

HCL Hungary Ltd.

**Notes to the Simplified Annual Report
April 1, 2021 – March 31, 2022**

Budapest, June 22, 2022

1. THE COMPANY

HCL Hungary Limited, a limited liability company was founded by HCL Bermuda Limited (22 Victoria Street, Hamilton, Bermuda, HM-12) on March 26, 2009. The Company was registered on May 12, 2009, registration No: 01-09-918721/4.

The owner of the Company from March 26, 2009:

HCL Bermuda Limited
HM-12 Hamilton Victoria Street 22
Bermuda

The Company's subscribed capital:

The Company's subscribed capital was HUF 9,000,000 on March 31, 2020. This amount was increased by HUF 7,240,000 to HUF 16,240,000 on December 29, 2020. In its resolution dated March 25, 2022 the Sole Quotaholder resolved to increase the Company's subscribed capital by HUF 461,000,000. Due to the registered capital increase the amount of the Company's registered capital increased to HUF 477,240,000, which is comprising cash contribution in full.

Activities of the Company:

- computer programming
- information-technology advisory service
- computers operating
- data processing, web hosting service
- world wide web service
- other information service

Registered seat of the Company

Registered office of the Company: 1143 Budapest, Stefánia út 101-103.

Managing Directors of the Company, who have the right to sign the Financial Statements.

Shiv Kumar Walia Maidenhead, Berkshire Lanrivain Ascot Road GB SL62HT	Goutam Rungta Flat 314, Vasto Block, Mahagun Mansion Vaibhav Khand, Indirapuram IN 201014 Uttar Pradesh, Ghaziabad	Bejoy Joseph George Wiesenu 44. DE 60323 Frankfurt
--	---	--

The proper signature for the Company would be carried out by one of the Managing Directors from the above.

Chartered accountant

The name of the person who is responsible for the managing of the accounting services is Eszter Balogh, (address: 1122 Budapest, Ráth György u. 24.) chartered accountant, registration number: 117766.

Audit

Based on the Section 155 (2) and (5) of the Act C of 2000 on Accounting the election of an auditor is obligatory.

The auditor of the Company:

BDO Magyarország Könyvvizsgáló Kft. (székhely: 1103 Budapest, Kőér utca 2/A. C.ép., cégjegyzékszám: 01-09-867785), kijelölt könyvvizsgáló: Schillinger András (kamarai azonosító: 007399, lakcím: 1146 Budapest, Istvánmezei út 2.B. ép. 3.em. 28.).

2. ACCOUNTING POLICY

a) Business year

According to the resolution of the Sole Quotaholder dated on March 26, 2009 the business year of the Company shall be the twelve-month period lasting from July 1 to June 30.

The Sole Quotaholder decided in its resolution of September 15, 2015 to change the fiscal year of the Company so that the Company's fiscal year shall be the twelve-month period lasting from April 1 until March 31. The first modified fiscal year of the Company according to the above started on April 1, 2016.

These financial statements relate to the period from April 1, 2021 to March 31, 2022.

The date of preparation of the Balance Sheet is May 10, 2022.

b) Basis of accounting

The Company is required to keep double-entry books. The selected method for the preparation of the Profit and Loss Account is the summary cost method. The financial statements have been prepared under the historical cost convention in accordance with the Hungarian Act on Accounting.

The Company does not make any changes (enlarging or concentrating) in the chosen version of the Balance Sheet and the Profit and Loss Statement.

The Company represents its assets, equity and liabilities in HUF.

c) Recording of transactions arising in foreign currencies

Transactions arising in a foreign currency other than that in which the books are kept are recorded at the Hungarian National Bank's exchange rate and cross bank rate prevailing at the date of the transaction. Non-realized foreign exchange gains or losses arising from the difference between the book value of the assets / liabilities and the market value of the assets / liabilities computed with the exchange rates prevailing at the turning date are accounted in every case.

3. VALUATIONS (data in thousand HUF)

31.03.2021 31.03.2022

a) *Intangible assets*

Gross value of intangible assets

Description	Movements in thousand HUF				
	Opening	Increase	Low value	Decrease	Closing
Rights representing value	30 928	0	0	0	30 928
Intellectual product - software	25 951	0	0	0	25 951
Total intangible assets	56 879	0	0	0	56 879

Depreciation of intangible assets

Description	Movements in thousand HUF				
	Opening	Increase	Low value	Decrease	Closing
Rights representing value	5 436	3 093	0	0	8 529
Intellectual product - software	9 777	8 109	0	0	17 886
Total intangible assets	15 213	11 202	0	0	26 415

Net value of rights representing value	25 492	22 399
Net value of intellectual product - software	16 174	8 065
Összesen	41 666	30 464

b) *Tangible assets*

Gross value of tangible assets

Description	Movements in thousand HUF				
	Opening	Increase	Low value	Decrease	Closing
Computer & equipment	501 246	68 021	0	86 150	483 117
Leased computer & equipment	0	1 034	0	0	1 034
Assets in course of construction	14 750	0	0	14 750	0
Total tangible assets	515 996	69 055	0	100 900	484 151

Depreciation of tangible assets

Description	Movements in thousand HUF				
	Opening	Increase	Low value	Decrease	Closing
Computer & equipment	205 057	118 383	0	45 676	277 764
Leased computer & equipment	0	72	0	0	72
Total tangible assets	205 057	118 383	0	45 676	277 764

Net value of computer equipment	296 189	205 353
Leased computer & equipment	0	962
Assets in course of construction	14 750	0
Total	310 939	206 315

c) *Inventories*

Goods for sale	6 002	56 307
Total	6 002	56 307

	<u>31.03.2021</u>	<u>31.03.2022</u>
d) Receivables		
Trade debtors	189 798	169 901
Loss of value of trade debtors	-13 323	-5 582
Corporate income tax receivable	1 335	0
Advances to trade suppliers	2 389	64
Receivables related to payroll taxes	273	0
Withholding tax receivable	0	1 110
Receivables against group companies	90 906	176 550
Total	271 378	342 043

e) Cash		
HUF current account at Deutsche Bank	28 958	97 386
USD current account at Deutsche Bank (\$ 63,261.78 on 03.31.2021)	19 590	14 365 754
Total	48 548	14 463 140

f) Accrued and deferred assets		
Prepaid insurance fee	294	251
Accrued IT service expenses	7 476	11 728
Accrued IT service expenses - group	102 104	189 573
Unbilled receivables	10 967	22 482
Unbilled receivables - related to leasing	5 810	62 351
Unbilled receivables - group	1 495	25 728
Total	128 146	312 113

g) Equity

In its resolution dated March 25, 2022 the Sole Quotaholder resolved to increase the Company's subscribed capital by HUF 461,000,000. Due to the registered capital increase the amount of the Company's registered capital increased to HUF 477,240,000. The subscription value of the registered capital increase was HUF 5,122,950,000. The difference of the subscription value and the nominal value of the capital increase (which is HUF 4,661,950,000) is contributed to the Company as capital reserve. The amount of the nominal value of registered capital increase and HUF 4,647,805,000 was transferred to the Company on March 29, 2022.

	<u>31.03.2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>31.03.2022</u>
Issued capital	16 240	461 000	0	477 240
Capital reserve	65 160	4 647 805	0	4 712 965
Accumulated profit reserve	20 338	2 704	0	23 042
Profit or loss for the year	2 704	-315 580	0	-312 876
Total	104 442	4 795 929	0	4 900 371

h) Current liabilities

Deutsche Bank AG Amsterdam EUR acc.(-803,455.11 EUR on 03.31.2021)	292 241	515 059
Deutsche Bank Hungary EUR account (-25.00 EUR on 03.31.2021)	9	9
Liabilities to group companies	203 851	19 951
Loan received from group companies	0	9 544 640
Trade suppliers	40 258	64 110
Advances received from customers	4 742	4 742
VAT liability	15 681	5 384
Corporate income tax liability	0	1 711
Local business tax liability	8 094	6 911
Innovation contribution liability	1 673	2 389
Payroll tax liability	0	152
Liabilities to employees	3 098	7 560
Liabilities to pension fund, helath fund	1 271	1 750
Other liabilities	0	785
Total	570 918	10 175 153

	<u>31.03.2021</u>	<u>31.03.2022</u>
i) <i>Accrued and deferred liabilities</i>		
Deferred revenue	104 868	192 543
Accrued bookkeeping fee	1 277	5 948
Accrued payroll service fee	200	0
Accrued audit fee	850	2 000
Accrued legal fee	0	7 468
Accrued travel expenses	0	0
Accrued bonus	2 895	3 782
Accrued taxes on bonus	507	625
Accrued IT service expenses	19 026	64 370
Accrued IT service expenses - group	1 696	45 604
Accrued travel expenses	0	16
Accrued interest on loan from group companies	0	12 502
Total	131 319	334 858

	<u>01.04.2020-</u> <u>31.03.2021</u>	<u>01.04.2021-</u> <u>31.03.2022</u>
j) <i>Total sales</i>		
Revenue from domestic sales	859 318	1 079 527
Revenue from foreign sales	208 535	385 470
Total	1 067 853	1 464 997

k) <i>Other revenue</i>		
Reversal of bad debt provision	1 178	7 741
Correction of previous years	303	117
Total	1 481	7 858

l) <i>Material-type expenditures</i>		
Office supplies	660	80
Legal advisory	331	15 629
Bookkeeping fee	10 052	10 513
Payroll service fee	1 716	1 112
Audit fee	983	2 000
Tax advisory fee	0	645
Other outsourced services (project related costs)	3	5
Rental expenses	472	471
IT services	532 167	558 994
Repair and maintenance costs	0	132
Relocation expenses	0	1 517
Telecommunication costs	449	250
Travel expenses	539	83
Training expenses	45	0
Staff recruitment expenses	2 106	0
Cost of goods sold	75 155	127 336
Intermediated services	65 444	218 422
Membership fees	5	5
Official fees	113	0
Bank charge	6 444	6 216
Total	696 684	943 410

	<u>01.04.2020-</u> <u>31.03.2021</u>	<u>01.04.2021-</u> <u>31.03.2022</u>
m) <i>Payments to personnel</i>		
Gross salary	146 488	190 202
Other personal expenses	5 755	1 788
Payroll related taxes	32 231	29 151
Total	184 474	221 141
n) <i>Depreciation</i>		
Lump sum depreciation	3 233	0
Depreciation	109 933	129 656
Total	113 166	129 656
o) <i>Other expenditures</i>		
Bad debt written-off	0	8 797
Late interest paid	630	346
Withholding tax paid abroad (decreased by usable part in CIT)	1 609	0
Innovation contribution	2 976	4 013
Local business tax	19 841	26 752
Total	25 056	39 908
p) <i>Financial revenues</i>		
Realized exchange gain	110 579	82 743
Interest income from clients	26	308
Interest income from bank	1	17
Total	110 606	83 068
q) <i>Financial expenditures</i>		
Interest expenditure on loan from HCL EAS Ltd.	549	12 502
Interest paid to bank	6 479	3 684
Realized exchange loss	109 480	183 191
Unrealized exchange loss	39 127	332 487
Other financial expenses	97	19
Total	155 732	531 883

r) Taxation

Calculation of the corporate tax liability and the annual profit figure:

	<u>31.03.2021</u>	<u>31.03.2022</u>
Total revenues	1 179 940	1 555 923
Total expenditures	1 175 112	1 865 998
Profit before taxation	4 828	-310 075
Tax base increasing item	113 176	138 453
- Depreciation according to the Act on Accounting	113 167	129 656
- Receivable write-off	0	8 797
- Late interest	9	0
Tax base decreasing item	116 763	137 397
- Depreciation according to the Act on Corporate income tax	113 167	129 656
- Reversal of provision for bad debt	1 178	7 741
- Utilization of previous years' losses	2 418	0
Corporate income tax base	1 241	-309 019
Corporate income tax (9%) - not applicable	0	0
Tax base for minimum tax (2% of total revenues)	23 599	31 118
Minimum tax (9%) - applicable	2 124	2 801
Usable taxes paid abroad	3	0
Minimum tax (9%) - applicable	2 121	2 801
CIT correction of previous years	0	0
Profit after tax	2 704	-312 876

s) Wages and staff number

The company had 13 employees in the business year and 10 employees in the proceeding business year. The average number of expat employees at the Company was 1 in the business year and 2 in the preceding business year.

t) Ratios

	<u>31.03.2021</u>	<u>31.03.2022</u>
Ratio of Current assets (Current assets/Total assets)	40,40%	96,44%
Liquidity ratio (Current assets/Current liabilities)	0,57	1,46
Return on Equity (Profit before taxes/Equity)	4,62%	-6,33%