meeting held on March 15, 2022. This capital increase took place through the contribution of 100% of the share capital of everis Italia S.p.A;
- decrease of € 2,610 thousand in the currency translation reserve compared to the previous period as a consequence of the sale and de-consolidation of the investment in NTT DATA Danismanlik.

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 to the Parent Company NTT DATA Italia S.p.A.. and to the subsidiary everis Italia S.p.A..

(€ thousand)	*31 March 2021*	*31 March 2022*
Severance indemnity	16.202	16.005
TOTAL	**16.202**	**16.005**

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 2021	*31 March 2022*
Economic assumptions		
Annual inflaction rate	1,00%	1,70%
Annual discount rate	0,19%	1,36%
Annual growth rate of the employee severance indemnity	2,25%	2,78%
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 2021*	*31 March 2022*
Beginning balance	**18.213**	**16.202**
Change in consolidation perimeter	-	433
Interest Cost	189	30
Actuarial (gain)/loss	1.099	(35)
Payments	(3.299)	(625)
ENDING BALANCE	**16.202**	**16.005**

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)	*Mid-long term*				*Short term*	
	Disputes	*Other*	*Restoration costs*	*Total*	*Restructuring costs*	*Total*
As of 1 April 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**
Increases	-	-	3	3	-	-
Uses	(620)	-	(550)	(1.169)	(233)	(233)
Adjustments	(211)	-	(640)	(852)	-	-
AS OF 31 MARCH 2022	**2.146**	**-**	**669**	**2.814**	**3.903**	**3.903**

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

- **Disputes**: uses are due to payments made by the Parent Company in execution of settlement agreements finalized during the year, while adjustments refer to the release of provisions made in previous years since the prerequisites for which they were posted to the fund no longer existed;
- **Restoration costs**: the use of € 550 thousand refers to restoration work carried out in the Milan and Rome Parent company offices as contractually provided for. Adjustments amounting to € 640 thousand relate to the release of the residual provision set aside for the Milan office, Viale Cassala, following the completion of the work and the redelivery of the building. The balance as of March 31, 2022, amounting to € 669 thousand is fully attributable to the Rome office, Via Sant’Evaristo.

Current provisions refer to the entitlements related to the employee restructuring process initiated by the Parent Company in previous years. In particular, the residual value of € 3,903 thousand relates to incentive transactions not yet formalized as of the date of these financial statements.

4.4.3. Financial liabilities

The item “Financial liabilities” breaks down as follows:

(€ thousand)	*31 March 2021*			*31 March 2022*		
	Short	*Mid-long*	*Total*	*Short*	*Mid-long*	*Total*
Loans from parent company	-	97.500	97.500	-	97.500	97.500
Loans from thirs parties	-	-	-	-	-	-
Financial liabilities IFRS 16	4.154	54.463	58.616	5.001	57.701	62.702
TOTAL FINANCIAL LIABILITIES	**4.154**	**151.963**	**156.116**	**5.001**	**155.201**	**160.202**

During the fiscal year, the loan granted by NTT DATA EMEA to the Parent Company did not undergo any changes compared to the previous year. In June 2022, the loan was renewed. Please refer to “subsequent events” for a more detailed discussion of this topic.

The Financial liabilities IFRS 16 refers to the outstanding debt as of March 31, 2022 related to the adoption of IFRS 16 since April 1, 2019.

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 2021*	*31 March 2022*
Payables to third parties	75.997	98.800
Payables to parent companies	3.067	6.691
Payables to affiliate companies	785	2.008
TOTAL	**79.849**	**107.499**

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 2022	104.364	2.397	67	47	624	**107.499**
31 March 2021	78.919	220	39	79	592	**79.849**

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 2021*	*31 March 2022*
Payables to Social Security Institutions	37.675	34.649
Withholding tax	3.758	4.971
Income tax payables	694	1.669
VAT payables	1.698	2.998
Others	222	362
TOTAL	**44.048**	**44.648**

The decrease in the item “Payables to Social Security Institutions” is mainly due to the payments made in the fiscal year 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 2021*	*31 March 2022*
Payables to employees	37.407	47.805
Advances from customers	58.384	85.421
Accrued expenses and deferred income	1.180	1.279
Others	1.450	966
TOTAL	**98.422**	**135.472**

The increase in the item “Payables to employees and staff” is mainly attributable to the allocation of costs made by the Parent Company and everis Italia 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, 2023.

The decrease in the item “Other liabilities” is mainly due to the payment made by the Parent Company of the earn-out installments provided for in the purchase agreement of the company Xsfera S.r.l.

4.6. Income Statement

4.6.1. Revenues from sales of goods and services

As of March 31, 2022 the item “Revenues from sales of goods and services” amounted to € 461,424 thousand.

(€ thousand)	*31 March 2021*	*31 March 2022*
Professional services	431.712	446.173
Hardware and software	16.135	17.192
Maintenance	13.578	14.455
TOTAL	**461.424**	**477.819**

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” breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Other income	-	1.352
Insurance reimbursements	2	-
TOTAL	**2**	**1.352**

The item “Other income” mainly refers to:

- for € 840 thousand to the recognition of an indemnity by the lessor company of the new Rome office in Via Mazzola in relation to the days of delay in the delivery of the building as provided for in the contract;
- for € 508 thousand to invoices related to specific projects put in place with the Parent Company NTT DATA EMEA

4.6.3. Change in work in progress

(€ thousand)	*31 March 2021*	*31 March 2022*
Change in work in progress	2.448	7.325
TOTAL	**2.448**	**7.325**

See paragraph 4.2.1. Work in progress for further details.

4.6.4. Increase in fixed assets for internal works

(€ thousand)	*31 March 2021*	*31 March 2022*
Increased assets for internal work	306	342
TOTAL	**306**	**342**

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 2021*	*31 March 2022*
Professional services	148.499	138.874
Travel expenses	948	1.319
Purchase of materials	11.894	16.014
Leases and rentals	2.877	3.352
Utilities	2.618	3.614
Maintenance	1.527	1.583
Others	19.540	22.477
TOTAL	**187.902**	**187.232**

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 € 9,625 thousand compared to the previous year is mainly related year is mainly related to greater use of internal personnel made by the Parent Company as reflected by the increase in costs for wages and salaries.

The item "Travel expenses" increased by € 371 is due to a gradual resumption of travel following the easing of restrictions related to the Covid-19 pandemic 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 item “Leases and rentals” increased by € 475 thousand mainly due to the increases of the Parent Company costs due to higher supervision and cleaning costs generated by a gradual resumption of presence activities and the opening of the new Milan Via Calindri office.

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

- management fees charged by NTT DATA Group companies for € 4,783 thousand (€ 4,735 thousand as of March 31, 2021);
- IT costs for € 5,464 thousand, of which € 4,947 thousand charged by NTT DATA Group companies (€ 5,369 thousand as of March 31, 2021 of which € 4,596 thousand charged by NTT DATA Group companies)
- insurance for € 3,652 thousand (€ 3,408 thousand as of March 31, 2021);
- personnel training costs for € 2,517 thousand (€ 2,605 thousand as of March 31, 2021);
- services provided by professionals (tax and legal consultants, etc.) for € 1,495 thousand (€ 2,020 thousand as of March 31, 2021);
- maintenance services for € 1,583 thousand (€ 1,527 thousand as of March 31, 2021).

4.6.6. Costs for personnel and directors

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Wages and salaries	171.220	182.385
Social Security Contributions	46.060	48.314
Severance indemnity	11.338	12.045
Others	8.666	8.659
Car rentals	1.736	1.860
TOTAL	**239.020**	**253.264**

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

(No. of units)	*As of*		*Average*	
	31 March 2021	*31 March 2022*	*31 March 2021*	*31 March 2022*
Executives	212	249	214	254
Managers	652	930	619	897
Employees	2.932	3.840	2.795	3.693
Apprentices	526	539	535	545
TOTAL	**4.322**	**5.558**	**4.163**	**5.389**

4.6.7. Amortisation, depreciation and value adjustments

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Depreciation of intangible assets	1.295	1.163
Depreciation of tangible assets	3.803	4.418
Depreciations right of use	8.065	9.712
TOTAL	**13.163**	**15.293**

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 2021*	*31 March 2022*
Other taxes	38	59
Other operating costs	904	626
Bad debt provision	-	(7)
Other provisions	1.236	(3.849)
TOTAL	**2.179**	**(3.171)**

The item “Other operating expenses” consists mainly of association membership fees and costs for the waste collection tax.

The item “Other provision”, amounting to €-3,849 thousand, refers to the release to Profit and Loss of accruals made by the Parent Company in previous fiscal years for “Disputes” (€ -849 thousand) and “Other bad debt” (€-3,000 thousand) provisions since the prerequisites for the recognition of the provision no longer apply.

For further discussion, see sections “4.4.2 Provisions for risks and charges” and “4.2.4 Other receivables and assets.”

4.6.9. Net financial charges

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

(€ thousand)	*31 March 2021*			*31 March 2022*		
	Charges	*Income*	*Net charges /(income)*	*Charges*	*Income*	*Net charges /(income)*
Exchange rate differences	596	(466)	130	356	(161)	195
Others	417	-	417	1.915	(46)	1.869
Interest (income)/expenses	1.590	(145)	1.445	2.092	(44)	2.048
TOTAL	**2.603**	**(612)**	**1.991**	**4.363**	**(250)**	**4.112**

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, 2022 amounted to € -3,232 thousand and reflect current taxes totaling € -3,087 thousand, a decrease in deferred tax assets for € -103 thousand and to an adjustment of previous years taxes for € -42 thousand.

(€ thousand)	*Amount*	*Tax*	*%*
Income before taxes	30.109		
Theoretical income tax		(7.226)	(24,0%)
Income tax based on different taxable income (IRAP)		(1.460)	(4,9%)
Temporary differences		6.048	20,1%
Other permanent differences and tax from previous years		(593)	(2,0%)
ACTUAL INCOME TAX		**(3.232)**	**(10,7%)**

As of March 31, 2021 the taxes for the year amounted to a total of € -1,678 thousand, reflecting current taxes totaling € -3,087 thousand, a decrease in deferred tax assets of € -266 thousand and to an adjustment of previous years taxes of € 57 thousand.

5. Related-party transactions

In the accounting periods ended on March 31, 2021 and March 31, 2022 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 2021*	*31 March 2022*
Financial receivables			
NTT DATA Spain S.L.U.	Parent company	-	8.960
Trade receivables			
NTT DATA Europe & Latam, S.L.U.	Parent company	-	2.329
NTT DATA Corporation	Parent company	766	2.811
NTT DATA EMEA Ltd	Parent company	2.066	2.579
NTT DATA Spain S.L.U.	Parent company	-	310
NTT DATA Deutschland Gmbh	Affiliate	1.311	1.787
NTT DATA UK Limited	Affiliate	219	584
NTT DATA Services Operations B.V.	Affiliate	26	199
NTT DATA Services Italy S.r.l.	Affiliate	25	1
NTT Research, Inc.	Affiliate	-	100
NTT DATA Services, LLC	Affiliate	-	749
NTT DATA MSE Corporation	Affiliate	100	11
NTT DATA Romania S.A.	Affiliate	16	25
NTT DATA Business Solutions Türkiye	Affiliate	8	33
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	3	8
everis Italia S.p.A.	Subsidiary	103	-
NTT DATA Argentina, S.A.	Affiliate	-	5
Everis Ingenieria, S.L.U.	Affiliate	-	1
NTT DATA Business Solutions AG (Germany)	Affiliate	155	111
Everisconsultancy, Limited	Affiliate	-	0
NTT Belgium NV	Affiliate	-	19
NTT DATA Inc.	Affiliate	20	81
NTT Italia S.p.A.	Affiliate	18	25
NTT DATA Global Delivery Services Limited	Affiliate	-	37

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Work in progress			
NTT DATA Corporation	Parent company	-	9
NTT DATA EMEA Ltd	Parent company	-	38
NTT DATA Spain S.L.U.	Parent company	-	59
everis Italia S.p.A.	Subsidiary	252	-
NTT DATA Services, LLC	Affiliate	-	14
NTT DATA Romania	Affiliate	-	25
NTT DATA UK Limited	Affiliate	76	60
NTT DATA Inc.	Affiliate	-	92
NTT DATA Deutschland Gmbh Gmbh	Affiliate	-	91
Other receivables			
NTT Italia S.p.A.	Affiliate	96	220
NTT Security (Germany) GmbH	Affiliate	63	-
NTT DATA Global Delivery Services Limited	Affiliate	15	15

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Trade payables			
NTT DATA Corporation	Parent company	71	72
NTT DATA EMEA Ltd	Parent company	2.996	1.108
NTT DATA Spain S.L.U.	Parent company	28	4.485
NTT DATA Europe & Latam, S.L.U.	Parent company	-	1.026
NTT America, Inc.	Affiliate	172	7
NTT DATA Spain BPO, S.L.U.	Affiliate	-	75
NTT DATA Spain Soluciones Técnologicas, S.L.U.	Affiliate	-	175
NTT DATA Spain Centers S.L.U.	Affiliate	-	5
NTT DATA Latam Centers, Ltda.	Affiliate	-	173
NTT DATA Mexico BPO, S. de R.L. de C.V.	Affiliate	-	6
NTT DATA Global Delivery Services Limited	Affiliate	146	132
NTT DATA Deutschland Gmbh	Affiliate	26	212
NTT DATA Australia Pty Ltd	Affiliate	56	33
NTT DATA Business Solutions AG (Germany)	Affiliate	8	0
everis Italia S.p.A.	Subsidiary	39	-
NTT DATA Colombia, S.A.S.	Affiliate	-	(1)
NTT DATA Chile, S.A.	Affiliate	-	54
NTT DATA Spain Infrastructures Engineering, S.L.U	Affiliate	-	138
NTT Europe Ltd	Affiliate	0	33
Dimension DATA China/Hong Kong Ltd	Affiliate	2	-
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Infomaçao Ltda	Affiliate	44	88
NTT Italia S.p.A.	Affiliate	157	480
NTT DATA UK Limited	Affiliate	29	41
Everisconsultancy, Limited	Affiliate	-	(2)
NTT DATA Romania	Affiliate	2	44
NTT DATA Services Italy S.r.l.	Affiliate	2	2
NTT Security (Germany) GmbH	Affiliate	66	15
NTT DATA Belgique, SPRL	Affiliate	-	3
NTT DATA Business Solutions Türkiye	Affiliate	8	24
NTT Advanced Technology Corporation	Affiliate	1	-
NTT DATA Portugal, S.A.	Affiliate	-	269

(€ thousand)	Relationship	31 March 2021	31 March 2022
Other payables			
NTT DATA Corporation	Parent company	932	1.778
NTT DATA EMEA Ltd	Parent company	1.313	1.212
NTT DATA Spain S.L.U.	Parent company	-	27
NTT Research, Inc.	Affiliate	-	10
everis Italia S.p.A.	Subsidiary	200	-
NTT DATA Deutschland Gmbh Gmbh	Affiliate	153	179
NTT France SAS	Affiliate	21	9
NTT Italia S.p.A.	Affiliate	22	44
NTT DATA Romania	Affiliate	7	9
NTT DATA Services Operations B.V.	Affiliate	-	12
NTT DATA Business Solutions a.s.	Affiliate	9	-
NTT DATA Business Solutions AG (Germany)	Affiliate	166	141
NTT DATA Business Solutions Türkiye	Affiliate	29	-
NTT DATA Services Italy S.r.l.	Affiliate	15	-
NTT DATA UK Limited	Affiliate	1	5
Financial liabilities			
NTT DATA EMEA Ltd	Parent company	97.500	97.500

(€ thousand)	Relationship	31 March 2021	31 March 2022
Revenues and other income			
NTT DATA Corporation	Parent company	4.493	5.795
NTT DATA EMEA Ltd	Parent company	1.718	1.571
NTT DATA Spain S.L.U.	Parent company	-	380
NTT DATA Deutschland Gmbh Gmbh	Affiliate	3.340	7.611
NTT DATA UK Limited	Affiliate	1.582	3.556
NTT DATA Romania	Affiliate	61	317
NTT DATA Services Italy S.r.l.	Affiliate	80	79
NTT DATA Business Solutions AG (Germany)	Affiliate	510	518
NTT DATA MSE Corporation	Affiliate	461	144
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	3	1
NTT DATA Services Operations B.V.	Affiliate	26	487
NTT France SAS	Affiliate	32	13
everis Italia S.p.A.	Subsidiary	839	5.211
NTT Italia S.p.A.	Affiliate	99	23
NTT DATA Business Solutions a.s.	Affiliate	-	90
NTT DATA Services, LLC	Affiliate	-	789
NTT Belgium NV	Affiliate	-	19
NTT Managed Services EMEA, S.A.U.	Affiliate	16	-
NTT DATA Business Solutions A.B.	Affiliate	4	9
NTT DATA Inc.	Affiliate	20	173
NTT DATA Services Italy S.r.l.	Affiliate	-	21

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Operating costs and financial charges			
NTT DATA Corporation	Parent company	(571)	(86)
NTT DATA EMEA Ltd	Parent company	6.024	9.370
NTT DATA Spain S.L.U.	Parent company	46	230
NTT DATA Deutschland Gmbh Gmbh	Affiliate	65	252
NTT DATA Global Delivery Services Limited	Affiliate	86	65
NTT DATA Business Solutions AG (Germany)	Affiliate	41	(12)
everis Italia S.p.A.	Subsidiary	169	2.074
NTT Europe Ltd	Affiliate	33	33
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	456	315
Dimension DATA China/Hong Kong Ltd	Affiliate	-	(0)
NTT Italia S.p.A.	Affiliate	805	1.235
NTT DATA Services, LLC	Affiliate	-	56
NTT DATA UK Limited	Affiliate	148	277
NTT America, Inc.	Affiliate	939	165
NTT DATA Australia Pty Ltd	Affiliate	183	426
NTT Security (Germany) GmbH	Affiliate	359	124
NTT DATA Romania	Affiliate	93	111
NTT DATA Business Solutions Türkiye	Affiliate	74	16

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

The item "Commitments" includes:

(€ thousand)	*31 March 2021*	*31 March 2022*
Guarantees to third parties	79.697	91.779
TOTAL	**79.697**	**91.779**

The guarantees provided to third parties refer to the Parent Company and everis Italia 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:

• During the month of June, NTT DATA Italia partially repaid € 20 million on loan with NTT DATA EMEA maturing on 28 June 2022. Due to the reorganization of the NTT DATA group linked to the integration of the everis group, NTT DATA EMEA proceeded to sell the residual credit of € 77.5 million to NTT DATA Europe and LATAM Finance, S.L.U..
NTT DATA Italia finally renewed with NTT DATA Europe and LATAM Finance, S.L.U. for a 3-year period the loan of € 77.5 million at market rates

• On 23 June 2022 the Board of Directors approved the merger by incorporation project of Xsfera S.r.l. in NTT DATA Italia S.p.A.. It will happen during the year 2022 with retroactive fiscal and accounting effects from 1 April 2022.

• On 23 June 2022 the Board of Directors approved the merger by incorporation project of everis Italia S.p.A. in NTT DATA Italia S.p.A.. It will happen during the year 2023 with fiscal and accounting effects starting from 1 April 2023

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.	Milano	44.971				
Subsidiaries						
everis Italia S.p.A.	Milano	113	22.957	100%	NTT DATA Italia S.p.A.	25.708
IFI Solution Co., Ltd	Hanoi	113	3.422	99,901%	NTT DATA Italia S.p.A.	747
			3	0,099%	NTT DATA Corporation	-
Xsfera Srl	Milano	50	1.162	100%	NTT DATA Italia S.p.A.	3.593

B) List of other investments at cost value

Company name	*Head office*	*Currency*	*Carrying value (€ thousand)*
Consorzio ABI Lab	Roma	Euro	2
Consorzio IDC	Milano	Euro	10
Consorzio KS	Milano	Euro	6
Tolemaica Srl	Napoli	Euro	20
ITS Leading Academy	Castano Primo (MI)	Euro	5

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

(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 2022, 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 2022 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.

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;

— 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 2022 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 2022 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 2022 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, 12 July 2022

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit

07
Bilancio d'Esercizio di NTT DATA Italia S.p.A

"The pleasure of taking a break like at the bar."

Financial Statement of NTT DATA Italia S.p.A

Balance sheet statement

(€)	*Note*	*31 March 2021*	*31 March 2022*
Property, plant and equipment	3.1.1	12.868.515	18.210.879
Right of use assets	3.1.2	58.377.320	51.725.629
Goodwill	3.1.3	104.264.553	104.264.553
Other intangible assets	3.1.4	3.147.358	4.357.568
Investments	3.1.5	4.377.803	30.090.814
Investments held for sale	3.1.5	1.849.445	-
Other financial assets	3.1.6	108.351	95.896
Other non current assets	3.1.7	459.682	93.282
Deferred tax assets	3.1.8	9.961.753	9.850.635
Non current assets		**195.414.780**	**218.689.256**
Work in progress	3.2.1	25.971.242	33.296.547
Trade receivables	3.2.2	181.498.477	208.237.726
Tax receivables	3.2.3	1.988.191	2.222.105
Other receivables and current assets	3.2.4	16.401.194	17.537.614
Cash and cash equivalents	3.2.5	62.633.106	86.367.968
Current assets		**288.492.210**	**347.661.960**
TOTAL ASSETS		**483.906.989**	**566.351.216**

(€)	Note	31 March 2021	31 March 2022
Share capital	3.3.1	33.107.160	40.970.700
Legal reserve	3.3.2	2.039.076	2.039.076
Other reserves	3.3.2	26.147.176	62.662.700
Net result of the year		18.644.452	27.948.052
Shareholders' equity		**79.937.865**	**133.620.529**
Employee benefits	3.4.1	16.201.661	15.571.544
Provisions	3.4.2	4.831.799	2.814.439
Financial liabilities IFRS 16	3.4.3	54.445.075	53.340.565
Financial liabilities	3.4.3	97.500.000	97.500.000
Non current liabilities		**172.978.535**	**169.226.548**
Trade payables	3.5.1	79.537.420	91.927.752
Tax and social security payables	3.5.2	44.004.253	42.232.797
Financial liabilities IFRS 16	3.4.3	4.019.332	2.889.769
Provisions	3.4.2	4.136.247	3.903.131
Other payables and current liabilities	3.5.3	99.293.337	122.550.691
Current liabilities		**230.990.589**	**263.504.139**
Total liabilities		**403.969.124**	**432.730.687**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**483.906.989**	**566.351.216**

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

Comprehensive income/(losses)

(€)	Note	31 March 2021	31 March 2022
Sales of goods and services	3.6.1	457.677.580	472.805.083
Other income	3.6.2	2.205	1.352.402
Change in work in progress	3.6.3	2.447.736	7.325.305
Total revenues		**460.127.521**	**481.482.791**
Increases in fixed assets for internal work	3.6.4	305.833	341.582
Costs for materials and services	3.6.5	(187.834.987)	(186.732.867)
Costs for personnel and directors	3.6.6	(235.897.340)	(249.296.097)
Amortization, depreciation and write-downs	3.6.7	(12.977.572)	(15.094.213)
Other operating costs	3.6.8	(2.175.108)	3.035.611
Operating income		**21.548.348**	**33.736.806**
Net financial income/(expenses)	3.6.9	(1.317.984)	(2.660.906)
Income before taxes		**20.230.364**	**31.075.900**
Income taxes	3.6.10	(1.585.912)	(3.127.848)
NET INCOME		**18.644.452**	**27.948.052**
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		(1.099.046)	35.001
Taxes on income or losses that will never be reclassified in profit/(loss)		263.771	(8.400)
Total other comprehensive income or losses		**(835.275)**	**26.601**
TOTAL COMPREHENSIVE INCOME		**17.809.177**	**27.974.653**

Statement of changes in equity

(€)	*Shared Capital*	*Legal Reserve*	*Sharepremium Reserve*	*Employee Benefits Plan Reserve*	*Other reserves*	*Retained earnings*	*Total*
As of April 1, 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)
Capital injection	-	-	-	-	-	-	-
As of March 31, 2021	**33.107.160**	**2.039.076**	**-**	**(993.149)**	**49.760.954**	**(3.976.177)**	**79.937.865**
Result of the year	-	-	-	-	-	27.948.052	27.948.052
Other comprehensive income/(losses) for the period	-	-	-	26.601	-	-	26.601
Contribution in kind	7.863.540	-	17.844.471	-	-	-	25.708.011
AS OF MARCH 31, 2022	**40.970.700**	**2.039.076**	**17.844.471**	**(966.548)**	**49.760.954**	**23.971.875**	**133.620.529**

Statement of cash flows

(€)	31 March 2021	31 March 2022
Income/(Loss) before taxes	20.230.364	31.075.901
Amortization, depreciation and write-downs	12.977.572	15.094.213
Severance indemnity	188.714	30.189
Increases in fixed assets for internal work	(305.833)	(341.582)
Provisions	1.236.383	(3.719.840)
Impairment losses / (gain) on investments	(661.662)	-
(Increase)/Decrease in trade receivables	(1.882.896)	(12.817.579)
(Increase)/Decrease in other receivables	498.916	103.967
Increase/(Decrease) in trade payables	(14.967.495)	11.031.203
Increase/(Decrease) in other payables	5.564.612	42.945
Income taxes paid	-	(1.462.507)
Severance indemnity paid	(3.279.487)	(625.305)
Net cash flows from operating activities (A)	**19.599.188**	**38.411.605**
Purchase of tangible assets	(6.670.535)	(9.731.799)
Purchase of intangible assets	(48.065)	(2.026.061)
(Increase)/Decrease in other non current assets	414.802	366.400
Proceeds from sale of investments	-	1.849.445
Payments for the acquisition of subsidiaries net of cash acquired	-	(25.713.011)
Net cash flows from investment activities (B)	**(6.303.798)**	**(35.255.026)**
Proceeds from increase in capital	-	25.708.011
Payment of lease liabilities	(7.216.480)	(5.129.728)
Increase/(Decrease) in loan payables	-	-
Net cash flows from financing activities (C)	**(7.216.480)**	**20.578.283**
NET CASH FLOWS (D) = (A+B+C)	**6.078.910**	**23.734.862**
Cash available at the beginning of the period	56.554.196	62.633.106
Cash available at the end of the period	62.633.106	86.367.968
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS (D)	**6.078.910**	**23.734.862**

1. Introduction

NTT DATA Italia S.p.A. (here in after also “the Company”) is a joint-stock company with headquarters in Milan, via Calindri 4 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, 2022, 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 23, 2022. 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, 2022, the Company is owned 80,8 % by NTT DATA EMEA Ltd. and 19.2% by NTT DATA Spain S.L.U., both companies belong 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, 2020 – March 31, 2021 are the following:

Profit & Loss - NTT DATA Emea Ltd

(€)	*31 March 2020*	*31 March 2021*
Other income	29.176.361	33.248.669
Administrative expenses	(42.854.638)	(51.001.475)
Operating income/(loss)	**(13.678.277)**	**(17.752.806)**
Net financial income/(expenses)	237.001	412.825
Dividends	927.025	9.472.589
Financial assets impairment		(9.472.589)
Earn out on investments	-	-
Income/(Loss) before taxes	**(12.514.251)**	**(17.339.981)**
Income taxes	2.061.512	2.016.358
NET INCOME/(LOSS)	**(10.452.739)**	**(15.323.623)**

Balance Sheet - NTT DATA Emea Ltd

(€)	*31 March 2020*	*31 March 2021*
Intangible assets	5.054.195	7.629.784
Right of use	90.737	22.684
Financial assets	608.129.603	617.065.203
Non current assets	**613.274.535**	**624.717.671**
Other receivables and current assets	74.217.42	62.044.258
Accrued income	1.122.890	484.868
Cash and cash equivalents	241.080	3.677.166
Deferred taxes	1.914.314	2.346.537
Current assets	**77.495.707**	**68.552.829**
TOTAL ASSETS	**690.770.242**	**693.270.500**
Share capital	24	24
Sharepremium reserve	498.822.044	498.822.044
Other reserves and net result of the year	(131.210.633)	(146.534.256)
Shareholders' equity	**367.611.435**	**352.287.812**
Financial liabilities	205.467.244	206.770.907
Non current liabilities	**205.467.244**	**206.770.907**
Trade payables	1.003.857	950.029
Tax and social security payables	1.839.625	115.283.633
Financial liabilities	94.547.845	17.978.119
Other payables and current liabilities	20.300.236	
Current liabilities	**117.691.563**	**134.211.781**
Total liabilities	**323.158.807**	**340.982.688**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**690.770.242**	**693.270.500**

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, 2022 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 nature, 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 revenue and cost items that are not recognized under profits (losses) for the accounting period, or income and charges recognized 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

On the basis of the provisions of accounting standard IFRS 16, upon signing a contract, the Company assesses whether it is, in whole or in part, a leasing contract. The contract is, in whole or in part, a leasing contract if in exchange for a consideration it transfers the right to control the use of an identified asset for a period of time.

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

They include the economic results of the current period and of previous years for the part not distributed or set aside in reserve (in the case of profits) or written off (in the case of losses) and the effects accumulated following the IFRS conversion.

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 ofborrowing 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 capitalization 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 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 2021.

Reform of the benchmarks for determining interest rates - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arose during the reform of a reference interest rate, including the replacement of a benchmark with an alternative one.

These amendments provide for a specific accounting treatment to spread over time the changes in the value of financial instruments or leasing contracts due to the replacement of the reference index for determining interest rates, thus avoiding immediate repercussions on the profit (loss) of the period and unnecessary terminations of hedging relationships following the replacement of the reference index for determining interest rates.

Concessions on fees related to COVID-19 after 30 June 2021 (Amendment to IFRS 16)
The IASB published in March 2021 an amendment to IFRS 16 to extend the time limit of one of the criteria that the lessor must comply with in order to apply the amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)" which provides for lessees the right to account for the reduction in fees connected with Covid-19 without having to assess, by analyzing the contracts, whether the definition of lease modification pursuant to IFRS 16 is respected.

Postponement of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)
In June 2020, the IASB made changes to IFRS 4 extending the expiry of the temporary exemption of IFRS 9 until 2023.

The adoption of these amendments and interpretations did not have any effect on the financial statements as of March 31, 2022.

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, 2022.

The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

Property, plant and equipment - Income before intended use (Amendments to IAS 16)
The amendments refer to accounting related to the sale of items before the asset related to those items is available for use. The amendments apply from fiscal years beginning on or after 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.

Reference to the conceptual framework (changes to IFRS 3)
The amendments to IFRS 3, issued by the IASB in May 2020, are intended to update the reference in the accounting standard to the "Conceptual Framework," without resulting in changes to the provisions of the standard. The amendments take effect on January 1, 2022.
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.

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.
servizi e soluzioni competitive ai clienti.

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, 2022 and March 31, 2021 are as follows:

(€ thousand)		*Plant and equipment*	*Other tangible assets*	*Total*
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**
Book value	Increases	815	8.916	9.732
	Disposals	(35)	(86)	(121)
Accumulated depreciation	Depreciation	(577)	(3.812)	(4.389)
	Disposals	35	86	121
Book value		11.905	44.678	56.583
Accumulated depreciation		(10.012)	(28.360)	(38.372)
AS OF 31 MARCH 2022		**1.892**	**16.319**	**18.211**

Increases in “Plant and machinery” amounting to € 815 thousand mainly relate to purchases of office machinery.

Increases in the item “Other assets” amounting to € 8,916 thousand refer for € 1,538 thousand to the purchase of capital goods, in particular Edp equipments, necessary for the Company’s main activity, for € 4,480 thousand to the purchase of furniture and furnishings following the transfer to the new offices in Milan and Rome, and for € 2,866 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)	*01/04/2021*	*Increase*	*Amortization*	*31/03/2022*
Buildings	55.371	224	(7.638)	47.957
Vehicles	3.007	2.671	(1.910)	3.769
TOTAL	**58.377**	**2.896**	**(9.547)**	**51.726**

Net changes refer mainly to new leases signed during the fiscal year, restatement of certain liabilities, and increases in lease payments.

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, 2022 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, 2022, 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 6.1% 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 2022, 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 2026, 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 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 8.8%.

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 36.33%, while the g rate that would lead to the annulment of a value greater than the book value would be equal to -13.1%.

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 2021	**2.295**	**2**	**850**	**3.147**
Internal works	342	-	-	342
Purchases	2.058	-	-	2.058
Transfers	-	-	-	-
Adjustments	(32)	-	-	(32)
Depreciations	(1.156)	(1)	-	(1.157)
AS OF 31 MARCH 2022	**3.506**	**1**	**850**	**4.358**

The increase in the item "Patent rights" for internal work, amounting to € 342 thousand, mainly refers to development activities related to the "Encoding" project (€ 150 thousand), the "Docspa" project (€ 92 thousand), the "HOTSPOT" project (€ 50 thousand) and "IVE" project (€ 50 thousand).

For additional information please refer to paragraph "Investments in innovation" in the Report on Operation section.

The increase in "Patent rights" for acquisitions mainly refers to capitalization of the multi-year utility project related to the construction of a Datacenter in cloud environment.

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, 2020	**5.570**	**-**	**38**	**5.608**
Increases	342	-	-	342
Decreases	(42)	-	-	(42)
Restoration	662	-	-	662
As of March 31, 2021	**6.189**	**-**	**38**	**6.227**
Increases	25.708	-	5	25.713
Decreases	(1.849)	-	-	(1.849)
AS OF MARCH 31, 2022	**30.048**	**-**	**43**	**30.091**

The increase of € 25,708 thousand refers to the transaction finalized on March 18, 2022 in which NTT DATA Italia acquired 100% of everis Italia from NTT DATA Spain S.L.U. through the contribution to the latter of newly issued shares. This agreement provided for NTT DATA Spain to maintain control of everis Italia until March 31, 2022.

The decrease of € 1,849 thousand refers to the equity investment in the Turkish company NTT DATA Danismanlik for which, in May 2021, the transfer of ownership to NTT DATA Business Solutions Türkiye (former Itelligence Bilgi Sistemleri A.S.), a company based in Istanbul and part of the NTT DATA Group, took place, as established by the contract signed in March 2021.

The table below provides a list of the companies in which the Company had an investment as of March 31, 2022:

Company name	*Head office*	*% Shares held*	*Total equity (€ thousand)*	*Share of equity*	*Carrying value (€ thousand)*
Investments in Subsidiares					
everis Italia S.p.A.	Milan	100,00%	22.957	22.957	25.708
Ifi Solution Co., Ltd	Hanoi	99,90%	3.425	3.422	747
Xsfera S.r.l.	Milan	100,00%	1.162	1.162	3.593
Other investments					
Consorzio ABI Lab	Rome				2
Consorzio IDC	Milan				10
Consorzio KS	Milan				6
Tolemaica S.r.l.	Naples				20
ITS Academy leading generation	Castano Primo (MI)				5

3.1.6. Other financial assets

The item “Other financial assets” as of March 31, 2022 and as of March 31, 2021 breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Security deposits	108	96
TOTAL	**108**	**96**

3.1.7. Other non-current assets

The balance of the item “Other non-current Assets” as of March 31, 2022 is equal to € 93 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 € 9,851 thousand at March 31, 2022 (€ 9,962 thousand at March 31, 2021), 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.

(€ thousand)	*31 March 2021*	*31 March 2022*
Deferred tax assets	9.962	9.851
TOTAL	**9.962**	**9.851**

Deferred tax assets and liabilities as of March 31, 2022 and as of March 31, 2021 break down as follows:

(€ thousand)	*Deferred tax assets*		*Deferred tax liabilities*	
	31 March 2021	*31 March 2022*	*31 March 2021*	*31 March 2022*
Temporary difference generated by:				
- Bad debt provision	491	441	-	-
- Other non deductible funds	6.993	6.881	-	-
- Tax losses	-	-	-	-
- Cash deductible costs	76	116	-	-
- Depreciation (New tax law)	905	923	-	-
- Value adjustments	997	999	-	-
Differences generated by IFRS transition:				
- Severance pay adjustment as per IAS 19	847	838	(348)	(348)
Total	**10.309**	**10.198**	**(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, 2022. These projects are accounted for according to the percentage of completion method, net of any losses.

(€ thousand)	*31 March 2021*	*31 March 2022*
Work in progress	25.971	33.297
TOTAL	**25.971**	**33.297**

The increase compared to March 31, 2021 is mainly due to the greater number of projects that started in the first quarter of 2022 and are underway on March 31, 2022.

3.2.2. Trade receivables

The item “Trade receivables” breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Receivables from third parties	180.502	200.114
Receivables from subsidiares	-	1.489
Receivables from parent companies	2.832	6.965
Receivables from affiliate companies	1.501	2.953
Bad debt provision	(3.337)	(3.283)
TOTAL	**181.498**	**208.238**

The increase in trade receivables is basically linked to the higher revenues of the 2022 financial year compared to those of the previous year.

As of March 31, 2022, the analysis of receivables is as follows:

(€ thousand)		*Expired but not devalued*				
	Not due	*0-30 days*	*30-90 days*	*90-180 days*	*>180 days*	**Total**
31 March 2022	181.292	22.244	3.259	1.442	-	**208.238**
31 March 2021	157.312	20.059	3.147	897	83	**181.498**

Trade receivables as of March 31, 2022 break down as follows by geographical area:

(€ thousand)	*V/Subsidiares*	*V/Parent Companies*	*V/Affiliate Companies*	*V/Third Parties*	*Total*
Italy	1.489	-	25	191.566	193.081
Europe (excluding Italy)	-	4.154	1.990	2.570	8.714
Rest of world	-	2.811	938	2.695	6.443
TOTAL	**1.489**	**6.965**	**2.953**	**196.831**	**208.238**

Changes in “Reserve for bad debts” are summarized below:

(€ thousand)	*31 March 2021*	*31 March 2022*
Beginning balance	**3.313**	**3.337**
Increases	-	129
Uses/releases	-	(183)
Contribution from company rent	24	-
ENDING BALANCE	**3.337**	**3.283**

3.2.3. Tax receivables

The item “Tax receivables” breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Reimbursement requested for taxes paid	3	-
Other	1.985	2.222
TOTAL	**1.988**	**2.222**

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 € 2,057 thousand (€ 1,734 thousand as of March 31, 2021).

3.2.4. Other receivables and current assets

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Receivables from employees	984	1.055
Receivables from social security institutions	82	85
Accrued income and prepaid expenses	14.847	16.206
Other receivables	3.488	191
Provision for other bad debts	(3.000)	-
TOTAL	**16.401**	**17.538**

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 decrease in the item "Other receivables" is mainly related to the collection for € 3,000 thousand of the receivable from the former parent company Value Partners S.p.A. (now Invest Tre S.r.l.). At the same time, the company released to the Income Statement the related Provision for risks of the same amount recorded in the financial statements.

3.2.5. Cash and cash equivalents

The item "Cash and cash equivalents" breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Cash at banks	62.633	86.368
Cash on hand	0	-
TOTAL	**62.633**	**86.368**

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, 2022, the share capital amounted to € 40,970,700 while as of March 31, 2021, it was € 33,107,160. The share capital increase of € 7,863,540 was made by NTT DATA Spain S.L.U through the contribution of shares representing 100% of the share capital of everis Italia S.p.A. as resolved by the Extraordinary Shareholders' Meeting on March 15, 2022.

The share capital is made up of 16,388,280 ordinary shares with a face value of € 2.50 each.

As of March 31, 2022 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 2021*	*31 March 2022*
Legal reserve	2.039	2.039
Other reserves	26.386	62.902
Merger reserves	(239)	(239)
Net result	18.644	27.948
TOTAL	**46.831**	**92.650**

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

- allocation of the loss for the year 2021 (€ 18,644 thousand) to profit/(loss) carried forward, as per the resolution of the General Meeting of Shareholders that approved the Financial Statements for the year 2021 on July 22, 2021;
- recognition of a share premium reserve in the amount of € 17,844 thousand following the entry of NTT DATA Spain S.L.U into the shareholding structure as per the resolution of the Extraordinary Shareholders' Meeting held on March 15, 2022. This capital increase took place through the contribution of 100% of the share capital of everis Italia S.p.A;
- change in the IAS reserve of € 27 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

Nature/Description		*Amount (€)*	*Possibility of utilization*	*Available (€)*	*Summary of the uses in the prior three fiscal years*	
					for coverage of losses (€)	*for other reasons (€)*
Share capital		**40.970.700**				
Capital reserve	Capital injection reserve	50.000.000	**A,B,C**			
	Share premium reserve	17.844.471	**A,B,C**			
Income reserves	Legal reserve	2.039.076	**B**			
	Deficit merger reserve	(239.046)				
	IAS 19 reserve	(966.548)				
	Retained earnings/(losses)	(3.976.177)	**A,B,C**			
Total reserves		**64.701.776**				
Not available amount						
Residual available amount						
Profit/(loss) of the year		**27.948.052**				
TOTAL EQUITY		**133.620.529**				

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 2021*	*31 March 2022*
Severance indemnity	16.202	15.572
TOTAL	**16.202**	**15.572**

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 2021	*31 March 2022*
Economic assumptions:		
Annual inflation rate	1,00%	1,70%
Annual discount rate	0,19%	1,36%
Annual growth rate of the employee severance indemnities	2,25%	2,78%

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 2021*	*31 March 2022*
Beginning balance	**17.769**	**16.202**
Interest cost	189	30
Actuarial (gain)/loss	1.099	(35)
Transfer in / (out)	424	-
Payments	(3.279)	(625)
ENDING BALANCE	**16.202**	**15.572**

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:

	Mid-long term				Short term	
(€ thousand)	*Disputes*	*Other*	*Restoration costs*	*Total*	*Restructuring costs*	*Total*
As of 1° April 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**
Increases	-	-	3	3	-	-
Uses	(619)	-	(550)	(1.169)	(233)	(233)
Adjustments	(211)	-	(640)	(852)	-	-
AS OF 31 MARCH 2022	**2.146**	**-**	**669**	**2.814**	**3.903**	**3.903**

Non current term provisions mainly refer to:

- **Disputes**: uses are due to payments made in execution of settlement agreements finalized during the year, while adjustments refer to the release of provisions made in previous years since the prerequisites for which they were posted to the fund no longer existed;
- **Restoration costs**: the use of € 550 thousand refers to restoration work carried out in the Milan and Rome offices as contractually provided for. Adjustments amounting to € 640 thousand relate to the release of the residual provision set aside for the Milan office, Viale Cassala, following the completion of the work and the redelivery of the building. The balance as of March 31, 2022, amounting to € 669 thousand is fully attributable to the Rome office, Via Sant'Evaristo.

Current provisions refer to the entitlements related to the employee restructuring process initiated by the Company in previous years. In particular, the residual value of € 3,903 thousand relates to incentive transactions not yet formalized as of the date of these financial statements.

3.4.3. Financial liabilities

The item "Financial liabilities" breaks down as follows:

	31 March 2021			31 March 2022		
(€ thousand)	*Short*	*Mid-long*	*Total*	*Short*	*Mid-long*	*Total*
Loans from Parent Company	-	97.500	97.500	-	97.500	97.500
Loans from third parties	-	-	-	-	-	-
Financial liabilities IFRS 16	4.019	54.445	58.464	2.890	53.341	56.230
TOTAL FINANCIAL LIABILITIES	**4.019**	**151.945**	**155.964**	**2.890**	**150.841**	**153.730**

During the year, the loan provided by NTT DATA EMEA to the Company did not change from the previous year.

The Financial liabilities IFRS 16 refers to the outstanding debt as of March 31, 2022 related to the adoption of IFRS 16 since April 1, 2019.

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 2021*	*31 March 2022*
Payables to third parties	75.877	88.771
Payables to subsidiares	101	1.270
Payables to parent companies	2.775	839
Payables to affiliate companies	785	1.048
TOTAL	**79.537**	**91.928**

As of March 31, 2022 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 2022	90.820	295	202	48	562	**91.928**
31 March 2021	78.608	220	39	79	592	**79.537**

The amounts over 180 past due mainly refer to invoices that were disputed or are under dispute.
As of March 31, 2022 trade payables could be broken down geographically as follows:

(€ thousand)	*v/Subsidiares*	*v/Parent Companies*	*v/Affiliate Companies*	*v/Third Parties*	*Total*
Italy	1.187	-	482	79.986	81.655
Europe (excluding Italy)	-	767	313	5.289	6.36
Rest of the world	82	72	253	3.496	3.904
TOTAL	**1.270**	**839**	**1.048**	**88.771**	**91.928**

3.5.2. Tax and social security payables

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Payables to Social Security Institutions	37.675	33.173
Withholding tax	3.758	4.353
Income tax payables	650	1.647
VAT payables	1.698	2.69
Others	222	362
TOTAL	**44.004**	**42.233**

The decrase in the item “Payables to Social Security Institutions” is mainly attributable to the payment of tranches related to the “Isopensione” plan signed by employees in previous years.

3.5.3. Other payables and current liabilities

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Payables to employees	37.386	39.751
Advances from customers	58.384	79.661
Accrued expenses and deferred income	1.179	1.278
Others	2.345	1.861
TOTAL	**99.293**	**122.551**

The increase in the item “Payables to employees” for € 2,365 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 2023 financial year compared to similar operations carried out at the end of the previous year.

The decrease in the item “Other liabilities” for € 484 thousand is mainly due to the payment of the earn-out installments provided for in the purchase agreement of the company Xsfera S.r.l.

3.6. Income Statement

3.6.1. Revenues from sales of goods and services

The revenues from sales of goods and services amount to € 472,805 thousand.

Please refer to the Management Report for comments on revenue trends.

(€ thousand)	*31 March 2021*	*31 March 2022*
Professional services	427.965	441.158
Hardware and software	16.135	17.192
Maintenance	13.578	14.455
TOTAL	**457.678**	**472.805**

The breakdown by geographical area is as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Italy	437.866	445.734
Europe (excluding Italy)	12.027	17.762
Rest of the world	7.785	9.309
TOTAL	**457.678**	**472.805**

3.6.2. Other income

The item "Other income" breaks down as follows:

(€ thousand)	*31 March 2021*	*31 March 2022*
Other income	-	1.352
Insurance reimbursements	2	-
TOTAL	**2**	**1.352**

The item "Other income" mainly refers to:

- for € 840 thousand to the recognition of an indemnity by the lessor company of the new Rome office in Via Mazzola in relation to the days of delay in the delivery of the building as provided for in the contract;
- for € 508 thousand to invoices related to specific projects put in place with the Parent Company NTT DATA EMEA

3.6.3. Change in work in progress

(€ thousand)	*31 March 2021*	*31 March 2022*
Change in work in progress	2.448	7.325
TOTAL	**2.448**	**7.325**

See paragraph 3.2.1. Work in progress for further details.

3.6.4 Increase in fixed assets for internal works

(€ thousand)	*31 March 2021*	*31 March 2022*
Increased assets for internal work	306	342
TOTAL	**306**	**342**

See paragraph 3.1.4. Other intangible assets 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 2021*	*31 March 2022*
Professional services	146.773	137.574
Travel expenses	935	1.310
Purchases of materials	11.832	15.903
Leases and rentals	2.973	3.414
Utilities	2.547	3.543
Others	22.776	24.988
TOTAL	**187.835**	**186.733**

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 decrease of € 9,199 thousand from last year is mainly related to greater use of internal personnel as reflected by the increase in costs for wages and salaries.

The item "Travel expenses" increased by € 375 thousand and is due to a gradual resumption of travel following the easing of restrictions related to the Covid-19 pandemic.

The item "Purchases of materials" relates mainly to hardware and software products intended for sale to customers. The "net revenues" accounting methodology pertained costs for € 4,564 thousand.

The item "Leases and rentals" increased by € 441 thousand mainly related to higher supervision and cleaning costs generated by a gradual resumption of presence activities and the opening of the new Milan Via Calindri office.

The item "Other services and miscellaneous services" mainly includes:

- maintenance costs: € 1,583 thousand (€ 1,527 thousand as of March 31, 2021);
- insurance costs: € 3,597 thousand (€ 3,383 thousand as of March 31, 2021);
- management fees: € 4,726 thousand (€ 4,692 thousand as of March 31, 2021);
- training costs € 2,499 thousand (€ 2,605 thousand as of March 31, 2021);
- services provided by professionals (tax and legal consultants, etc.): € 1,449 thousand

(€ 1,985 thousand as of March 31, 2021);

- IT costs: € 5,192 thousand, of which € 4,675 thousand of Group companies' chargebacks (€ 3,682 thousand as of March 31, 2021, of which € 3,209 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 2021*	*31 March 2022*
Wages and salaries	168.530	178.834
Social Security Contibutions	45.919	48.149
Severance indemnity	11.338	12.045
Others	8.374	8.407
Car rentals	1.736	1.860
TOTAL	**235.897**	**249.296**

The increase of the items "Wages and salaries", "Social Security Contributions" and "Severance indemnity" for € 13,241 thousand mainly refer to the strengthening of the company workforce which became necessary following the significant increase in projects and therefore in revenues.
The item "Other" is essentially unchanged from the previous year.

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

(No. of units)	*As of*		*Average*	
	31 March 2021	*31 March 2022*	*31 March 2021*	*31 March 2022*
Executives	206	213	208	218
Managers	652	683	619	658
Employees	2.675	2.838	2.556	2.742
Apprentices	526	539	535	545
TOTAL	**4.059**	**4.273**	**3.919**	**4.163**

3.6.7. Amortisation, depreciation and write-downs

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

(€ thousand)	*31 March 2021*	*31 March 2022*
Depreciations of intangible assets	1.292	1.157
Depreciations of tangible assets	3.780	4.389
Depreciations right of use	7.905	9.547
TOTAL	**12.978**	**15.094**

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 2021*	*31 March 2022*
Other operating costs	928	677
Bad debt provision	-	129
Other provisions	1.236	(3.849)
Other operating costs	10	7
TOTAL	**2.175**	**(3.036)**

The item “Other operating expenses” consists mainly of association membership fees and costs for the waste collection tax.
The item “Other provision” amounting to € -3,849 thousand, refers to the release to the income statement of provisions made in previous years for “risks and charges” (€ -849 thousand) and “bad debts” (€ -3,000 thousand) since the prerequisites for the recognition of the provision no longer apply. For further discussion, see sections “3.4.2 Provisions for risks and charges” and “3.2.4 Other receivables and assets.”

3.6.9. Net financial charges

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

(€ thousand)	*31 March 2021*			*31 March 2022*		
	Charges	*Income*	*Net charges/ (income)*	*Charges*	*Income*	*Net charges/ (income)*
Exchange rate differences	464	(344)	120	155	(58)	98
Others	417	(0)	417	564	(45)	519
Interest (income)/expenses	1.588	(145)	1.442	2.087	(44)	2.044
Impairment / (Restoration) of investments	-	(662)	(662)	-	-	-
TOTAL	**2.469**	**(1.151)**	**1.318**	**2.807**	**(146)**	**2.661**

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, 2022 amount to € 3,128 thousand and refer to current taxes for € 2,983 thousand, to the decrease of deferred tax assets by € 103 thousand, to the adjustment of taxes from previous years by € 42 thousand.

(€ thousand)	*Amount*	*Tax*	*%*
Income before taxes	31.076		
Theoretical income taxes		(7.458)	(24,0%)
Income tax based on different taxable income (IRAP)		(1.455)	(4,7%)
Temporary differences		6.048	19,5%
Other permanent differences and tax from previous years		(262)	(0,8%)
ACTUAL INCOME TAX		**(3.128)**	**(10,1%)**

Taxes for the year ended March 31, 2021 amounted to € 1,586 thousand and related to current taxes of € 1,368 thousand, an increase in deferred tax assets of € 266 thousand, and a positive adjustment of taxes from previous years of € 49 thousand.

4. Related-party transactions

In the accounting periods ended on March 31, 2022 and March 31, 2021 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 2021*	*31 March 2022*
Trade receivables:			
NTT DATA Corporation	Parent Company	766	2.811
NTT DATA Europe & Latam, S.L.U.	Parent Company	-	1.533
NTT DATA Deutschland Gmbh	Affiliate	925	1.062
NTT DATA UK Limited	Affiliate	219	584
NTT DATA Emea Ltd	Parent Company	2.066	2.579
NTT Research, Inc.	Affiliate	-	100
NTT DATA Services, LLC	Affiliate	-	749
NTT DATA Romania S.A.	Affiliate	-	14
NTT Belgium NV	Affiliate	-	19
NTT DATA Business Solutions AG (Germany)	Affiliate	155	111
everis Italia S.p.A.	Subsidiary	103	1.489
NTT DATA Inc.	Affiliate	20	81
NTT DATA Spain S.L.U.	Parent Company	-	42
NTT DATA Business Solutions Türkiye	Affiliate	8	5
NTT DATA Services Operations B.V.	Affiliate	26	199
NTT DATA Services Italy S.r.l.	Affiliate	25	1
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	3	4
NTT Italia S.p.A.	Affiliate	18	25

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Work in progress:			
everis Italia S.p.A.	Subsidiary	252	281
NTT DATA UK Limited	Affiliate	76	60
NTT DATA Corporation	Parent Company	-	9
NTT DATA EMEA Ltd	Parent Company	-	38
NTT DATA Spain S.L.U.	Parent Company	-	59
NTT DATA Services, LLC	Affiliate	-	14
NTT DATA Romania	Affiliate	-	25
NTT DATA Inc.	Affiliate	-	92
NTT DATA Deutschland Gmbh Gmbh	Affiliate	-	91
Other receivables:			
NTT Italia S.p.A.	Affiliate	96	220
NTT Security (Germany) GmbH	Affiliate	63	-
NTT DATA Global Delivery Services Private Ltd	Affiliate	15	15

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Trade payables:			
NTT DATA Emea Ltd	Parent Company	2.704	538
IFI Solution Co., Ltd	Subsidiary	84	82
NTT Data Global Delivery Services Limited	Affiliate	146	132
NTT DATA UK Limited	Affiliate	29	41
NTT DATA Danismanlik VeBilisim Cozumleri Ltd Sirketi	Subsidiary	17	
NTT DATA Corporation	Parent Company	71	72
NTT DATA Deutschland Gmbh	Affiliate	26	179
NTT DATA Business Solutions AG (Germany)	Affiliate	8	-
everis Italia S.p.A.	Subsidiary	39	1.187
NTT DATA Romania	Affiliate	2	44
NTT DATA Services Italy S.r.l.	Affiliate	2	2
NTT Europe Ltd	Affiliate	0	33
NTT Security (Germany) GmbH	Affiliate	66	15
Dimension Data China/Hong Kong Ltd	Affiliate	2	-
NTT Italia S.p.A.	Affiliate	157	480
NTT DATA Business Solutions Türkiye	Affiliate	8	24
NTT DATA Spain S.L.U.	Parent Company	28	229
NTT Advanced Technology Corporation	Affiliate	1	-
NTT America, Inc.	Affiliate	172	7
NTT Australia Pty Ltd	Affiliate	56	33
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Infomaçao Ltda	Affiliate	44	57

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Other paybles:			
NTT DATA Corporation (Japan)	Parent Company	932	1.778
everis Italia S.p.A.	Subsidiary	200	328
NTT DATA Spain S.L.U.t	Parent Company	-	27
NTT Research, Inc.	Affiliate	-	10
NTT DATA Business Solutions AG (Germany)	Affiliate	166	141
NTT DATA Services Operations B.V.t	Affiliate	-	12
NTT DATA Deutschland Gmbh	Affiliate	153	179
NTT DATA Emea Ltd	Parent Company	1.315	1.212
NTT DATA UK Limited	Affiliate	1	5
NTT DATA Services Italy S.r.l.	Affiliate	15	-
NTT Italia S.p.A.	Affiliate	22	44
NTT France SAS	Affiliate	21	9
NTT DATA Romania	Affiliate	7	9
NTT DATA Business Solutions a.s.	Affiliate	9	-
Financial Liabilities:			
NTT DATA Emea Ltd	Parent Company	97.500	97.500

(€ thousand)	Relationship	31 March 2021	31 March 2022
Revenues and other income:			
NTT DATA Emea Ltd	Parent Company	1.718	1.571
NTT DATA Spain S.L.U.	Parent Company	-	380
NTT DATA Deutschland Gmbh	Affiliate	2.589	5.299
NTT DATA UK Limited	Affiliate	1.582	3.556
NTT Research, Inc.	Affiliate	-	90
NTT DATA Services, LLC	Affiliate	-	789
NTT DATA Corporation	Parent Company	4.493	5.795
NTT Belgium NV	Affiliate	-	19
everis Italia S.p.A.	Subsidiary	839	5.211
NTT DATA Business Solutions AG (Germany)	Affiliate	510	518
NTT Com Managed Services, S.A.U.	Affiliate	16	-
NTT DATA Business Solutions A.B.	Affiliate	4	9
NTT DATA Inc.	Affiliate	20	173
NTT DATA Romania	Affiliate	15	194
NTT DATA Services Italy S.r.l.	Affiliate	80	79
NTT DATA Services Operations B.V.	Affiliate	26	487
NTT France SAS	Affiliate	32	13
NTT Italia S.p.A.	Affiliate	99	23
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	3	1

(€ thousand)	*Relationship*	*31 March 2021*	*31 March 2022*
Operating costs and financial charges			
IFI Solution Co., Ltd	Subsidiary	293	200
NTT DATA Danismanlik VeBilisim Cozumleri Ltd Sirketi	Subsidiary	(39)	-
Xsfera S.r.l.	Subsidiary	170	-
NTT DATA Emea Ltd	Parent Company	5.869	9.041
NTT DATA Deutschland Gmbh	Affiliate	65	252
NTT DATA Romania	Affiliate	93	111
NTT Data Global Delivery Services Limited	Affiliate	86	65
NTT DATA UK Limited	Affiliate	148	277
NTT DATA Corporation	Parent Company	(571)	(86)
NTT DATA Business Solutions AG (Germany)	Subsidiary	41	(12)
NTT DATA Spain S.L.U.	Parent Company	46	230
everis Italia S.p.A.	Subsidiary	169	2.074
NTT Europe Ltd	Affiliate	33	33
NTT Security (Germany) GmbH	Affiliate	359	124
NTT Italia S.p.A.	Affiliate	805	1.180
NTT Advanced Technology Corporation	Affiliate	(0)	-
NTT DATA Business Solutions Türkiye	Affiliate	73	16
NTT America, Inc.	Affiliate	939	165
NTT Australia Pty Ltd	Affiliate	183	426
NTT DATA Brasil Consultoría de Negocios e Tecnologia da Info	Affiliate	456	315

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 € 150 thousand.

5. Commitments

The item “Commitments” includes:

(€ thousand)	*31 March 2021*	*31 March 2022*
Guarantees to third parties	79.697	87.479
TOTAL	**79.697**	**87.479**

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:

• During the month of June, NTT DATA Italia partially repaid € 20 million on loan with NTT DATA EMEA maturing on 28 June 2022. Due to the reorganization of the NTT DATA group linked to the integration of the everis group, NTT DATA EMEA proceeded to sell the residual credit of € 77.5 million to NTT DATA Europe and LATAM Finance, S.L.U..
NTT DATA Italia finally renewed with NTT DATA Europe and LATAM Finance, S.L.U. for a 3-year period the loan of € 77.5 million at market rates

• On 23 June 2022 the Board of Directors approved the merger by incorporation project of Xsfera S.r.l. in NTT DATA Italia S.p.A.. It will happen during the year 2022 with retroactive fiscal and accounting effects from 1 April 2022.

• On 23 June 2022 the Board of Directors approved the merger by incorporation project of everis Italia S.p.A. in NTT DATA Italia S.p.A.. It will happen during the year 2023 with fiscal and accounting effects starting from 1 April 2023.

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, 2022, with a **positive net result of € 27,948,052** and to be allocated as follows:

- € 1,397,403, equals to 5% rounded of net equity, to legal reserve;
- € 26,550,649 carried forward.

On behalf of the Board of Directors

The CEO
Walter Ruffinoni

(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 2022, 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 2022 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.

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 2022 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 2022 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 2022 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, 12 July 2022

KPMG S.p.A.

(signed on the original)

Cristina Quarleri
Director of Audit