HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA.

Financial Statements and
Independent Auditors' Report

December 31, 2023

RT 298/2024

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Management and Quotaholders of
HCL (Brazil) Tecnologia da Informação Ltda.
São Paulo – SP

Opinion

We have audited the financial statements of HCL (Brazil) Tecnologia da Informação Ltda. ("Company") which comprise the statement of financial position as at December 31, 2023, the statement of comprehensive income, the statement of changes in quotaholder's equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, all expressed in Brazilian Reais including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HCL (Brazil) Tecnologia da Informação Ltda., as at December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted accounting principles adopted in Brazil and with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the following section called **"Auditor's Responsibilities for the Audit of the Financial Statements".** We are independent in relation to HCL (Brazil) Tecnologia da Informação Ltda. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled with the other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles adopted in Brazil, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing always detect eventual material misstatements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, may influence, within a reasonable perspective, the economic decisions of users taken based at such financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

São Paulo, April 29, 2024.

RSM ACAL AUDITORIA E CONSULTORIA LTDA.

Cláudio Silva Foch
Partner in Charge
CRC-RJ - 102.455/O-4 – Accountant

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Balance sheet
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	Note	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	4	88,648,496	9,978,204
Other Financial Assets	4.1	425,749	3,506,370
Accounts Receivable	5	113,805,931	112,840,237
Intercompany Receivables	18.1	200,703,312	146,050,001
Prepaid Expenses		5,318,085	2,225,180
Taxes to be recovered	6	19,424,366	12,853,818
Equipment Inventory	7	-	719,994
Other valuables and assets		1,131,243	999,950
Total Current Assets		**429,457,182**	**289,173,754**
Non-Current Assets			
Long-term receivables			
Judicial deposits	8	153,587	33,182,557
Deferred tax assets	26.2	23,838,093	10,146,536
Prepaid Expenses		19,845	-
Deferred Cost	9	43,040,003	-
Fixed Assets	10	34,470,611	34,251,705
Intangible	11	14,950,037	16,104,155
Right of use	12	9,843,336	13,095,657
Total Non-Current Assets		**126,315,512**	**106,780,610**
Total Assets		**555,772,694**	**395,954,364**

Explanatory notes are an integral part of the financial statements.

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Balance sheet
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	Note	2023	2022
Liabilities			
Current Liabilities			
Suppliers	13	34,769,770	11,991,835
Social and Labor Obligations	14	40,620,851	31,673,364
Tax Obligations	15	19,158,722	7,776,086
Miscellaneous provisions	16	29,789,318	9,357,418
Deferred revenue	17	44,293,133	8,287,736
Lease liabilities	12	2,060,485	1,977,469
Other liabilities		4,257,627	2,518,270
Total Current Liabilities		**174,949,906**	**73,582,178**
Non-Current Liabilities			
Intercompany Suppliers	18.2	261,724,188	189,168,106
Related-party loans	18	-	44,377,139
Provision for contingencies	19	820,628	1,030,039
Lease liabilities	12	7,768,463	11,113,931
Deferred revenue	17	937,429	1,233,265
Deferred tax liability	26.2	4,834,978	739,636
Other liabilities		23,366	-
Total Non-Current Liabilities		**276,109,052**	**247,662,116**
Shareholders’ Equity			
Share capital	20	82,510,266	82,510,266
Cumulative results		22,203,470	(7,800,196)
Total Shareholders’ Equity		**104,713,736**	**74,710,070**
Total Liabilities and Shareholders’ Equity		**555,772,694**	**395,954,364**

Explanatory notes are an integral part of the financial statements.

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Income Statement for the Fiscal Year
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	Notes	2022	2022
Operating Income			
Net Revenue	21	478,273,706	423,468,627
(-) Costs of services provided	22	(344,201,548)	(289,414,137)
Gross profit		**134,072,158**	**134,054,490**
Operating Expenses			
Personnel expenses	24	(32,278,376)	(22,127,271)
Administrative expenses	23	(19,716,500)	(37,275,995)
General expenses	23	(2,050,509)	(2,450,444)
Expenses for services	23	(18,809,580)	(12,063,016)
Expenses for other taxes and fees	23	(2,194,180)	(2,545,850)
Depreciation and amortization	23	(20,041,793)	(20,612,006)
Other operating expenses (income)	23	799,374	1,801,935
Total Operating Revenues (Expenses)		**(94,291,564)**	**(95,272,647)**
Result before financial result		**39,780,594**	**38,781,843**
Financial income		6,397,527	13,798,579
Financial expenses		(5,323,085)	(22,559,459)
Net financial result	25	**1,074,442**	**(8,760,880)**
Profit Before Tax		**38,706,152**	**30,020,963**
Income tax and social contribution – current		(18,298,701)	(2,685,069)
Income tax and social contribution – deferred		9,596,215	9,406,899
Income tax and social contribution	26	**(8,702,486)**	**6,721,830**
Net income (loss) for the year		**30,003,666**	**36,742,793**

Explanatory notes are an integral part of the financial statements.

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Statement of Comprehensive Income
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	2023	2022
Net income for the year	**30,003,666**	**36,742,793**
Comprehensive results	-	-
Comprehensive income for the year	**30,003,666**	**36,742,793**

Explanatory notes are an integral part of the financial statements.

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Statement of changes in shareholders' equity
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	Share capital	Cumulative results	Total
Balances as of December 31, 2021 (unaudited)	**82,510,266**	**(44,580,488)**	**37,929,778**
Profit for the year	-	36,742,793	36,742,793
Adjustments from previous years	-	37,499	37,499
Balances as of December 31, 2022	**82,510,266**	**(7,800,196)**	**74,710,070**
Profit for the year	**-**	**30,003,666**	**30,003,666**
Balances as of December 31, 2023	**82,510,266**	**22,203,470**	**104,713,736**

Explanatory notes are an integral part of the financial statements.

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA
Statement of Cash Flows
for the years ended December 31, 2023 and 2022
(Values stated in reais)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	38,706,152	30,020,963
Adjustments to reconcile pre-tax profit to cash flow:		
Miscellaneous provisions (reversals)	(9,584,200)	(56,729,196)
Asset write-offs	4,613,521	17,250,520
Depreciation and amortization	19,251,025	19,430,903
Lease Depreciation - IFRS 16	2,336,687	2,044,556
Interest on lease - IFRS 16	107,334	164,230
Interest on Loan	1,160,089	(1,761,181)
Losses in receivables from customers	4,702,304	23,349,021
	61,292,912	33,769,816
Reduction (increase) in operating assets:		
Customers receivables	(2,587,377)	(14,060,505)
Customers receivables – Intercompany	(54,653,311)	(80,509,742)
Taxes and contributions to be recovered	(6,570,548)	(11,239,923)
Deferred cost	(43,040,003)	-
Prepaid Expenses	(3,112,750)	596,177
Judicial deposits	33,028,970	(33,163,659)
Other Assets	588,701	1,468,200
Increase (decrease) in operating liabilities:		
Suppliers	22,777,935	2,524,898
Suppliers – Intercompany	72,556,082	141,527,852
Social and Labor Obligations	8,947,487	3,243,456
Tax Obligations	11,382,636	(34,467,621)
Customers prepayment	1,739,357	13,071,949
Deferred revenue	35,709,561	7,762,551
Provision for contingency	9,374,789	-
Other Accounts Payable	20,455,266	-
Cash generated by (applied to) operating activities	**167,889,707**	**30,523,449**
IRPJ and CSLL paid	(18,298,701)	2,685,069
Net Cash Flow in Operating Activities	**149,591,006**	**33,208,518**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of Fixed Assets	(21,864,461)	(11,256,335)
Acquisitions of intangible assets	(1,064,873)	(468,416)
Cash generated by (invested in) investment activities	**(22,929,334)**	**(11,724,751)**
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(2,454,152)	(2,213,043)
Related-party loans	(45,537,228)	(25,224,400)
Cash generated by (applied to) financing activities	**(47,991,380)**	**(27,437,443)**
NET INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS	**78,670,292**	**(5,953,676)**
Cash and cash equivalents at the beginning of the year	9,978,204	15,931,880
Cash and cash equivalents at year-end	88,648,496	9,978,204
	78,670,292	**(5,953,676)**

1. Operational context

HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA is a Company that provides support, information technology consulting, development and licensing of customizable computer programs, sale and rental of information technology equipment.

The head office is located at Rua Olimpíadas, 205, suite 12, Vila Olimpia, Postal Code 04551-000, metropolitan region of São Paulo, where its commercial office and delivery center for some customers are also installed. The Company has subsidiaries and global delivery centers that are located in Curitiba - PR, opened in 2010, in São Leopoldo, opened in 2009, as well as legal entities in Rio de Janeiro - RJ, opened in 2009, Belo Horizonte - MG, opened in 2010, Guarulhos-SP, opened in 2011, Manaus - AM, opened in 2010, Recife - PE, opened in 2012, Camaçari - BA, opened in 2019, São Paulo, Campinas-SP, opened in 2021.

In 2013, the Company’s commercial area was restructured, with a reduction in the number of people at the commercial board level and greater alignment of responsibilities at the managerial-operational level by market segment. This reorganization allowed greater agility and focus on conducting the operation of the current business with greater proximity to customers and suppliers and the stabilization and implementation of global managerial-operational processes in Brazil, thus making the Brazil operation more attractive to global HCL businesses and projects to the detriment of local businesses.

In order to consolidate its operations in Brazil, increasing its operational efficiency, and better serve our customers; in 2018 the Company, through a global partnership between HCL and IBM in the acquisition of exclusive lines of support and development services for more than 20 IBM products, began to provide support services to IBM products, and market licenses of the acquired products globally. To consolidate this operation and its expansion, more than 90 IBM Brazil professionals became part of the Company’s staff.

In 2019, the Company expanded its participation in the Brazilian market with the right to support and provide services, in addition to the connection with Program Licensing by CA/Broadcom for HCL Brazil and Latin America customers, who have a non-exclusive and non-transferable right to use the Work Product produced by HCL without the right to sublicensing, which is exclusively for the business and for the internal data processing operations of the Client and the Companies. During the period, there was the transfer, rehiring by HCL, of more than 70 Braodcom professionals specialized in the market and CA products.

In 2021, following a global HCL movement of expansion in the geographies where it operates, there was a new restructuring of the Company’s commercial area, with the arrival of a commercial director in Brazil and reinforcement of the business and strategic marketing team. This action aims to resume the opening of new businesses. This movement also promoted the renewal of the brand globally and locally, with a focus on being more recognized for the wide dissemination of its services and potential in information technology and implementation of global managerial-operational processes in Brazil, thus making the Brazil operation more attractive to HCL global businesses and projects to the detriment of local businesses.

In 2018, through the acquisition by HCL Global of C3i, a company specialized in support services to the pharmaceutical industry, the Company saw a great opportunity to operate in the local market for large pharmaceutical companies and started to work with a team of more than 80 professionals in the provision of specialized support services in software used by the pharmaceutical industry, as well as inaugurating hardware preparation and software installation services, to be sent to large research centers responsible for testing the use of new products developed by the pharmaceutical industry.

Another move and great opportunity for business expansion in Brazil was the acquisition of NXP's preference to operate in support and testing services in the semiconductor area in Brazil and Latin America, an opportunity due to the termination of NXP's operations in Brazil. HCL obtained preference for the job offer to the Company's staff and hired more than 70 NXP engineers, specialists in this line of services, thus inaugurating the operation of the Brazil operation in the semiconductor engineering segment, leading to the planning of the opening of the new branch in Campinas and future installation of a technology center.

These moves to expand the Company's operations in the face of new opportunities in the local market in view of the Company's technological potential have allowed us to double our workforce in the last three years, currently with a team of more than 1200 professionals and continuous growth.

In 2023, HCL entered into a contract with Banco do Brasil in the amount of R$593 million, to be invoiced over 60 months.

2. Basis for the preparation of financial statements and declaration of conformity

2.1. Declaration of conformity and initial adoption of Law No. 11.638/07 and Provisional Presidential Decree No. 449/08

The financial statements for the year ended December 31, 2022 were the first presented in accordance with the accounting practices adopted in Brazil in accordance with the accounting standards issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC). The Management has prepared its opening balance sheet with the transition date of January 1, 2022. The pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee are in line with the international accounting standards issued by the IASB.

The issuance of these financial statements of HCL (Brazil) Tecnologia da Informação LTDA was authorized by the management on April 29, 2024.

The financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil in compliance with the provisions contained in the laws applicable to its activities, complemented by the pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee - CPC, approved by resolutions of the Federal Accounting Council - CFC. Due to the fact that the accounting practices adopted in Brazil applied in the financial statements, as of 2014, do not differ from IFRS, as well as are in accordance with the International Financial Reporting Standards (IFRS, issued by the International Accounting Standards Board (IASB)).

2.2. Basis of measurement

The financial statements were prepared using historical cost as the basis of value, except for certain classes of current and non-current assets and liabilities, as presented in the explanatory note to accounting practices. All amounts presented in these financial statements are expressed in Reais, which is the Company's functional and presentation currency, unless otherwise indicated.

3. Summary of Key Accounting Policies

The accounting policies described below have been consistently applied by the Company in the financial statements presented.

The financial statements were prepared on several valuation bases used in the accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, based on management's judgment to determine the appropriate amount to be recorded in the financial statements.

The Company revises its estimates and assumptions at least annually.

The financial statements were prepared and are being presented in accordance with the accounting policies adopted in Brazil, which include the resolutions of the Federal Accounting Council (CFC) and the pronouncements of the Accounting Pronouncements Committee (CPC).

The Company has adopted all standards, revisions of standards and interpretations issued by the Accounting Pronouncements Committee in force on December 31, 2023.

3.1. Foreign Currency Conversion

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency prevailing at the transaction date.

3.2. Revenue Recognition

Revenue is recognized to the extent that it is likely that economic benefits will be generated for the Company and when it can be reliably measured. Revenue is measured on the basis of the fair value of the consideration received excluding discounts, rebates, and sales taxes or charges.

The following specific criteria must also be met before revenue recognition can take place:

Time & Material / Volume / Transaction Based Contracts

Revenue related to time and material, volume, and transaction based contracts is recognized as related services are performed through expended efforts, volume transactions are processed, etc., corresponding to the amount transferred to the customer up to the date related to the right to invoice for the services rendered.

Contracts involving the provision of services and the supply of products

Revenue is recognized when, or to the extent that, control of a promised service or goods is transferred to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the transfer of those products or services. To recognize revenues, the following five-step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is fulfilled. A contract is accounted for when it is legally enforceable through enforceable contracts, approval and commitment by all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance, and the collection of consideration is likely.

Fixed-price contracts

Revenue related to fixed-price contracts, in which performance and control obligations are satisfied over time, such as technology integration, complex network construction contracts, systems implementation, and application development, is recognized based on progress toward meeting the performance obligation using a cost-based progress measurement method (i.e., percent of completion method). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in costs for completion will result in an increase or decrease in revenue, and these changes are recorded in the period in which they are identified.

Revenue related to other fixed-price contracts that provide maintenance and support services is recognized on the basis of the right to bill for services provided in contracts where the billing is representative of the amount delivered. If billing is not consistent with the amount delivered, revenues are recognized as the service is provided based on the cost-to-cost method described above. In arrangements involving customer revenue sharing, revenue is recognized when the right to receive is established.

Revenue from product sales is shown net of applicable taxes, discounts, and rebates. Revenue related to products with installation services that are critical to the product is recognized when the installation of the product at the customer’s site is completed and accepted by the customer. If revenue for a delivered item is not recognized due to a lack of acceptance by the customer, the cost of the delivered item remains recorded in inventory.

Multiple performance obligations

When a sales contract involves multiple performance obligations, such as services, hardware, and licensed IPs (software) or combinations thereof, the revenue for each element is based on a five-step approach as defined above. To the extent that a contract includes multiple promised deliveries, judgment is applied to determine whether the promised deliveries are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a single combined performance obligation. For agreements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative stand-alone selling price. The stand-alone selling price is the price at which the company would sell separately promised goods or services to the customer. When it is not directly observable, we estimate the stand-alone selling price using an expected cost plus margin approach. We have established a stand-alone selling price range for our deliveries, which is re-evaluated periodically or when facts and circumstances change. If the agreement includes obligations related to the Intellectual Property (Software) License or Lease delivery, the agreement consideration allocated to software deliveries and lease delivery is then allocated to each software and lease delivery obligation as a business.

Revenue recognition for delivered elements is limited to the amount that is not conditional on future delivery of products or services, future performance obligations, or subject to customer-specified return or refund privileges.

Revenue from certain activities in transitional services in outsourcing arrangements is not capable of being distinct or representing a separate performance obligation. Revenues related to these bridging activities are classified as contractual liabilities and subsequently recognized over the period of the agreement. Direct and incremental costs related to these transition activities, which are expected to be recoverable under the contract and generate or enhance company resources that will be used to meet the performance obligation in the future, are considered as contract performance costs classified as deferred contract cost and recognized over the term of the agreement. Certain non-recurring and incremental contract acquisition upfront costs and other upfront fees paid to the customer are deferred and classified as deferred contract cost and amortized to revenue or cost, usually on a straight-line basis, over the term of the contract, unless revenues are earned and obligations are met to a different standard. The undiscounted future cash flows from the agreement are periodically estimated and compared to the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In cases where revenue is derived from the sale of third-party services, materials, or licenses, revenue is recorded in gross form when the company is the principal in the transaction and net of costs when the company acts as an intermediary between the customer and the supplier. Several factors are considered to determine whether the company is the principal or the agent, the most important of which are the company's control of the goods or services prior to transfer to the customer and the latitude in setting the price charged to the customer. Revenue is recognized net of discounts and subsidies, value-added taxes, and services, and includes reimbursement of expenses incurred, with corresponding expenses included in the cost of revenues.

Volume discounts or any other form of variable consideration are estimated using the sum of probability-weighted values in a range of values considered possible (expected value) or the most likely value in a range of values considered possible (most likely value), depending on which method best predicts the value of the achievable consideration. The transaction price includes variable consideration only to the extent that a significant reversal of recognized revenues is not likely to occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and the decision to include the estimated amounts in the transaction price may involve judgment and are based primarily on an assessment of our anticipated performance and all information reasonably available to the Company.

The company recognizes an onerous contract provision when the expected and unavoidable costs of meeting future obligations exceed the expected economic benefits to be received by virtue of a contract. This provision, if any, is recorded in the period in which such losses become likely and is included in the cost of revenues. Revenue that is recognized but not invoiced to customers is classified as contract assets or as unbilled receivables on the balance sheet. Contract assets are mainly related to unbilled amounts in contracts that use the revenue recognition method based on costs incurred and where the right to consideration is not unconditional. Contract assets are recognized when there is an excess of revenue relative to sales revenue. Unbilled receivables represent contracts where the right to consideration is unconditional (i.e., only the passage of time is required before payment is due). A contractual obligation arises when there is sales revenue in excess of the recognized revenue.

i) Resale of products

Revenue from the resale of technology products (servers, computer equipment, as well as computers and peripherals) is recognized when the significant risks and benefits of owning the products are transferred to the buyer, which usually occurs shortly after their invoicing and delivery of the product.

ii) Provision of services

The provision of services consists of the provision of software development, technical support (help-desk), and software licensing, and such revenue is recognized at the time of its provision of the service.

iii) <u>Services to be invoiced</u>

The recognition of revenue from services to be invoiced, both for domestic and foreign services, is based on the values of services already provided in the current period. Revenue from certain activities in transition services under outsourcing contracts cannot be distinct or represent a separate performance obligation. Revenues related to these bridging activities are classified as contractual liabilities and subsequently recognized during the settlement period. A contractual liability arises when there is an excess of sales revenue over the recognized revenue.

The recognition of revenue from services already invoiced follows the policy, considering the totality of services that were not completed by the base date. The review is done on a quarterly basis, with the aim of ensuring that the final numbers are in line with the projects in progress.

3.3. Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments, and not for investment or other purposes. The Company considers cash, balances in a checking account of movement, financial investments of immediate convertibility into a known amount of cash and being subject to negligible risk of change in value.

3.4. Accounts receivable from customers

They are presented at realization values. There are no negotiable instruments with a maturity of more than 180 days, so there is no provision for estimated losses. This policy is applied to the amount receivable from domestic and third-party customers.

3.5. Goodwill

Goodwill is initially measured by cost, being the excess of the sum of the consideration transferred and the value recognized by the interest of non-controlling shareholders, and any previous interest held, on the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the excess is recognized in the income statement as an advantageous purchase gain after the revaluation of the fair values of the net assets.

Goodwill is tested annually on March 31, for impairment, or earlier whenever there is an indication that goodwill may be deteriorated, depending on a range of factors, including results of operations, business plans and future cash flows. For impairment testing purposes, goodwill acquired in a business combination is allocated to the Company's cash-generating units (CGU) that are expected to benefit from the synergies arising from the business combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or group of assets. Impairment occurs when the carrying value of a CGU, including goodwill, exceeds the estimated recoverable value of the CGU. The recoverable value of a CGU is the greater of its fair value minus the cost of sale and its value in use. Value in use is the present value of the expected future cash flows to be derived from the CGU. The total impairment loss of a CGU is allocated first to reduce the carrying value of the goodwill allocated to the CGU and then to the other assets of the CGU, on a pro-rata basis based on the carrying value of each asset in the CGU.

3.6. Fixed assets

Recorded at the cost of acquisition and the depreciation of the assets is calculated by the straight-line method at the rates mentioned in Note 10.

As a precedent, in 2022, the Company changed the useful life of computer equipment in its policies, considering the time of use and efficiency of the item for the Company. With the reduction in useful life, the accumulated depreciation value for 2022 was R$11,828,254, referring to computer equipment, declared in Note 10. The difference in cumulative variation for 2022 of these two groups refers to items that did not undergo a change in useful life. The useful life for these items was changed from 60 to 36 months, according to the loan contracts signed.

Depreciation methods, useful lives and residual values are reviewed at each year-end and any adjustments, if any, are recognized as changes in accounting estimates.

The carrying value of an asset is immediately written off to its recoverable value if the carrying value of the asset is greater than its estimated recoverable value. Gains and losses from disposals are determined by comparing the results with the carrying value and are recognized under the heading “Other operating expenses (revenues)” in the income statement.

3.7. Intangible

Intangible assets acquired separately are measured at cost at the time of their initial recognition. After initial recognition, intangible assets are presented at cost, minus accumulated amortization and accumulated losses. The amortization of the intangible assets is carried out by the straight-line method at the rates mentioned in Explanatory Note 11.

Intangible assets are substantially represented by: software and Customer Relationship (linked to the acquisition of IBM). The amortization rate is based on the project’s revenue, which can vary over the quarters, as was done in 2023, with variations between 2% and 3%, the base value for calculating amortization is R$2,141,264.

3.8 IFRS 16 Leasing

The Company is a lessee of offices rented to its employees and IT equipment. These leases are evaluated to determine whether they contain a lease based on the principles for the recognition, measurement, presentation and disclosure of leases to lessees and lessors as defined in IFRS 16. The right-of-use asset represents the Company’s right to control the underlying assets under lease and the lease liability is the obligation to make lease payments related to the underlying asset under lease. Right-of-use asset is initially measured based on lease liability adjusted for any upfront direct costs, prepaid rent, and lease incentives. The right-of-use asset is depreciated by the straight-line method over the term of the lease or the useful life of the right-of-use asset, whichever is less. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any, and adjusted for any measurement of lease liability.

Lease liabilities are measured on the lease commencement date and determined using the present value of the unpaid minimum lease payments and the Company's incremental lending rate, which approximates the rate at which the Company would borrow, in the country where the lease was entered into. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payment comprises lump sum payment less any lease incentives, variable lease payment that depends on an index or rate, exercise price of a call option if the Company is reasonably certain to exercise the option, and payment of lease termination penalties, whether the term of the lease reflects the exercise of the Company's option to terminate the lease. The lease liability is subsequently measured by increasing the carrying value to reflect interest on the lease liability, reducing the carrying value to reflect the lease payment made, and remeasuring the carrying value to reflect any revaluation or modification, if any.

3.9. Other assets and liabilities

An asset is recognized on the balance sheet when it is a resource controlled by the Company arising from past events and which are expected to result in future economic benefits.

A liability is recognized on the balance sheet when the Company has a legal obligation or one constituted as a result of a past event, and it is likely that an economic resource will be required to settle it.
Assets and liabilities are classified as current when their realization or liquidation is likely to occur within the next twelve months. Otherwise, they are shown as non-current.

3.10. Taxation

<u>Taxes on the sale and resale of products/services</u>

Sales and resale revenues are subject to the following taxes and contributions, at the following basic rates:

- Social Integration Program (PIS) - 1.65% (Non-cumulative regime) and 0.65% (Cumulative regime);
- Social Security Contribution (COFINS) - 7.6% (Non-cumulative regime) and 3% (Cumulative regime);
- Tax on the Circulation of Goods (ICMS) - The rate adopted is a function of the State of destination of the goods;
- Tax on Services of Any Nature (ISS) - The rate adopted for the services provided by the Company varies between 2% and 5%, as detailed below:
  - São Leopoldo, Guarulhos and Campinas 2%
  - Belo Horizonte 2.5%
  - São Paulo 2.9%
  - Curitiba, Manaus, Recife and Rio de Janeiro 5%

Revenues are shown net of these charges in the income statement. The costs of services rendered and products resold are presented net of credits arising from the non-cumulativeness of PIS and COFINS in the income statement.

Income tax and social contribution – current

Taxation on profit comprises the Corporate Income Tax (IRPJ) and the Social Contribution on Net Income (CSLL). Income Tax is computed on taxable income at the rate of 15%, plus an additional 10% for profits that exceed R$240,000 in the 12-month period, while Social Contribution is calculated at the rate of 9% on taxable income recognized by the accrual basis, therefore, the inclusions of accounting profit from expenses, temporarily non-deductible, or exclusions of income, temporarily non-taxable, considered for the calculation of current taxable income, generate deferred tax credits or debts. The prepayments or amounts that can be offset are shown in current or non-current assets, according to the forecast of their realization.

Income tax and social contribution – deferred

The deferred income tax, regulated by Accounting Pronouncements Committee 32, defines the payment of tax when the profit is credited, accounted for at the rate of 15% for income tax and 9% for social contribution. The basis was defined based on the balance of liability provisions, considered as temporary provisions, and unrealized variations, constituted as the Company's balance.

Current and deferred income tax and social contribution assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when current and deferred income tax and social contribution assets and liabilities relate to income tax and social contribution levied by the same taxable authority over the taxable entity, where there is an intention to settle the balances on a net basis.

3.11. Other employee benefits

The benefits granted to the Company's employees include, in addition to the fixed compensation (salaries and social security contributions, vacations and 13th salary), the offer of employee health plans and life insurance. For food stamps, meal or meal voucher benefits, small monthly discounts are made. The transportation voucher discount follows the legislation in force. These benefits are recorded in the income statement for the year when the Company has an accrual-based obligation as they are incurred. The benefit granted to employees, with a profit-sharing nature, is offered in accordance with the collective bargaining agreement of each State.

The Company does not maintain severance benefits, pension plans, private pension plans or any retirement plan or benefits for its employees and officers after their departure from the Company.

3.12. Share capital

On December 31, 2023 and 2022, the Company's share capital consisted of shares fully subscribed and paid.

Dividend distribution

No dividends were distributed during the periods presented in these financial statements.

3.13. Significant Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies, Management must make judgments and make estimates regarding the carrying values of assets and liabilities. The estimates and their respective assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The final values of the transactions involving these estimates are only known at the time of their execution or settlement. The underlying estimates and assumptions are revised on an ongoing basis. The effects arising from revisions made to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or also in later periods if the revision affects both the present period and future periods.

The following are the main judgments and estimates made by Management during the process of applying the Company's accounting policies and which significantly affect the amounts recognized in the financial statements.

- **Provisions for risks:** the assessment of the probability of loss includes the evaluation of the available evidence, the hierarchy of laws, the available case law, the most recent decisions in the courts and their relevance in the legal system, as well as the evaluation of outside counsel. Provisions for risks are reviewed and adjusted to take account of changes in circumstances, such as the applicable statute of limitations, findings of tax inspections, or additional exposures identified based on new matters or court decisions.
- **Provision for contingencies -** Labor lawsuits arise from the provisioning prepared by external partnering law firms, on a monthly basis. Thus, from the summons to file a defense to before the judgment, the process is provisioned as possible and the Company is based on the amount calculated in the complaint, that is, the amount informed by the claimant. From the judgment, the amount is provisioned as probable if the judgment is favorable to the claimant, using the value assigned in the judgment, i.e., not sent to the calculator for actual provisioning since the value of the judgment is notional. If the judgment is favorable to the defendant, that is, the action is dismissed, the amount is provisioned as remote and, if there is an appeal, they follow the same line, remote if the judgment dismisses the case and probable if the judgment is reversed or the conviction is maintained.

(Values stated in reais)

Once the execution phase begins, the amounts are updated according to the calculation presented by the Company or judicial expert, always maintaining the provision as probable, but if the Company has guaranteed the execution in the records, it will be changed to remote.

Considering HCL's subsidiary liability, the provision is maintained as probable taking the total amount granted by the judgment or by the calculations presented in the records.

- **Estimated loss for doubtful accounts (PECLD)** – the Company's policy establishes that receivables overdue for more than 180 days are provisioned as doubtful accounts. For the current year, the value of the provision was reversed, since there are no overdue invoices within the policy in question. For the year 2023, the policy followed as established.

3.14. Financial instruments

Initial Recognition and Measurement

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, accounts payable, loans and financing. Instruments are initially recognized at their fair value plus the costs directly attributable to their acquisition or issuance. The main financial assets recognized by the Company are: cash and cash equivalents, financial investments and accounts receivable from customers and intercompany.

The main financial liabilities recognized by the Company are: accounts payable to suppliers and related parties, including intercompany loans.

4. Cash and cash equivalents

	2023	2022
Cash & Banks	27,798,849	9,977,060
Financial Investments	60,849,647	1,144
	88,648,496	**9,978,204**

Cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. The Company considers cash equivalent to be a financial investment of immediate convertibility into a known amount of cash and being subject to a negligible risk of change in value, as they are represented by automatic investments, and are redeemable within a period of less than 90 days from the date of the respective transactions.

4.1. Other financial assets

	2023	2022
Values in transit	425,749	3,506,370
	425,749	**3,506,370**

At the end of each fiscal year, the Company identified amounts in transit, to be made available over the subsequent months, referring to invoices and bills in the process of being issued.

(Values stated in reais)

5. Accounts receivable from customers

	2023	2022
Accounts Receivable Domestic Customers	116,773,245	112,540,055
Accounts Receivable External Customers	1,734,990	300,182
Allowance for doubtful accounts	(4,702,304)	-
	113,805,931	**112,840,237**

The Company does not require guarantees on forward sales, but Management believes that the risk related to accounts receivable from customers is minimized by the fact that the composition of the Company's customers is from global contracts, mostly large companies.

The following are the amounts receivable, by maturity age, on December 31, 2023 and 2022:

Domestic Customers

	2023	2022
Services to be billed	14,673,139	11,425,751
Falling due	72,940,640	92,563,811
Overdue up to 30 days	6,536,641	4,863,957
Overdue from 31 to 60 days	4,845,477	2,535,771
Overdue from 61 to 90 days	1,406,470	1,150,765
Overdue from 91 to 180 days	6,438,852	-
Overdue from 181 to 360 days	5,997,476	-
Overdue for more than 360 days	3,934,550	-
	116,773,245	**112,540,055**

Overseas Customers

	2023	2022
Falling due	932,452	133,322
From 1 to 30 days	-	-
From 31 to 60 days	78,087	135,684
From 61 to 90 days	46,563	2,007
From 91 to 180 days	294,855	29,169
From 181 to 360 days	97,776	-
More than 360 days	285,257	-
	1,734,990	**300,182**

(Values stated in reais)

6. Taxes to be recovered

	2023	2022
IRPJ Negative Balance	11,336,701	7,132,877
CSLL Negative Balance	2,874,057	3,152,147
Undue federal payment or overpayment	1,245,613	1,779,105
PIS and COFINS to be recovered	3,083,314	288,881
Other Taxes	884,681	500,808
	19,424,366	**12,853,818**

7. Equipment Inventory

	2023	2022
Inventory of items for resale	-	719,994
	-	**719,994**

8. Judicial deposits

The payments made in court are linked to writ of mandamus number 5026498-90.2022.4.03.6100, with a request for the issuance of the federal certificate of debt.

In 2023, IRPJ and CSLL were returned to the Company, paid in 2021, as a result of the need to issue a certificate of suspended debt.

	2023	2022
Labor Deposits	153,587	148,987
Judicial deposits	-	33,033,570
	153,587	**33,182,557**

9. Deferred cost

The deferred cost - direct customer, for the most part, relates to the contract signed in 2023 with Banco do Brasil. The associated expenses have been paid to the suppliers, however, the corresponding revenue has not yet been recognized.

As for the deferred cost - Intercompany, this refers to the cost of acquiring licenses related to the HCL Software segment, where the corresponding revenues have not yet been recognized, totaling R$28 million.

	2023	2022
Deferred cost - Direct customer	14,342,354	-
Deferred cost - Intercompany	28,697,649	-
	43,040,003	**-**

(Values stated in reais)

10. Fixed Assets

	Machinery and Equipment	Furniture & Utensils	Improvements in third-party properties	Computers & Peripherals	Facilities	Computer equipment - Lending	Other Assets	Total
Depreciation Rates	**20%**	**10%**	**20%**	**33.33%**	**20%**	**33.33%**	**20%**	
Acquisition cost								
Balances as of December 31, 2021 (unaudited)	**955,414**	**1,665,015**	**3,837,097**	**40,209,897**	**1,848,113**	**13,641,479**	**130,530**	**62,287,545**
Additions	-	47,673	-	10,573,715	6,747	-	628,197	**11,256,332**
Write offs	-	(4,104)	-	(3,567,074)	-	-	-	**(3,571,178)**
Transfers	-	-	-	-	-	4,892,677	-	**4,892,677**
Balances as of December 31, 2022	**955,414**	**1,708,584**	**3,837,097**	**47,216,538**	**1,854,860**	**18,534,156**	**758,727**	**74,865,376**
Additions	-	184,762	-	3,503,885	-	17,991,974	183,840	**21,864,461**
Write offs	(9,752)	(280,809)	(3,471)	(4,201,328)	(3,388)	(2,382,618)	(815,324)	**(7,696,690)**
Balances as of December 31, 2023	**945,662**	**1,612,537**	**3,833,626**	**46,519,095**	**1,851,472**	**34,143,512**	**127,243**	**89,033,147**
Accumulated depreciation								
Balance as of December 31, 2021 (unaudited)	**(621,715)**	**(614,272)**	**(2,399,246)**	**(17,958,592)**	**(1,628,035)**	**(3,530,304)**	**(112,091)**	**(26,864,255)**
Depreciation expense for the year	(215,753)	(355,137)	(352,360)	(10,311,826)	(274,969)	(5,273,479)	(5,001)	**(16,788,525)**
Write offs	-	-	-	2,339,207	699,902	-	-	**3,039,109**
Balances as of December 31, 2022	**(837,468)**	**(969,409)**	**(2,751,606)**	**(25,931,211)**	**(1,203,102)**	**(8,803,783)**	**(117,092)**	**(40,613,671)**
Depreciation expense for the year	(50,445)	(207,630)	(421,370	(9,012,250)	(274,764)	(7,992,864)	(5,001)	**(17,964,324)**
Write offs	10,034	74,695	3,424	2,298,235	2,820	1,622,962	3,289	**4,015,459**
Balances as of December 31, 2023	**(877,879)**	**(1,102,344)**	**(3,169,552)**	**(32,645,226)**	**(1,475,046)**	**(15,173,685)**	**(118,804)**	**(54,562,536)**
Net residual value								
On December 31, 2022	**117,946**	**739,175**	**1,085,491**	**21,285,327**	**651,758**	**9,730,373**	**641,635**	**34,251,705**
On December 31, 2023	**67,783**	**510,193**	**664,074**	**13,873,869**	**376,426**	**18,969,827**	**8,439**	**34,470,611**

(Values stated in reais)

11. Intangible

Acquisition cost	Right of Use – Software	Goodwill	Customer Relationship	Total
Amortization Rates	**20%**	**-**	**2% to 3%**	
Balances as of December 31, 2021 (unaudited)	**7,763,652**	**17,197,507**	**-**	**24,961,159**
Additions	468,415	-	-	**468,415**
Write offs	(79,782)	(2,048,894)	-	**(2,128,676)**
Transfers	-	(2,141,264)	2,141,264	**-**
Balances as of December 31, 2022	**8,152,285**	**13,007,349**	**2,141,264**	**23,300,898**
Additions	1,064,873	-	-	**1,064,873**
Write offs	(1,261,038)	-	-	**(1,261,038)**
Balances as of December 31, 2023	**7,956,120**	**13,007,349**	**2,141,264**	**23,104,733**
Accumulated amortization				
Balances as of December 31, 2021 (unaudited)	**(4,591,867)**	**-**	**-**	**(4,591,867)**
Amortization for the year	(1,563,117)	-	(1,041,759)	**(2,604,876)**
Balances as of December 31, 2022	**(6,154,984)**	**-**	**(1,041,759)**	**(7,196,743)**
Amortization for the year	(902,531)	-	(227,335)	**(1,286,699)**
Write offs	171,913	-	-	**328,746**
Balances as of December 31, 2023	**(6,885,602)**	**-**	**(1,269,094)**	**(8,154,696)**
Net residual value				
Balances as of December 31, 2022	**1,997,301**	**13,007,349**	**1,099,505**	**16,104,155**
Balances as of December 31, 2023	**1,070,518**	**13,007,349**	**872,170**	**14,950,037**

(Values stated in reais)

The items held as "Right of Use – Software" are amortized by the straight-line method, at an annual rate of 20%, considering their useful life defined by the Company at 10 years. According to accounting standards, goodwill is considered an intangible asset with an indefinite useful life. This means that when performing the impairment or depreciation analysis of goodwill, a specific period is not established in which the asset will be amortized or depreciated. Instead, goodwill is periodically evaluated to determine if there is a need to adjust its carrying value based on impairment tests, so there was no need to adjust its value for the 2023 and 2022 fiscal years. The value of goodwill due to expected future profitability is R$13,879,520, based on the value in use (determined based on past experiences and with a 5-year projection on cash flow). The increase in revenue was decisive in defining the rate used, 8% in the next 3 years and 6% in the last two years, with a discount rate of 9.18%.

12. Right of use – leasing

In 2022, the Company adjusted its numbers to Accounting Pronouncements Committee 06, considering the amounts paid for real estate rentals, updated annually. The leases are for the Company's use, with contracts defined and subject to renewal after the end of their term. The values are adjusted annually by the IPCA rate. The amounts paid in 2023 were R$2,442,258 and interest of R$107,334.

In 2023, no change in the application of Accounting Pronouncements Committee 06 as mentioned above.

Locality	Contract Term Expectation	Rate	Current Monthly Amount
Curitiba – Business suite	7 years	3.50%	37,842
São Leopoldo – Business suite 5th floor	7 years	3.50%	43,832
São Leopoldo – Business suite 6th and 7th floor	7 years	3.50%	76,450
São Paulo – Business suite	7 years	3.50%	35,101

	2023	2022
Right of Use – IFRS 16 Leased Property	17,565,479	15,140,214
(-) Accumulated depreciation	(7,722,143)	(2,044,557)
Net Amount – Right of Use	**9,843,336**	**13,095,657**
IFRS 16 Lease – Total Debt	3,676,945	2,055,124
IFRS 16 Lease – Finance Charges	(1,616,460)	(77,655)
Total Lease Liabilities – Current	**2,060,485**	**1,977,469**
IFRS 16 Lease – Total Debt	13,874,146	11,953,723
IFRS 16 Lease – Finance Charges	(6,105,683)	(839,792)
Total Lease Liabilities – Non-Current	**7,768,463**	**11,113,931**

(Values stated in reais)

13. Suppliers

	2023	2022
Domestic suppliers	34,500,469	11,198,735
International suppliers	269,301	793,100
	34,769,770	**11,991,835**

The breakdown of domestic and foreign payables by maturity age at December 31, 2023 and 2022 is described as follows:

Domestic suppliers

	2023	2022
Falling due	9,154,535	5,360,820
Overdue from 1 to 30 days	2,882,747	3,917,528
Overdue from 31 to 60 days	17,803,541	1,567,551
Overdue from 61 to 90 days	1,252,291	127,757
Overdue from 91 to 180 days	603,485	28,475
Overdue from 181 to 360 days	2,082,835	170,370
Overdue for more than 360 days	721,035	26,234
	34,500,469	**11,198,735**

International Suppliers

	2023	2022
Falling due	-	382,186
Overdue from 1 to 30 days	-	206,629
Overdue from 31 to 60 days	21,468	184,558
Overdue from 61 to 90 days	210,225	-
Overdue from 91 to 180 days	1,425	-
Overdue from 181 to 360 days	36,183	19,727
	269,301	**793,100**

The balance of international accounts payable is controlled based on the credit limit granted by each supplier, and there is no established maturity period. Accounts payable to suppliers do not incur interest and are generally settled within a period of no more than six months.

(Values stated in reais)

14. Labor obligations

	2023	2022
Accrued vacation pay and charges	22,210,954	18,560,168
Provision of bonuses and earnings	8,679,852	4,471,467
IRRF on salaries	3,721,693	3,197,642
INSS on revenue	2,743,454	2,802,786
INSS and FGTS payable	2,979,521	2,636,530
Other social benefits and charges	285,377	4,771
	40,620,851	**31,673,364**

15. Tax Obligations

	2023	2022
COFINS	2,556,990	3,667,135
ISSQN	2,107,596	2,703,407
PIS	548,013	793,668
Import Taxes	13,660,988	283,119
Other Taxes	285,135	328,757
	19,158,722	**7,776,086**

16. Miscellaneous provisions

The amounts provisioned on December 31, 2022, as provisions with intercompany, refer to amounts provisioned and reversed in 2023, due to the realization of the cost in the current year.

	2023	2022
Provisions with intercompany group	15,611,968	1,365,302
Provision for expenses and costs	14,148,246	7,960,829
Provision with insurance	29,104	31,287
	29,789,318	**9,357,418**

(Values stated in reais)

17. Deferred revenue

The amounts accounted for as Deferred Revenue are divided into current and non-current, defined by the expected completion of the project. In 2023, the value of invoices issued with non-performed or uncompleted service increased by R$35,709,560, compared to the balance of 2022

	2023	2022
Deferred revenue – current	44,293,133	8,287,736
Deferred revenue – non-current	937,429	1,233,265
	45,230,562	**9,521,001**

18. Related parties

Modality	Entity	Currency	Rate% on Dec-22	2023	2022
Loan Agreement	HCL America Inc.	USD	5.18	-	22,601,796
Loan Agreement	HCL Axon Technologies Inc. - Canadá	USD	5.18	-	21,775,343
Total				**-**	**44,377,139**

18.1 Accounts receivable from related parties

	2023	2022
Services to be billed	3,280,860	5,948,397
Falling due	20,409,832	37,849,165
Falling due within 30 days	4,927,522	10,400,919
Overdue from 31 to 60 days	32,103,705	4,779,034
Overdue from 61 to 90 days	4,713,496	4,548,476
Overdue from 91 to 180 days	26,762,233	29,297,613
Overdue from 181 to 360 days	71,611,431	19,885,179
Overdue for more than 360 days	36,894,233	33,341,218
	200,703,312	**146,050,001**

(Values stated in reais)

18.2. Related Party Suppliers

	2023	2022
Falling due	-	39,069,413
Falling due within 30 days	29,739,308	965,425
Falling due from 31 to 60 days	144,450	4,642,638
Falling due from 61 to 90 days	3,957,642	7,827,436
Falling due from 91 to 180 days	22,676,630	19,383,284
Falling due from 181 to 360 days	18,273,870	74,142,111
Falling due later than 360 days	186,932,288	43,137,799
	261,724,188	**189,168,106**

The amounts payable to the companies of the group do not follow the pre-established maturity period, and their settlement is made based on the Company's decision.

The settlement of loans with a balance in 2022 took place through exchange contracts No. 000382658008 of December 14, 2023; 000358883852 of July 05, 2023; 000354650371 of June 07, 2023 and 000382610066 of December 04, 2023.

19. Provision for contingencies

The provisions were made to address risks related to labor and civil matters, with the expectation of possible and probable loss, in an amount deemed sufficient by Management to cover future disbursements, according to the advice and evaluation of lawyers and legal counsel. The balance recorded in the balance sheet corresponds to the portion of probable lawsuits and is controlled based on the estimates and returns by the lawyers. As of December 31, 2023, the value of possible lawsuits was R$1,361,972. Between 2022 and 2023, there was no provision for new lawsuits and there were payments of R$723,626 for lawsuits that were already in progress."

Linked to the probable lawsuits, there is a balance of R$148,987 in the account of claim bonds, which must be recovered in case of a case won in the referred lawsuits. Ordinary or revised appeal bonds are not provisioned for loss, mainly because they are not used every time to pay for enforcement. Some bonds at the end of the proceedings are returned.

	2023	Additions	Payments/Reversals	2022
Labor	820,628	9,374,789	9,584,200	1,030,039
	820,628	**9,374,789**	**9,584,200**	**1,030,039**

(Values stated in reais)

20. Share capital

As of December 31, 2023 and 2022, the Company's capital stock is R$82,510,266, represented by 82,510,266 shares in the amount of R$1.00 reais each, distributed as follows:

Shareholder	Shareholding	Number of shares	Value - R$
HCL Latin America Holding Llc	100%	82,510,266	82,510,266

21. Net Revenue

	2023	2022
Software Development Services	377,585,765	373,473,922
Software License Services	161,281,972	93,115,927
Reselling products	14,683,967	5,129,842
	553,551,704	**471,719,691**
(-) Cancelled services	(14,741,902)	(5,131,230)
(-) Service taxes	(60,536,096)	(43,119,835)
Total	**478,273,706**	**423,468,626**
National Revenue	235,998,427	199,793,536
Revenue from abroad	161,281,972	109,500,822
Related Party Revenue	156,271,305	162,425,333
Gross income	**553,551,704**	**471,719,691**

22. Costs of services provided

	2023	2022
Resale	(5,449,344.27)	(2,335,539)
Service Provided	(163,505,416)	(125,017,573)
Personnel cost	(175,246,788)	(162,061,025)
	(344,201,548)	**(289,414,137)**

(Values stated in reais)

23. General and administrative expenses

	2023	2022
Expenditure on the provision of services	(18,747,863)	(13,559,789)
Travel	(3,230,749)	(1,351,203)
Expenditure on information technology	(204,986)	(1,784,034)
Depreciation and amortization	(20,041,793)	(21,437,960)
Insurance	(178,964)	(260,531)
Miscellaneous consumables	(3,108,191)	(159,802)
Miscellaneous Maintenance	(374,669)	(172,279)
Fee Taxes	(2,194,180)	(2,545,850)
Cost of disposal of fixed assets	(59,380)	(4,408,969)
Electricity and water expenses	(199,833)	(211,878)
Internet expenses	(364,786)	(488,795)
Equipment Rental	(624,859)	(1,249,372)
Allowance for doubtful accounts	(4,702,304)	-
Loss of customer receipt	-	(23,349,021)
Project Equipment	(6,953,944)	-
Transportation Expenses	(756,335)	
Other expenses	(270,352)	(2,165,893)
	(62,013,188)	**(73,145,376)**

24. Personnel expenses

	2023	2022
Salaries, Vacations and 13th salary	(19,299,549)	(13,302,611)
INSS and FGTS	(3,453,486)	(3,441,873)
Bonus	(8,138,000)	(4,380,412)
Health care	(759,675)	(507,246)
Meal voucher	(423,355)	(171,988)
Training	(113,005)	(218,110)
Other personnel expenses	(91,306)	(105,030)
	(32,278,376)	**(22,127,271)**

(Values stated in reais)

25. Net financial result

	2023	2022
Financial income		
Income from financial investments	3,406,740	1,198,549
Selic Interest	1,893,131	1,285,932
Interest Received	1,424,958	93
Discounts obtained	3,482,205	49,449
Foreign exchange gains	(16,604,561)	11,264,556
	(6,397,527)	**13,798,579**

	2023	2022
Financial expenses		
Interest on loans	(1,160,089)	(1,796,555)
Interest on lease	(107,334)	(164,230)
Discounts granted	(11,576,105)	(2,021,263)
Bank charges	(1,223,581)	(11,161,961)
Penalties and interest	(130,087)	(99,198)
Financial expenditure on acquisitions	-	(2,048,895)
Foreign exchange loss	19,520,281	(5,267,357)
	5,323,085	**(22,559,459)**
Net total	**(1,074,442)**	**(8,760,880)**

26. Income tax and social contribution

26.1 Current taxes

Represented by the provisioned amounts of Income Tax and Social Contribution. The reconciliation of the taxes assessed, according to nominal rates and the amount of taxes are presented below:

(Values stated in reais)

	2023	2022
Profit before income tax and social contribution	38,706,152	30,020,963
Nominal tax rate in force	34%	34%
Taxes at nominal rate	**13,160,092**	**10,207,127**
Temporary additions/deletions – Tax effect		
Accruals and reversals	6,389,071	(22,022,831)
Allowance for doubtful accounts	1,598,783	-
Depreciation – Computer equipment	1,199,876	1,731,867
Amortization of other intangibles	77,884	-
Unrealized exchange rate changes – net	(4,409,423)	(3,279,172)
Permanent additions/exclusions – Tax effect		
Giveaways, fines, and other non-deductible expenses	267,471	5,066,503
Losses with customers	-	10,396,194
Interest on Loan	-	610,829
IFRS 16 Effect (Accounting Pronouncements Committee 06 - Leases)	869,315	750,987
Rent	(830,368)	(752,435)
Effect of the additional IRPJ rate	(24,000)	(24,000)
Income tax and social contribution – current	**18,298,701**	**2,685,069**

26.2. Deferred Taxes

In compliance with Accounting Pronouncements Committee 32 - Taxes on Profit, deferred taxes on assets and liabilities arising from temporary differences were accounted for. The recognition is supported by future profit projections, elaborated and based on internal assumptions and economic scenarios. The reconciliation of the taxes assessed, according to nominal rates, is presented below:

	2023	2022
Temporary additions – tax effect		
Non-deductible provisions	12,846,523	5,052,035
Unrealized Exchange Rate Variation – assets	7,886,760	3,340,023
Depreciation – Computer equipment	3,104,810	1,754,478
Income tax and social contribution – Assets	**23,838,093**	**10,146,536**
Temporary exclusions – tax effect		
Unrealized Exchange Rate Variation – liabilities	4,834,978	739,636
Income tax and social contribution – Liabilities	**4,834,978**	**739,636**

(Values stated in reais)

	2023	2022
Income tax and social contribution – current	(18,298,701)	(2,685,069)
Income tax and social contribution – deferred	9,596,215	9,406,899
	(8,702,486)	**6,721,830**
Effective Rate%	**- 22%**	**22%**

27. Financial instruments

27.1 General considerations

The Company has carried out an assessment of its financial assets and liabilities in relation to market values, using available information and appropriate valuation methodologies. However, the interpretation of market data and the selection of valuation methods require considerable judgment and estimation to calculate the most appropriate realization value. As a consequence, the estimates presented do not necessarily indicate the amounts that could be realized on the current market. The use of different market assumptions and/or methodologies may have a material effect on the estimated realization values.

The Company’s financial instruments are presented in compliance with Technical Pronouncements CPCs 38, 39 and 40.

As of December 31, 2023 and 2022, the Company’s main financial instruments were:

- Cash and banks - small cash and checking account balances. The market value is equivalent to the carrying value;
- Asset financial instruments - financial investments classified as held to maturity;
- Accounts receivable - receivables from sales, installment of services classified as held until maturity;
- Loans and financing - Loans, financing and leasing transactions;
- Suppliers - amounts payable for the purchase of goods for sale and resale.

27.1.1 Foreign exchange risk

As part of its activity, the Company incurs foreign exchange risks related to the purchase of imported goods in foreign currency.

27.1.2 Liquidity risk

The liquidity risk management policy implies maintaining a safe level of cash availability and access to immediate resources. The Company also has an excellent credit line with Citibank as it is a global partner.

(Values stated in reais)

28. Insurance coverage (unaudited)

The Company has a risk management program in relation to which insurance coverage has been contracted for amounts considered sufficient by management to cover any claims, considering the nature of its activity and the risks involved in its operations.

The insurance coverage, as of December 31, 2023, is shown as follows:

Item	Type of coverage	Insured Amount
Policy 08737.2023.01.0310.000910	Civil Liability	R$4,790,000
Policy 5177202353960000133	Property Damage	R$100.016.075

29. Subsequent events

There were no events between the closing date of the fiscal year and the preparation of the financial statements of December 31, 2023 that could affect the information disclosed, as well as the economic and financial analysis.