

Individual and Consolidated Interim Financial Statements

Claranet Technology S.A.

December 31, 2021
with Independent Auditor's Report

Claranet Technology S.A. (formerly CorpFlex Informática S.A.)

Individual and consolidated interim financial statements

December 31, 2021

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Report on the individual and consolidated interim financial statements

To
Shareholders, Directors and Officers of
Claranet Technology S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial statements of Claranet Technology S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended December 31, 2021, which comprise the statement of financial position as of December 31, 2021 and the respective statements of profit of loss and comprehensive income for the three- and six-month period then ended and statements of changes in equity and cash flows for the six-month period then ended, including the accompanying notes.

The Company's management is responsible for preparing the individual and consolidated interim financial statements in compliance with NBC TG 21 Interim Reporting) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), as well as for its presentation of such information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of the review

We conducted our review in compliance with Brazilian and international standards for the review of interim financial statements (NBC TR 2410 Interim Financial Information Review Performed by the Entity's Auditor and ISRE 2410 - Review of Interim financial statements Performed by the Independent Auditor of the Entity, respectively. A review of interim information consists of making inquiries, mainly to persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. The scope of a review is significantly lower than an audit conducted in compliance with audit standards and, accordingly, has not allowed us to obtain assurance that we are aware of all significant matters that could be identified through an audit procedure. Therefore, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial statements included in the aforementioned quarterly information were not prepared, in all material respects, in compliance with Technical Pronouncement CPC NBC TG 21 and IAS 34, applicable the preparation of Quarterly Information (ITR) and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission.



Other matters

Statement of value added

The aforementioned quarterly information includes the individual and consolidated statements of value added (SVA) for the six-month period ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. Such statements were submitted to review procedures carried out together with the review of the quarterly financial statements, in order to determine whether they are reconciled with the interim financial statements and accounting records, as applicable, and whether their form and content comply with the criteria defined in NBC TG 09 Statement of Value Added. Based on our review, we are not aware of any facts that would lead us to believe that these statements of value added were not prepared, in all material respects, in compliance with the criteria defined in this Standard and in a consistent manner in relation to the individual and consolidated interim financial statements taken together.

São Paulo, February 14, 2022

ERNST & YOUNG
Auditores Independentes S.S.
CRC- 2SP034519/O-6

Bruno Mattar Galvão
Accountant CRC-1SP267770/O-6-T-CE

Claranet Technology S.A.

Statements of financial position
December 31, 2021 and June 30, 2021
(In thousands of Brazilian reais)

	Note	Individual		Consolidated	
		12/31/2021	06/30/2021	12/31/2021	06/30/2021
Assets					
Cash and cash equivalents	4	23.197	12.465	31.376	13.849
Marketable securities	5	-	-	-	5.565
Trade accounts receivable	6	18.372	12.422	28.212	26.355
Related parties	8.a	521	-	-	-
Taxes recoverable	7	2.782	3.206	4.698	4.858
Prepaid expenses	-	3.701	-	4.499	987
Other assets	-	218	556	745	1.780
Total current assets		48.791	28.649	69.530	53.394
Related parties	8.a	24.535	4.877	4.994	4.877
Taxes recoverable	7	1.242	388	1.242	388
Deferred income and social contribution taxes	18.b	36.518	36.759	40.792	42.585
Judicial deposits	-	62	63	62	62
Investments	9	147.907	151.729	-	-
Right of use	19	10.082	11.020	17.230	20.898
Property & Equipment	10	29.249	31.698	41.404	47.978
Intangible assets	11	10.762	7.998	174.293	178.316
Total noncurrent assets		260.357	244.532	280.017	295.104
Total assets		309.148	273.181	349.547	348.498

	Note	Individual		Consolidated	
		12/31/2021	06/30/2021	12/31/2021	06/30/2021
Liabilities					
Trade Accounts Payable	12	16.720	10.404	27.003	24.518
Loans and financing	13	8.741	7.191	8.741	21.854
Debentures	14	-	-	-	5.161
Lease liabilities	19	2.561	2.155	6.395	6.394
Tax obligations	17	2.296	1.158	2.701	1.837
Labor obligations	16	6.455	6.281	11.664	11.010
Accounts payable for business acquisition	15	10.270	9.976	10.270	9.976
Related parties	8.b	738	826	738	826
Other liabilities	-	116	16	338	220
Total current liabilities		47.897	38.007	67.850	81.796
Loans and financing	13	39.653	10.414	39.653	19.461
Contingencies	20	77	134	14.738	14.726
Accounts payable for business acquisition	15	27.289	27.289	29.565	29.495
Tax obligations	17	124	124	124	124
Lease Liabilities	19	8.879	9.925	12.388	15.608
Related parties	8.b	92.300	92.300	92.300	92.300
Total noncurrent liabilities		168.322	140.186	188.768	171.714
Equity					
Capital	21.b	180.998	180.998	180.998	180.998
Capital reserve		21.373	20.294	21.373	20.294
Accumulated losses		(109.442)	(106.304)	(109.442)	(106.304)
Total equity		92.929	94.988	92.929	94.988
Total liabilities and equity		309.148	273.181	349.547	348.498

See accompanying notes.

Claranet Technology S.A.

Statements of profit or loss

Three- and six-month periods ended December 31, 2021 and 2020

(In thousands of Brazilian reais, except earnings per share)

	Note	Individual		Consolidated	
		10/01/2021 to 12/31/2021	07/01/2021 to 12/31/2021	10/01/2020 to 12/31/2020	07/01/2020 to 12/31/2020
Profit (loss)					
Net Revenue	23	37.252	63.707	16.595	34.067
Cost of services provided	24	(26.110)	(44.395)	(9.350)	(18.718)
Gross profit		11.142	19.312	7.245	15.349
Selling expenses	24	(2.399)	(4.418)	(1.888)	(3.750)
General and administrative expenses	24	(4.463)	(6.855)	(3.239)	(5.628)
Equity pickup	9	(4.030)	(6.822)	-	-
Other operating income (expenses), net		-	-	-	-
Total operating income		(10.892)	(18.095)	(5.127)	(9.378)
Profit before finance income (costs)		250	1.217	2.118	5.971
Finance income	25	363	677	312	673
Finance costs	25	(2.406)	(4.540)	(361)	(750)
Finance income (costs), net		(2.043)	(3.863)	(49)	(77)
Profit before income and social contribution taxes		(1.793)	(2.646)	2.069	5.894
Income and social contribution taxes - Current	18.a	(37)	(37)	(1.485)	(2.981)
Income and social contribution taxes - Deferred	18.a	(464)	(455)	(588)	(401)
Net income for the period		(2.294)	(3.138)	(4)	2.512
Earnings per share	28				
Basic and diluted earnings (losses) per share (in Brazilian reais)		(0,0193)	(0,0264)	(0,0000)	0,0336

See accompanying notes.

Claranet Technology S.A.

Statements of comprehensive income

Three- and six-month periods ended December 31, 2021 and 2020

(In thousands of Brazilian reais)

	Individual				Consolidated	
	10/01/2021 to 12/31/2021	07/01/2021 to 12/31/2021	10/01/2020 to 12/31/2020	07/01/2020 to 12/31/2020	10/01/2021 to 12/31/2021	07/01/2021 to 12/31/2021
Net income (loss) for the period	(2.294)	(3.138)	(4)	2.512	(2.294)	(3.138)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(2.294)	(3.138)	(4)	2.512	(2.294)	(3.138)

See accompanying notes.

Claranet Technology S.A.

Statements of changes in equity
Six-month periods ended December 31, 2021 and 2020
(In thousands of Brazilian reais)

Note	Capital	Capital reserves			Income reserves		Proposed additional dividends	Accumulated losses	Subtotal
		Goodwill on share issuance	Special goodwill reserve	Share-based compensation reserve	Legal reserve	Profit reserve			
Balance as of June 30, 2020	27.666	-	-	-	687	3.989	-	-	32.342
Net income for the period	-	-	-	-	-	-	-	2.512	2.512
Legal reserve	21.c	-	-	-	232	-	-	(232)	-
Minimum mandatory dividend	-	-	-	-	-	-	-	(1.104)	(1.104)
Allocation to profit retention reserve	-	-	-	-	-	1.176	-	(1.176)	-
Balance as of December 31, 2020	27.666	-	-	-	919	5.165	-	-	33.750
Balance as of June 30, 2021	180.998	(18.813)	39.107	-	-	-	-	(106.304)	94.988
Loss for the period	-	-	-	-	-	-	-	(3.138)	(3.138)
Share-based compensation reserve	22	-	-	1.079	-	-	-	-	1.079
Balance as of December 31, 2021	180.998	(18.813)	39.107	1.079	-	-	-	(109.442)	92.929

See accompanying notes.

Claranet Technology S.A.

Statements of cash flows

Six-month periods ended December 31, 2021 and 2020

(In thousands of Brazilian reais)

		Individual		Consolidated
	Note	07/01/2021 to 12/31/2021	07/01/2020 to 12/31/2020	07/01/2021 to 12/31/2021
Cash flow from operating activities				
Net income (loss) for the period		(3.138)	2.512	(3.138)
Adjustments to reconcile net income to cash from operating activities:				
	10 11			
Depreciation and amortization	19	9.617	9.167	23.198
Allowance for expected credit losses	6	(234)	(420)	116
IRPJ and CSLL expense - Current	18	37	2.981	37
IRPJ and CSLL expense - Deferred	18	455	401	2.007
Set-up (Reversal) of contingencies	20	(57)	38	12
Equity pickup		6.822	-	-
Share-based payment transactions - settled in shares		1.079	-	1.079
Income from short-term investments		-	-	(26)
Interest and exchange differences appropriated for the period		3.481	366	4.792
PP&E Disposals		5	75	340
(Increase) Decrease in assets:				
Accounts receivable		(5.716)	140	(1.973)
Other assets		124	(379)	821
Prepaid expenses		(3.701)	-	(3.512)
Taxes recoverable		(430)	1.144	(694)
Judicial deposits		1	(1)	-
Increase (Decrease) in liabilities				
Trade Accounts Payable		6.316	(1.453)	2.485
Tax liabilities		1.101	(2.331)	827
Labor obligations		174	(2.984)	654
Other liabilities		100	(4.775)	118
Cash flow from operations		16.036	4.481	27.143
Interest on borrowings, financing, debentures, loans and leases paid				
		(2.927)	(225)	(4.093)
Cash flow from operating activities		13.109	4.256	23.050
Cash flow from investing activities				
Acquisition of property and equipment and intangible assets	10 11	(8.694)	(3.258)	(9.649)
Acquisition of subsidiary, net of cash acquired				
Future capital contribution	9	(3.000)	-	-
Funds from tradable securities		-	-	5.591
Net cash flow used in investing activities		(11.694)	(3.258)	(4.058)

Claranet Technology S.A.

Statements of Cash Flows

For the six-month periods ended December 31, 2021 and 2020

In thousands of Brazilian reais

	Note	Individual		Consolidated
		07/01/2021 to 12/31/2021	07/01/2020 to 12/31/2020	07/01/2021 to 12/31/2021
Cash flow from financing activities				
Raising of loans and financing	13	34.154	2.021	34.154
Intercompany loans receivable - related parties	8	(20.000)	-	-
Payment of loans and financing - principal	13	(3.468)	(3.754)	(26.972)
Payment of debentures	14	-	-	(5.156)
Payment of lease obligation	19.b	(1.369)	(1.737)	(3.491)
Net cash flow provided by (used in) financing activities		9.317	(3.470)	(1.465)
Decrease/Increase in cash and cash equivalents		10.732	(2.472)	17.527
Cash and cash equivalents at the beginning of the period		12.465	19.384	13.849
Cash and cash equivalents at the end of the period		23.197	16.912	31.376
Decrease/Increase in cash and cash equivalents		10.732	(2.472)	17.527

See accompanying notes.

Claranet Technology S.A.

Statement of value added
Six-month periods ended December 31, 2021 and 2020
(In thousands of Brazilian reais)

	Individual		Consolidated
	07/01/2021 to 12/31/2021	07/01/2020 to 12/31/2020	07/01/2021 to 12/31/2021
1 - Revenues	71.800	38.806	119.567
1.1 - Sale of goods, products and services	71.566	38.386	119.957
1.2 - Other revenues	-	-	(274)
1.3 - Revenues related to the construction of own assets	-	-	-
1.4 - Allowance for doubtful accounts - reversal / (set-up)	234	420	(116)
2 - Inputs purchased from third parties (including tax amounts - ICMS, IPI, PIS and COFINS)	(29.989)	(7.807)	(46.483)
2.1 - Cost of products, goods and services sold	(26.790)	(4.108)	(41.549)
2.2 - Materials, energy, third party services and other	(3.199)	(2.994)	(4.934)
2.3 - Loss / recovery of assets	-	(705)	-
2.4 - Others (specify)	-	-	-
3 - Gross value added (1-2)	41.811	30.999	73.084
4 - Depreciation, amortization and depletion	(9.617)	(9.167)	(23.198)
5 - Net value added produced by the entity (3-4)	32.194	21.832	49.886
6 - Value added received in transfer	(6.145)	673	807
6.1 - Equity pickup	(6.822)	-	-
6.2 - Finance income	677	673	807
6.3 - Other	-	-	-
6 - Total value added to distribute (5+6)	26.049	22.505	50.693
8 - Distribution of value added	(26.049)	(22.505)	(50.693)
8.1 - Personnel	(13.715)	(9.634)	(28.455)
8.1.1 - Direct compensation	(11.783)	(8.398)	(23.671)
8.1.2 - Benefits	(1.248)	(718)	(3.268)
8.1.3 - FGTS	(684)	(518)	(1.516)
8.2 - Taxes, Fees and Contributions	(11.227)	(9.422)	(19.539)
8.2.1 - Federal	(9.787)	(8.650)	(16.924)
8.2.2 - State	(1)	(1)	(1)
8.2.3 - Municipal	(1.439)	(771)	(2.614)
8.3 - Debt remuneration:	(4.245)	(937)	(5.837)
8.3.1 - Interest	(3.660)	(367)	(4.909)
8.3.2 - Rents	(504)	(570)	(504)
8.3.3 - Foreign exchange differences	(81)	-	(424)
8.3 - Equity remuneration:	3.138	(2.512)	3.138
8.4.1 - Interest on equity	-	-	-
8.4.2 - Dividends	-	-	-
8.4.3 - Retained Earnings / Losses for the period	3.138	(2.512)	3.138
8.4.4 - Non-controlling interest in retained earnings	-	-	-

See accompanying notes.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements
December 31, 2021
(In thousands of Brazilian reais)

1. Operations

1.1. General and Operating Information

Claranet Technology S.A. ("Claranet" or "Company") is a publicly-held corporation engaged in providing data hosting services on the Internet, internet provider services, technical assistance services in IT equipment, third-party database management and retail sales of IT equipment

The Company is part of Claranet Group Limited which is a technology multinational founded in 1996 in London, England.

The Company is located in the state of São Paulo, city of Barueri, at Avenida Tamboré, no. 267 - 17th floor - Torre Norte - Edifício Canopus - Zip Code 06460-000.

During the year ended June 30, 2021, the Company changed its corporate name from Corpflex Informática S.A. to Claranet Technology S.A.

On January 5, 2021, the Company changed its fiscal year to start on July 1, July of each year and ending on June 30 of the following year (previously beginning on January 1 of each year and ending on December 31 of the same year).

On December 22, 2021, the Company was registered with the Brazilian Securities and Exchange Commission (CVM) as a publicly-held company.

1.2. Impacts caused by the COVID-19 pandemic

On March 11, 2020, the World Health Organization (WHO) declared a global pandemic. Also in March, the Company prepared and implemented a plan covering several preventive measures necessary to minimize the effects of the pandemic, among which the following stand out:

- Creation of a Crisis Committee to continuously assess the evolution of COVID-19, possible impacts and necessary measures, in addition to monitoring all decisions made by the relevant authorities in the regions where it operates;
- Implementation, together with the health plan operator, of 24/7 telephone service to support employees;

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

1. Operational context--Continued

1.2. Impacts caused by the COVID-19 pandemic--Continued

- Suspension of domestic and international business travel;
- Suspension or postponement of employee benefits, such as: Transport vouchers and Fuel vouchers; and
- Definition of remote work regime for all employees as of March 18, aiming to reduce population density in its offices as a strategy to mitigate the risks of virus spread.

The Company adopted several measures involving the reduction of operating costs, such as:

- Freezing of opening of job positions;
- Cancellation of business travel;
- Reduction of costs with third parties;
- Renegotiation of rental agreements;
- Adherence to the postponement of tax and social security taxes; and
- Renegotiation of payment terms with suppliers etc.

Some supplementary actions involved the renegotiation and postponement of conditions with customers. The Company sought to negotiate on a case-by-case basis the maturities of invoices, according to the relationship with the customer, based on an assessment of future prospects for each business area. We emphasize that the Company did not adopt measures to reduce the wages and working hours of its employees during the period, nor did it promote reductions in teams outside the normal course of its operations.

Currently, the Company has already resumed more than half of the measures adopted during the pandemic peaks, and measures such as: freezing the opening of job vacancies, adherence to deferment of tax and social security taxes, cancellation of business travel, suspension or postponement of benefits have returned to normality. Regarding remote work, a significant part of the company's employees is still using this working regime and some strategic teams are working in the hybrid system.

Based on its current metrics and results, the Company does not expect direct and indirect impacts of the Coronavirus on its business, operating results, and financial condition. Additionally, due to the uncertainty scenario caused by the pandemic, the Company reassessed the main accounting estimates (see details in the respective notes):

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

1. Operational context--Continued

1.2. Impacts caused by the COVID-19 pandemic--Continued

- Assessment of the allowance for doubtful accounts: The Company monitored the effects of the current economic scenario in the methodology for measuring estimated losses, by updating the expected loss percentages for each group in the portfolio, capturing the estimated effects on default and credit recovery for the coming months;
- Impairment assessment of intangible assets with indefinite useful life: As mentioned in Note 11 to the financial statements for the period ended June 30, 2021, the Company assessed the recoverability of its assets for its cash-generating units and did not identify the need for a provision for loss; As of December 31, 2021, no impairment loss indicators were identified;
- Recoverability of deferred taxes: The recoverability of the balance of deferred tax assets is reviewed at least on an annual basis. In the Company's assessment, the scenario impacted by Covid19 did not affect future taxable profit forecasts, allowing the recoverability of credits in the coming years (see Note 18).

In addition to the items highlighted above, the Company has been closely monitoring liquidity and credit risks, as mentioned in Note 25.

2. Basis of preparation and presentation of interim financial statements

2.1. Statement of compliance

The Company's interim individual and consolidated financial statements have been prepared and are being presented in compliance with accounting practices adopted in Brazil, comprising the rules issued by the Brazilian Securities and Exchange Commission ("CVM"), including pronouncements issued by the Brazilian Financial Accounting Board (CPC) and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). All relevant information pertinent to financial statements, and only such information, is being disclosed, and corresponds to that used in the Company's management.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

2. Basis of preparation and presentation--Continued

2.2. Basis of preparation and presentation

The individual and consolidated financial statements have been prepared on the historical cost basis, except for the valuation of certain assets and liabilities such as those arising from business combinations and financial instruments, which are measured at fair value.

As of December 31, 2021, based on the facts and circumstances existing on that date, Management assessed the ability of the Company and its subsidiary to remain as a going concern and is convinced that its operations have sufficient cash flow generation capacity to honor its short-term commitments and, thus, continue its business in the future. Additionally, Management is not aware of any material uncertainty that could give rise to significant doubts about its ability to remain as a going concern. Thus, these interim financial statements were prepared based on the going concern assumption.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting practices and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

This interim financial information was prepared in compliance with the basis of preparation and accounting policies consistent with those adopted in the preparation of the individual and consolidated financial statements as of June 30, 2021, and should be read together with such statements. The information in the notes that did not undergo significant changes or had irrelevant disclosures compared to June 30, 2021, was not fully repeated in this quarterly information.

The issuance of interim financial statements was authorized at the Board Meeting held on February 14, 2022.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

2. Basis of preparation and presentation--Continued

2.3. Basis of consolidation

Subsidiaries are all entities in which the Company holds control, provided that it has (a) authority over the subsidiary; (b) exposure to or rights over variable returns arising from its involvement with the subsidiary; (c) ability to use its power over the subsidiary to influence its returns. The existence and effect of possible voting rights currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated as from the date on which control is transferred to the Company. They cease to be consolidated as from the date the control ends.

Transactions between companies, balances and unrealized gains on transactions between the Company and its subsidiary are excluded. Unrealized losses are also excluded, unless the transaction provides evidence of a loss (impairment) of the transferred asset. The subsidiary's accounting policies are changed when necessary to ensure consistency with the policies adopted by the Company.

The consolidated financial statements include the operations of the following subsidiary, whose percentage share on the date of the statement of financial position is summarized as follows:

Direct Interest:

Corporate name	% Interest	
	12/31/2021	06/30/2021
Mandic S.A. (i)	100,00	100,00

(i) Company acquired on April 16, 2021.

3. New standards and amendments and interpretations of standards

a) Accounting pronouncements initially applied in the year ended December 31, 2021

There are no standards, amendments to standards and interpretations to IFRS issued by IASB that are effective and that may have a significant impact on the financial statements ended December 31, 2021.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

3. New standards and amendments and interpretations of standards - Continued

b) New and revised standards and interpretations issued but not yet effective

IFRS 17 - Insurance contracts

In May 2017, IASB issued IFRS 17 - Insurance Contracts (a standard not yet issued by the CPC in Brazil, but which will be codified as CPC 50 - Insurance Contracts and will replace CPC 11 - Insurance Contracts), a new comprehensive standard accounting for insurance contracts that includes recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (CPC 50) will replace IFRS 4 - Insurance Contracts (CPC 11) issued in 2005. IFRS 17 applies to all types of insurance contracts (such as life, non-life insurance, direct insurance and reinsurance), irrespective of the type of issuing entity, as well as certain guarantees and financial instruments with discretionary participation features. Some scope exceptions apply. The overall purpose of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on local accounting policies in force in previous periods, IFRS 17 provides a comprehensive framework for insurance contracts, covering all relevant accounting aspects. The focus of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (variable fee approach).
- A simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for periods beginning on or after January 1, 2023, requiring the presentation of comparative amounts. Early adoption is permitted if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the initial adoption of IFRS 17.

Amendments to IAS 1: Classification of liabilities as current or noncurrent

In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1, related to CPC 26, in order to specify the requirements for classifying liabilities as current or noncurrent. The changes clarify: The amendments clarify:

- The meaning of a right to defer settlement;
- That the right to defer shall exist on the base date of the report;
- That this classification is not affected by the probability of an entity exercising its right to defer.

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

3. New standards and amendments and interpretations of standards - Continued

b) New and revised standards and interpretations issued but not yet effective - Continued

Amendments to IAS 1: Classification of liabilities as current or noncurrent - Continued

- That only if a derivative embedded in a convertible liability is itself an equity instrument the terms of a liability would not affect its classification.

Changes are effective for periods beginning January 1, 2023 and shall be applied retrospectively.

No future impact is expected for the Company as a result of the adoption of these standards.

4. Cash and cash equivalents

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Cash and banks	1.427	410	2.082	847
Short-term investments	21.770	12.055	29.294	13.002
	23.197	12.465	31.376	13.849

Short-term, highly liquid investments, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value, are remunerated substantially according to indexes that aim to achieve the CDI variation, contracted with top-tier banks and normal market conditions and rates. For the period ended December 31, 2021, the average yield achieved was 104% (average rate 111% of the CDI as of June 30, 2021)

5. Marketable securities

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Certificate accounts with lottery prizes	-	-	-	50
Short-term investments (a)	-	-	-	5.515
	-	-	-	5.565
Current	-	-	-	5.565

(a) Refer to shares in referenced non-exclusive investment funds managed by Banco Santander. This security was redeemed on September 16, 2021 to settle the debentures, in mutual agreement with the debenture holders.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

6. Trade accounts receivable

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Accounts receivable	21.045	15.329	32.691	30.718
Estimated credit losses	(2.673)	(2.907)	(4.479)	(4.363)
	18.372	12.422	28.212	26.355

As of December 31, 2020, there are no customers that individually represent more than 10% of the Company's revenues.

The aging list of the balance of trade accounts receivable is as follows:

Aging list	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Falling due	16.076	11.246	23.473	24.090
1 to 90 days past due	1.593	1.200	3.454	2.173
91 to 180 days past due	292	417	821	951
181 to 360 days past due	656	1.549	1.208	1.769
Over 730 days past due	2.428	917	3.735	1.735
Total accounts receivable	21.045	15.329	32.691	30.718

The change in estimated credit loss is shown below

	Individual	Consolidated
Balance as of June 30, 2020	(1.667)	-
(Provision) reversal	420	-
Balance as of December 31, 2020	(1.247)	-
Balance as of June 30, 2021	(2.907)	(4.363)
(Provision) reversal	234	(116)
Balance as of December 31, 2021	(2.673)	(4.479)

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

7. Taxes recoverable

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Withholding IRPJ and CSLL	3.517	3.113	4.521	3.766
PIN/COFINS recoverable	476	477	850	937
Other (i)	31	4	569	543
	4.024	3.594	5.940	5.246
Current	2.782	3.206	4.698	4.858
Noncurrent	1.242	388	1.242	388

(i) In the Consolidated, this refers to taxes withheld abroad that will be offset against IRPJ and CSLL

The Company monitors tax credits to be used, whenever possible, to settle other tax liabilities.

8. Related parties

Transactions with related parties refer basically to intercompany loan and borrowing transactions and loans with the Company's shareholders.

a) Loans granted to shareholders are shown below

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Loans to partners (i)	4.994	4.877	4.994	4.877
Loans to subsidiary (ii)	20.062	-	-	-
	25.056	4.877	4.994	4.877
Current	521	-	-	-
Noncurrent	24.535	4.877	4.994	4.877

(i) Refers to a loan granted to Mr. Edivaldo Soares in the amount of R\$ 4.829 with an inflation adjustment of 4,75% per year. The loan is expected to be settled by April 30, 2024 or in any equity interest settlement event.

(ii) Refers to a loan granted to Mandic S.A. in the amount of R\$ 20.000, for which the term is 60 months, with a 12-month grace period, bearing an interest rate of CDI + 2,60% p.a.

Changes in balances are shown as follows:

	Individual	Consolidated
Balance as of June 30, 2021	4.877	4.877
Loan to subsidiary	20.000	-
Interest receivable	179	117
Balance as of December 31, 2021	25.056	4.994

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

8. Related parties -- Continued

b) Intercompany loan liabilities are shown below

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Intercompany loans (i)	93.038	93.126	93.038	93.126
	93.038	93.126	93.038	93.126
Current	738	826	738	826
Noncurrent	92.300	92.300	92.300	92.300

(i) Refers to two intercompany loan agreements with Claranet Group Limited as detailed below:

- On July 27, 2020, Claranet Brasil took out a loan with Claranet Group Limited in the amount of R\$ 50.000, with inflation adjustment rate of 4,75% per year, for the acquisition of the Company. As a result of the reverse merger, the loans were incorporated by the Company in the amount of R\$ 50.391.
- On April 14, 2021, Claranet Brasil S.A. took out a loan with Claranet Group Limited in the amount of R\$ 42.300, with inflation adjustment rate of 4,75% per year, denominated in Brazilian reais, for Mandic's acquisition.

Changes in balances are shown as follows:

	Individual	Consolidated
Balance as of June 30, 2021	93.126	93.126
Fund-raising	-	-
Interest payment	(2.274)	(2.274)
Interest	2.186	2.186
Balance as of December 31, 2021	93.038	93.038

c) Compensation of management and related parties

The amount of compensation paid by the Company to the members of the Board of Directors and Statutory Officers was recorded under general and administrative expenses

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Compensation of the executive board (fixed)	1.909	1.945	2.255	2.975
Performance bonus (variable)	1.222	1.073	1.372	1.073
Stock Option Plan (NE 22)	844	-	937	-
	3.975	3.018	4.564	4.048

For the period ended December 31, 2021 and the year ended June 30, 2021, the Board members and Officers did not receive any pension, retirement or similar benefits.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

9. Investments

The breakdown of the individual and consolidated balances is shown below:

Description	Individual	
	12/31/2021	06/30/2021
Mandic S.A.	110.955	112.736
Goodwill and other assets (and liabilities) identified in Mandic's the acquisition	30.952	35.993
Future capital contribution	6.000	3.000
	<u>147.907</u>	<u>151.729</u>

Changes in investments are shown below:

Description	Mandic S.A.
Balance as of June 30, 2021	151.729
Future capital contribution - Mandic (a)	3.000
Equity pickup	(6.822)
Balance as of December 31, 2021	<u>147.907</u>

(a) Refers to future capital contribution paid to Mandic S.A., according to the minutes of the Board of Directors meeting held on May 26, 2021.

(b) Equity pickup comprises (i) amortization of other assets and liabilities (capital gain) identified in Mandic's acquisition, amounting to (R\$ 5.040); (ii) net income for the period of Mandic S.A. amounting to (R\$ 1.782).

Relevant information about investees is shown below:

12/31/2021					
Subsidiary	Interest	Assets	Liabilities	Equity	Loss for the period
Mandic S.A.	100%	84.014	(46.280)	(37.734)	1.782
Total		<u>84.014</u>	<u>(46.280)</u>	<u>(37.734)</u>	<u>1.782</u>
06/30/2021					
Subsidiary	Interest	Assets	Liabilities	Equity	Loss for the period
Mandic S.A.	100%	97.650	(61.135)	(36.515)	2.597
Total		<u>97.650</u>	<u>(61.135)</u>	<u>(36.515)</u>	<u>2.597</u>

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

10. Property & Equipment

10.1. Breakdown and changes in property and equipment in the individual statements

Cost	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Useful life of assets (months)	12 to 120	120	120	60	
Balance as of 06/30/2020	72.254	585	2.410	962	76.211
Additions	1.906	28	97	-	2.031
Disposals	(75)	-	-	-	(75)
Balance as of 12/31/2020	74.085	613	2.507	962	78.167
Balance as of 06/30/2021	81.697	815	2.759	962	86.233
Additions	4.325	2	-	-	4.327
Disposals	-	-	(5)	-	(5)
Balance as of 12/31/2021	86.022	817	2.754	962	90.555

Depreciation	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Balance as of 06/30/2020	(40.311)	(338)	(902)	(398)	(41.949)
Additions	(4.157)	(380)	(530)	(963)	(6.030)
Transfers	(1.632)	357	409	866	-
Balance as of 12/31/2020	(46.100)	(361)	(1.023)	(495)	(47.979)
Balance as of 06/30/2021	(52.317)	(458)	(1.170)	(590)	(54.535)
Additions	(6.492)	(36)	(155)	(88)	(6.771)
Balance as of 12/31/2021	(58.809)	(494)	(1.325)	(678)	(61.306)

Residual value					
Balance as of 06/30/2020	31.943	247	1.508	564	34.262
Balance as of 12/31/2020	27.985	252	1.484	467	30.188
Balance as of 06/30/2021	29.380	357	1.589	372	31.698
Balance as of 12/31/2021	27.213	323	1.429	284	29.249

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

10. Property & Equipment -- Continued

10.2. Breakdown and changes in property and equipment in the consolidated statements

Cost	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Useful life of assets (months)	12 to 120	120	120	60	
Balance as of 06/30/2021	158.225	837	2.755	962	162.779
Additions	5.149	16	-	-	5.165
Disposals	(139)	-	(5)	-	(144)
Balance as of 12/31/2021	163.235	853	2.750	962	167.800

Depreciation	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Balance as of 06/30/2021	(112.576)	(464)	(1.170)	(591)	(114.801)
Additions	(11.378)	(44)	(155)	(88)	(11.665)
Disposals	70	-	-	-	70
Balance as of 12/31/2021	(123.884)	(508)	(1.325)	(679)	(126.396)

Residual value

Balance as of 06/30/2021	45.649	373	1.585	371	47.978
Balance as of 12/31/2021	39.351	345	1.425	283	41.404

Based on the annual impairment test for the assets of the Company and its subsidiary (on June 30, 2021), the Company prepared an asset valuation report and no losses or indications of losses were identified, since the value in use is higher than the net carrying amount on the date of assessment. Additionally, for the base date of December 31, 2021, the Company assessed the circumstances that could indicate impairment of its non-financial assets due to Covid-19 scenario and concluded that there were no significant changes in circumstances that could indicate any losses in the non-financial assets.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

11. Intangible assets

11.1. Breakdown and changes in intangible assets in the individual statements

Cost	Software	Total intangible assets
Useful life (months)	60	
Balance as of 06/30/2020	20.846	20.846
Additions	1.227	1.227
Balance as of 12/31/2020	22.073	22.073
Balance as of 06/30/2021	23.674	23.674
Additions	4.367	4.367
Balance as of 12/31/2021	28.041	28.041
Amortization	Software	Total intangible assets
Balance as of 06/30/2020	(12.382)	(12.382)
Additions	(1.692)	(1.692)
Balance as of 12/31/2020	(14.074)	(14.074)
Balance as of 06/30/2021	(15.676)	(15.676)
Additions	(1.603)	(1.603)
Balance as of 12/31/2021	(17.279)	(17.279)
Residual value		
Balance as of 06/30/2020	8.464	8.464
Balance as of 12/31/2020	7.999	7.999
Balance as of 06/30/2021	7.998	7.998
Balance as of 12/31/2021	10.762	10.762

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

11. Intangible assets -- Continued

11.2. Breakdown and changes in intangible assets in the consolidated statements

Cost	Software	Customer portfolio	Goodwill (i)	Other (ii)	Total cost
Useful life (months)	60	69	-	-	
Balance as of 06/30/2021	57.170	34.946	115.234	3.840	211.190
Additions	4.423	-	-	61	4.484
Transfers	3.890	-	-	(3.890)	-
Disposals	(300)	-	-	-	(300)
Balance as of 12/31/2021	65.183	34.946	115.234	11	215.374

Amortization	Software	Customer portfolio	Goodwill	Other	Total cost
Balance as of 06/30/2021	(31.355)	(1.519)	-	-	(32.874)
Additions	(5.260)	(3.038)	-	-	(8.298)
Disposal	91	-	-	-	91
Balance as of 12/31/2021	(36.524)	(4.557)	-	-	(41.081)

Residual value					
Balance as of 06/30/2021	25.815	33.427	115.234	3.840	178.316
Balance as of 12/31/2021	28.659	30.389	115.234	11	174.293

(i) Goodwill stemming from expected future profitability in the acquisition of Mandic S.A.

(ii) Refers to software under development

12. Trade Accounts Payable

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Domestic suppliers	16.720	10.404	27.003	24.505
Other Suppliers	-	-	-	13
	16.720	10.404	27.003	24.518

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

13. Loans and Financing

Refer to working capital acquisition (overdraft facility account) and bank financing (CDC).

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Loans and financing	48.394	17.605	48.394	41.315
	48.394	17.605	48.394	41.315
Current	8.741	7.191	8.741	21.854
Noncurrent	39.653	10.414	39.653	19.461

Financing and working capital acquisitions are guaranteed by the assignment of receivables, except for Customer Right Credit (CDC), which is guaranteed by the asset acquired.

The Company contracted a loan of R\$ 35.000 with Banco Itaú on December 17, 2021 to settle its subsidiary Mandic S.A.'s loans, with whom it agreed a loan of R\$ 20.000 under the same conditions (see note 8). Tax on Financial Operations (IOF) in the amount of R\$ 847 was levied on such loans, recorded as Transaction Cost, to be amortized over the contractual period.

Loans and financing outstanding on December 31, 2021 do not entail "financial covenants" linked to them that may require the early maturity of debts.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

13. Loans and financing - Continued

Description	Charges	Maturity	Collateral	Individual		Consolidated	
				12/31/2021	06/30/2021	12/31/2021	06/30/2021
Loans:							
BNDES (a)	TJLP+2,1% p.a	Feb-23	Equipment	-	-	-	2.984
CDC Banco DLL	9,38% p.a.	Jun-23	Equipment	935	1.276	935	1.276
“CDC” (b)	0% p.a.	Jun-22	Equipment	-	-	-	2.640
Banco Santander Consortium	0% p.a.	Sep/22	Vehicles	3	5	3	5
Working capital:							
Banco Itaú	CDI + 2,50% p.a.	Feb-23	Assignment in trust	5.403	7.866	5.403	7.866
Banco Itaú	CDI + 2,50% p.a.	Feb-23	Assignment in trust	486	707	486	707
Banco Itaú	CDI + 2,70% p.a.	Jul-24	Assignment in trust	1.422	1.717	1.422	1.717
Banco Itaú	CDI + 2,60% p.a.	Nov-26	Assignment in trust	34.289	-	34.289	-
Santander Financing (c)	CDI + 2,30% p.a.	Jan-23	Assignment in trust	-	-	-	18.086
Bradesco	CDI + 2,70% p.a.	May-25	Assignment in trust	5.856	6.034	5.856	6.034
Total				48.394	17.605	48.394	41.315

(a) In December 2021, Mandic S.A. settled the financial instrument contracted with BNDES.

(b) In December 2021, Mandic S.A. settled the CDC financial instrument.

(c) In December 2021, Mandic S.A. settled the financial instrument contracted with Santander.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

13. Loans and financing - Continued

Changes in loans and financing in the period are as follows:

	Individual	Consolidated
Balance as of June 30, 2020	17.342	-
Loan contracting	2.021	-
Amortization of installments	(3.754)	-
Interest payment	(225)	-
Interest	16	-
Balance as of December 31, 2020	15.400	-
Balance as of June 30, 2021	17.605	41.315
Loan contracting	34.154	34.154
Amortization of installments	(3.468)	(26.972)
Transaction cost amortization	14	14
Interest payment	(667)	(1.703)
Interest	756	1.586
Balance as of December 31, 2021	48.394	48.394

Maturities of payments are as follows:

Maturity	Individual 12/31/2021	Consolidated 12/31/2021
2022	8.741	8.741
2023	13.531	13.531
2024	10.953	10.953
2025	8.661	8.661
2026	6.508	6.508
	48.394	48.394

14. Debentures

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
1st issue of debentures	-	-	-	5.161
	-	-	-	5.161

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

14. Debentures -- Continued

On May 22, 2017, Mandic entered into the "Private Instrument of Indenture of the First (1st) Issue of Simple Nonconvertible Debentures, in a Single Series of Unsecured Type with Additional Security Interests for Public Distribution with Restricted Placement Efforts by Mandic S.A.", in the amount of R\$ 45.000, for a term of 48 months and maturing on May 25, 2021, guaranteed by escrow account and 3 additional PMT installments entered into with Banco Santander S.A. bearing the interest rate of 3% p.a. plus DI%.

Such instrument includes financial covenants and may require early maturity if the Subsidiary does not comply with said covenants. The indexes and the minimum and maximum amounts required by such covenants shall be measured on an annual basis, i.e., measured and disclosed at the closing of each fiscal year.

On May 4, 2020, a general meeting of debenture holders ("GMDH") was held, whereby debenture holders resolved and approved the extension of the maturity dates for the payment of the unit par value of the debentures, previously providing for payments on May 25, 2020 until October 25, 2020, returning the payment flow to November 25, 2020. As a result of this extension, the maturity of the debentures was changed from May 25, 2021 to November 25, 2021.

On September 16, 2021, by mutual agreement with the debenture holders, the company redeemed the funds invested in an overdraft facility account and settled the debentures in advance. On September 27, 2021, Planner Trustee, a trustee linked to the debentures issued by Mandic, declared full settlement of all the issuer's obligations, contracted within the scope of said issue.

Reconciliation of changes in equity with cash flows arising from individual and consolidated financing activities

Description	Consolidated
Balance as of 06/30/2021	5.161
Principal amortization	(5.156)
Interest paid	(130)
Interest in the period	125
Balance as of 12/31/2021	-

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

15. Accounts payable for business acquisition

Accounts payable for business acquisition refer to the amounts owed to former owners upon the acquisition of shares or units of interest representing the capital of acquired companies.

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Accounts payable for acquisition of companies	37.559	37.265	39.835	39.471
	37.559	37.265	39.835	39.471
Current	10.270	9.976	10.270	9.976
Noncurrent	27.289	27.289	29.565	29.495

Changes in balances are as follows:

	Individual	Consolidated
Balance as of June 30, 2021	37.265	39.471
Payments	-	-
Interest payment	-	-
Interest	294	364
Balance as of December 31, 2021	37.559	39.835

16. Labor obligations

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Wages and salaries	2.279	1.628	4.176	1.628
Vacation payable	2.039	1.965	3.858	4.192
Provision for 13th monthly salary	-	696	-	1.590
Partners' compensation payable	1.441	1.243	1.441	1.304
Social Charges Payable (INSS and FGTS)	696	749	2.189	2.296
	6.455	6.281	11.664	11.010

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

17. Tax obligations

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Income tax and social contribution	918	-	918	-
Pis and Cofins payable	857	460	1.105	828
ISS payable	587	368	717	656
Other taxes	58	454	85	477
	2.420	1.282	2.825	1.961
Current	2.296	1.158	2.701	1.837
Noncurrent	124	124	124	124

18. Income and social contribution taxes

18.a) Reconciliation of Income and Social Contribution tax expense

The reconciliation of expenses calculated by applying the income and social contribution tax rates is as follows:

	Individual		Consolidated
	12/31/2021	31/12/2020	12/31/2021
Profit (loss) before taxes	(2.646)	5.894	(1.094)
Income and social contribution taxes at the combined nominal rate of 34%	900	(2.004)	372
Adjustments to demonstrate the effective rate			
Equity pickup	(605)	-	-
Interest on equity		-	-
Non-deductible expenses	(776)	(1.084)	(1.590)
Income and social contribution tax loss not previously recorded	-	(169)	-
Other	(11)	(125)	(11)
Income and social contribution tax expense	(492)	(3.382)	(1.229)
Income and social contribution taxes - current	(37)	(2.981)	(37)
Income and social contribution taxes - deferred	(455)	(401)	(1.192)
Effective rate	N/A	59%	N/A

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

18. Income and social contribution taxes - Continued

18.b) Breakdown of income and social contribution taxes

	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Deferred tax asset				
Goodwill tax benefit - net	33.960	37.392	33.960	37.392
Temporary differences				
Allowance for settlement of doubtful accounts	909	988	1.523	1.483
Provision for Contingencies	69	87	232	227
Other Employee Provisions (Profit sharing, etc.)	820	351	1.791	2.267
Tax amortization of capital gains	2.570	856	2.570	856
Income and social contribution tax loss	887	391	8.086	7.590
Deferred income and social contribution tax asset	39.215	40.065	48.162	49.815
Deferred tax liability				
Finance leases	(2.697)	(3.306)	(2.697)	(3.306)
Goodwill tax amortization	-	-	(4.673)	(3.924)
Deferred income and social contribution tax liability	(2.697)	(3.306)	(7.370)	(7.230)
Deferred income and social contribution tax (net)	36.518	36.759	40.792	42.585
Deferred income and social contribution tax asset	36.518	36.759	40.792	42.585
Deferred income and social contribution tax liability	-	-	-	-

18.c) Estimated realization of deferred tax assets

Maturity	Individual	Consolidated
	Realization flow	Realization flow
2022	8.517	9.879
2023	9.006	10.811
2024	8.666	10.421
2025	7.613	9.576
2026	5.413	7.475
Total Deferred Tax Asset	39.215	48.162

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

19. Right of use and lease liabilities

a) Right of Use

Right-of-use assets are initially measured at cost and subsequently at cost less any accumulated depreciation and impairment, and adjusted for any new measurement of lease liabilities. Depreciation is calculated using the straight-line method over the remaining term of the agreements.

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Right of Use	10.082	11.020	17.230	20.898
	10.082	11.020	17.230	20.898

The change in right of use for the periods ended December 31, 2021 and 2020, June 30, 2021 and 2020 is as follows:

	Individual	Consolidated
Balance as of June 30, 2020	8.075	-
Tickets	-	-
Depreciation	(1.445)	-
Balance as of December 31, 2020	6.630	-
Balance as of June 30, 2021	11.020	20.898
Revenues	305	331
Disposals	-	(764)
Depreciation	(1.243)	(3.235)
Balance as of December 31, 2021	10.082	17.230

b) Leases

For defining contracts to be assessed, the Company and its subsidiary considered lease agreements with effective term equal to or higher than 12 months and lease agreements with a relevant amount.

The Company and its subsidiary have lease liability agreements for property and data center leases, with a term ending in 2025. The group's obligations under its leases are secured by the lessor's ownership of the leased assets. Several liability lease agreements contemplate renewal and termination options.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

19. Right of use and lease liabilities - Continued

b) Leases--Continued

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Lease liabilities	11.440	12.080	18.783	22.002
	11.440	12.080	18.783	22.002
Current	2.561	2.155	6.395	6.394
Noncurrent	8.879	9.925	12.388	15.608

The changes in leased liability in the period ended December 31, 2021 and 2020, June 30, 2021 and 2020 are as follows:

	Individual	Consolidated
Balance as of June 30, 2020	8.747	-
Revenues	-	-
Charges	351	-
Payments	(1.737)	-
Balance as of December 31, 2020	7.361	-
Balance as of June 30, 2021	12.080	22.002
Revenues	305	331
Charges	424	648
Disposal	-	(707)
Payments	(1.369)	(3.491)
Balance as of December 31, 2021	11.440	18.783

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

20. Contingencies

20.1. Proceedings classified as probable loss

The Company is a party to lawsuits and administrative proceedings involving tax, labor, civil aspects and other matters. Based on information from its legal advisors, management understood that the provision for contingencies created is sufficient to cover any losses.

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Provision for civil contingencies	40	40	270	202
Provision for labor contingencies	37	94	287	343
Provision for labor contingencies not materialized (i)	-	-	2.211	2.211
Provision for tax contingencies not materialized (ii)	-	-	11.970	11.970
	77	134	14.738	14.726

(i) Fair value of labor risks (not materialized) identified with the acquisition of the subsidiary. Refer to risks related to labor charges and characterization of employment relationship.

(ii) Fair value of tax risks identified with the acquisition of the subsidiary. Refer to risks on ancillary accessory obligations and calculation basis for PIS/COFINS, ISS tax bases, EFD (Digital Tax Bookkeeping System), non-compliance with Simples (integrated system for payment of taxes by small businesses entitled to favored tax treatment), among others.

20.2. Changes in balances of provisions for contingencies

	Individual	Consolidated
Balance as of June 30, 2020	37	-
Provision	38	-
Balance as of December 31, 2020	75	-
Balance as of June 30, 2021	134	14.726
Provision	-	69
Reversal	(57)	(57)
Balance as of December 31, 2021	77	14.738

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

20. Contingencies -- Continued

20.3. Proceedings classified as possible loss

The Company and its subsidiary have labor, civil and tax lawsuits for which there is no provision recorded, and which, according to its legal advisors, are classified as possible loss, as shown in the table below:

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Labor proceedings	926	280	926	280
Civil proceedings	3.950	3.621	4.942	3.976
Tax proceedings	587	573	3.753	3.628
	5.463	4.474	9.621	7.884

Labor proceedings

Refers to four (4) lawsuits filed by former employees claiming: hazardous duty pay, vacation stability, double vacation, overtime and effects, pain and suffering, imposition of fines under Articles 467 and 477 of the Brazilian Labor Law, attorney fees, notice of termination, commissions, discounted vacation and FGTS differences.

Civil proceedings

Refer to sixteen (16) civil proceedings involving the following matters: discussion regarding services not rendered and licenses not consumed, termination of the Agreement, early termination of Agreement, non-enforceability and suspension of contractual fine, indemnity for damages, disclosure of information and exposure of documents, cancellation of proposal.

Tax proceedings

The Company is involved in 8 lawsuits classified by the legal advisors as possible loss related to isolated fines of 50% on the amount of debts declared in PER/DCOMP not ratified in decision orders.

Also, it should be noted that there is a lawsuit filed by the Company against the Federal Government involving credits and not a charge against it. The lawsuit seeks to recover amounts unduly paid, resulting from the recognition of negative balances of IRPJ and CSLL for the years 2010, 2011, 2012 and 2013, and offsets made with other taxes administered by the Brazilian IRS. The Company's legal advisors assessed this process as a possible loss.

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

21. Equity

a) Capital

The Company's capital as of December 31, 2021 and June 30, 2021 comprises 118,743 thousand common shares. The Company's shareholding structure is shown below:

	Number of shares (thousands)	
	12/31/2021	06/30/2021
Edivaldo Rocha	8.489	8.489
Claranet Group Limited	104.698	104.698
RW Brasil Fundo de Investimento em Participações	4.241	4.241
Oria Tech Fundo Secundário I	536	536
Sidney Victor da Costa Breyer	499	499
José Maurício Cascão Pereira	280	280
	118.743	118.743

b) Capital increase

On March 30, 2021, capital increase was carried out through the reverse merger of investor Claranet Brasil in the amount of R\$ 45.465, without issuance of shares.

On April 9, 2021, through the Minutes of the Extraordinary Shareholders' Meeting, a capital increase was made through the issuance of 11.269 thousand registered common shares in the total amount of 26.728.

On April 14, 2021, through the Minutes of the Extraordinary Shareholders' Meeting, a capital increase was made through the issuance of 27.145 thousand registered common shares in the total amount of R\$ 64.383.

On April 16, 2021, through the Minutes of the Extraordinary Shareholders' Meeting, a capital increase was made in the total amount of R\$ 16.754 through the issuance of 5.556 thousand registered common shares, in line with Mandic acquisition.

After the capital increases described above, the Company's capital increased to R\$ 180.998, represented by 118.743 thousand registered common shares with no par value.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

21. Equity -- continued

c) Legal reserve

Set up at the rate of 5% of the net income determined in each fiscal year pursuant to art. 193 of Law 6.404/76, up to the limit of 20% of the capital. As of December 31, 2021, the Company set up a reserve of R\$ 0 (R\$ 0 as of June 30, 2021).

d) Retained profits reserve

The retained profits reserve, which is set-up pursuant to of the Brazilian Corporation Law, refers to the retention of the remaining balance of retained earnings, to meet the business growth project established in the investment plan, according to the capital budget proposed by the Company's Management, to be resolved at the Shareholders' Meeting.

e) Goodwill on share issuance

Goodwill on the issuance of shares recorded as of June 30, 2021 refers to the entry of goodwill on the issuance of shares delivered as part of the consideration transferred referring to the acquisition of subsidiary Mandic and the difference between the capital increase and the merged net assets of Claranet Brasil.

f) Special goodwill reserve

Special goodwill reserve was recorded as from the merger of Claranet Brasil, whereby the goodwill incorporated was fully written off in the amount of R\$ 115.007 against accumulated losses and, on this written off goodwill, a tax benefit of 34% was recorded in the amount of R\$ 39.107.

g) Dividends (profit distribution)

The distribution of profits will comply with the allocations set forth in the Articles of Incorporation, as well as the Brazilian Corporation Law, as follows:

- 5% for legal reserve
- Distribution of mandatory minimum dividends, in percentage to be defined at the General Shareholders' Meeting

Due to accumulated losses, as of December 31, 2021, the Company did not pay dividends.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

22. Stock option plan and bonus

Accounting policy

The Company's and its subsidiary's employees (including the Management) receive compensation consisting of share-based payments in return for services rendered for a certain period of time. Settlement is carried out with equity instruments (share-settled transactions).

Share-settled transactions

The cost of share-settled transactions is determined at fair value on the grant date using an appropriate valuation model, details of which are provided below. This cost is recognized as an employee expense, together with the corresponding increase in equity (capital reserves), over the period in which the service is provided. The cumulative expense recognized for share-settled transactions at each reporting date through the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will be acquired. The expense or credit in the statement of profit or loss for a period represents the change in the accumulated expense recognized at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the fair value on the grant date of the bonus, but the likelihood that the conditions will be met is assessed as part of the Company's best estimate of the number of equity instruments that will be acquired. Market performance conditions are reflected in the fair value on the grant date. Any other conditions attached to a bonus, but with no associated service requirement, are considered non-vesting conditions. Non-vesting conditions are reflected in the fair value of a bonus and lead to an immediate expense of a bonus, unless there are also service and/or performance conditions.

No expense is recognized for bonuses that are ultimately not vested because out-of-market performance and/or service conditions were not met. When bonuses include a market or non-vesting condition, transactions are treated as vested, irrespective of whether the market or non-vesting condition is met, provided that all other performance and/or service conditions are met. When the terms of a share-settled bonus are amended, the minimum expense recognized is the fair value on the grant date of the unamended bonus, provided that the original vesting terms of the bonus are met.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

22. Stock option plan and bonus - Continued

Share-settled transactions - continued

An additional expense, measured at the date of amendment, is recognized for any amendment that increases the total fair value of the share-based payment transaction or is beneficial to the employee. When a bonus is canceled by the entity or the counterparty, any remaining element of the fair value of the bonus is debited immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the calculation of diluted earnings per share.

The Stock Option Plan grants beneficiaries two types of programs:

a) Stock option plan

In August 2021, the Board of Directors approved the Stock Option Plan ("Plan"), which was granted on October 19, 2021. Each option granted under the Plan will grant the participant the right to convert into one (01) Company's share, upon its exercise.

The option settlement method is exclusively through equity instruments. As of the grant date, the following periods for exercising options under the stock option plan will be ascertained: (i) 25% of the options may be exercised as of June 30, 2022; (ii) 25% of the options, plus any remaining unexercised shares, exercisable as of June 30, 2023; (iii) 25% of the options, plus any surplus not previously exercised, exercisable as of June 30, 2024; and (iv) 25% of the options, plus any remaining unexercised shares, may be exercised as of June 30, 2025 ("vesting period").

The amount of options exercisable after each vesting period will remain in effect as long as the participant is eligible for the Plan, and the portion of the options not exercisable under the stipulated conditions will be considered automatically extinguished, without the right to indemnification, in the event of the participant's termination.

The beneficiary is assigned the total number of options, which will be equivalent to the same number of shares, upon exercise. The number of options granted will be calculated according to the formula below:

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

22. Stock option plan and bonus - Continued

a) Stock option plan - Continued

$$\text{Number of options granted} = \text{Percentage or Value of Options (depending on the beneficiary)} \times (\text{Number of Shares after IPO})$$

According to the respective Plan, the options can be vested based on the following pricing: Series (A) equivalent to the price attributed to the Company's shares for the purposes of its IPO, with a twenty-five percent (25%) discount; OR Series (B), those whose strike price had already been fixed, in local currency, at the time of granting. Each Plan (per beneficiary) determines whether model A or B will be used.

B) Bonus

In addition, the Grant included an additional lot of options whose vesting is conditioned only to the pricing of the Company's shares in an IPO process through a public offering of shares ("IPO Options", "IPO") within a period of 9 months after the Grant. If the IPO does not take place by July 19, 2022, the IPO Options will automatically become extinct, by operation of law, irrespective of prior notice or notification, and without the right to any compensation.

The information related to the Company's stock option plan is summarized below:

Series	Grant date	Strike price	Fair value	No. of shares granted	Number of Shares Exercisable on		Expired	Total in force
					12/31/2021	Exercised		
Series A	10/19/2021	2,62	1,17	1.510.536	-	-	-	1.510.536
Series B	10/19/2021	3,02	0,92	3.835.392	-	-	-	3.835.392
5.345.928					-	-	-	5.345.928

The table below shows the change in the Company's options:

	Options	Average strike price
Balance as of June 30, 2021	-	-
Granted during the period	5.345.928	2,90
Balance as of December 31, 2021	5.345.928	2,90

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

22. Stock option plan and bonus - Continued

B) Bonus - Continued

As of December 31, 2021, the number of exercisable stock options was 5.345.928. The table below shows the assumptions used to determine the fair value of the option on the grant date for the options granted in the periods ended December 31, 2021:

	Plan 1 Series A	Plan 1 Series B
Expected volatility	50,36%	50,36%
Risk-free rate of return (per year)	9,10%	9,10%
Expected life of shares	3.7	3.7
Weighted average share price (R\$)	2.62	3.02
Model used	Black-Scholes	Black-Scholes

Technical pronouncement CPC 10/IFRS 2 - Share-Based Payment determines that the effects of share-based payment transactions should be reflected in the Company's profit or loss and equity. The expense with the share-based payment plan recorded in profit or loss for the period ended December 31, 2021, in the Individual and the Consolidated statements, was R\$ 1.079 (R\$ 0 as of December 31, 2020).

23. Revenue from services provided

Description	Individual		Consolidated
	12/31/2021	31/12/2020	12/31/2021
Cloud computing and cybersecurity services	70.769	36.751	118.374
Implementation services	1.641	1.653	2.649
Gross revenue from services	72.410	38.404	121.023
Taxes	(7.859)	(4.319)	(10.808)
Cancellations	(844)	(18)	(1.066)
Net operating revenue	63.707	34.067	109.149

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

24. Costs, administrative and selling expenses by nature

Description	Individual		Consolidated
	12/31/2021	31/12/2020	12/31/2021
Salaries and other expenses with employees	(14.091)	(10.706)	(26.029)
Commissions	(222)	(138)	(222)
Depreciation and amortization	(9.617)	(9.167)	(23.198)
Rents	(504)	(570)	(504)
Allowance for expected credit losses	234	420	(116)
Software maintenance	(26.425)	(4.009)	(39.396)
Consulting and Services	(880)	(234)	(901)
Services	(466)	(205)	(1.798)
Telecommunications	(521)	(351)	(1.829)
Advertising	(129)	(269)	(215)
Stock Option Plan (NE 22)	(1.079)	-	(1.079)
Other costs and expenses	(1.968)	(2.867)	(8.515)
	(55.668)	(28.096)	(103.802)
Cost of services provided	(44.395)	(18.718)	(82.619)
Selling expenses	(4.418)	(3.750)	(8.475)
General and administrative expenses	(6.855)	(5.628)	(12.708)
	(55.668)	(28.096)	(103.802)

25. Finance income (costs)

Description	Individual		Consolidated
	12/31/2021	31/12/2020	12/31/2021
Interest receivable	179	106	179
Income from short-term investments;	356	235	387
Discounts obtained	1	-	9
Other	141	332	232
Finance income	677	673	807
Interest on loans and financing	(2.942)	(16)	(3.897)
Interest on lease	(424)	(350)	(648)
Interest on business acquisition	(294)	-	(364)
Exchange differences	(81)	-	(424)
Banking expenses and fees and others	(770)	(367)	(1.612)
Taxes	(29)	(17)	(29)
Finance costs	(4.540)	(750)	(6.974)
Finance income (costs), net	(3.863)	(77)	(6.167)

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

26. Risk management

Financial instruments currently used by the Company and its Subsidiary are restricted to cash and cash equivalents, accounts receivable and payable, loans and financing, under normal market conditions, and are recognized in the interim financial statements. These instruments are managed through operating strategies aimed at liquidity, profitability and risk mitigation.

The Company and its Subsidiary did not make any speculative investments, in derivatives or any other risky assets. Considering the term and characteristics of these instruments, the carrying amounts approximate their fair values.

The Company and its Subsidiary adopt risk control policies and procedures, as described below:

i) Financial risk management policy

The Company has and adheres to a risk management policy, which provides guidance for transactions and requires diversification of transactions and counterparts. Pursuant to this policy, the nature and general position of financial risks are regularly monitored and managed in order to assess the results and the financial impact on cash flow. Credit limits are also periodically reviewed.

The risk management policy adopted by the Company and its Subsidiary was established by Management, and pursuant to its terms, market risks are hedged when considered necessary to support the corporate strategy, or when it is necessary to maintain the level of financial flexibility.

a) Financial risk management

Risk management structure

- Management is responsible for monitoring the risk management policies of the Company and the Subsidiary, and the managers of each area regularly report to Management on their activities.
- The risk management policies adopted by the Company and its Subsidiary are established so as to identify and analyze the risks to which the Company and its Subsidiary are exposed, to define appropriate risk limits and controls, and to monitor risks and adherence to defined limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the activities of the Company and its Subsidiary. Through training and management rules and procedures, the Company and its Subsidiary build a disciplined and constructive environment, in which all employees are aware of their duties and obligations.

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Notes to interim individual and consolidated financial statements--Continued
December 31, 2021
(In thousands of Brazilian reais)

26. Risk management-- Continued

a) Financial risk management - Continued

Risk management structure-- Continued

The Company and its Subsidiary are exposed to the following risks resulting from financial instruments:

Credit risk

Credit risk is the risk that the Company and its Subsidiary may incur financial losses on a financial instrument if a customer or counterpart fails to perform contractual obligations mainly arising from receivables.

- Regarding credit risk associated with financial institutions, the Company and its subsidiary act to diversify this exposure among market financial institutions. Financial investments shall be allocated to top-tier financial institutions.

For accounts receivable, the Company and its subsidiary have a highly diversified customer portfolio with a low level of concentration and establish an estimate of the provision for losses that represents an estimate of losses incurred in relation to accounts receivable. The main component of this provision is specific and related to significant individual risks.

Additionally, due to the Covid-19 pandemic, the Company and the Subsidiary are daily monitoring the behavior and actively managing default in its customer portfolio through policies related to the sale of services. No relevant impacts are expected, other than those reflected in the allowance for loss as per Note 6.

Liquidity risk

Liquidity risk is the risk that the Company and the Subsidiary may face hardships in meeting the obligations associated with financial liabilities settled with cash payments or fixed assets, as certain financing and leases are secured with the invested asset itself. The Company's and the Subsidiary's liquidity and cash flow are monitored daily by the Company's Controllership area, so as to ensure the operational generation of cash and the prior raising of funds, when necessary. The Company and the Subsidiary have not experienced to date and do not expect significant impacts on liquidity and cash flow resulting from Covid-19 pandemic and reinforces the commitment to managing resources to maintain its schedule of commitments, not generating risks liquidity for the Company or the Subsidiary.

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Notes to interim individual and consolidated financial statements--Continued

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(In thousands of Brazilian reais)

26. Risk management-- Continued

a) Financial risk management - Continued

Risk management structure-- Continued

Liquidity risk--Continued

The table below analyzes non-derivative financial liabilities of the Company and the Subsidiary, by maturity ranges, corresponding to the remaining period between the date of the statement of financial position and the contractual maturity date. The amounts disclosed in the table are contracted undiscounted cash flows.

Description	Consolidated			
	Up to 1 year	1-2 years	2-5 years	Over 5 years
Trade Accounts Payable	27.003	-	-	-
Loans and financing	8.741	13.531	26.122	-
Lease Liabilities	6.395	5.839	6.549	-
Accounts payable for business acquisition	10.270	-	29.565	-
Related parties	738	-	92.300	-
Other liabilities	338	-	-	-
Total	53.485	19.370	154.536	-

Normally, the Company and the Subsidiary ensure that they have sufficient cash on hand to cover expected operating expenses, including the fulfillment of financial obligations, and this excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and the Subsidiary have access to a sufficient variety of financing sources, if necessary.

Market risk

Market risk is the risk that changes in market prices - such as exchange rates, interest rates and share prices - may impact the Company's and the Subsidiary earnings. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

Interest rate and inflation risk

Interest rate risk arises from the portion of debt indexed to CDI, in addition to financial investments indexed to CDI, which may negatively affect finance income or costs in the event of an unfavorable change in interest rates and inflation.

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

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26. Risk management-- Continued

a) Financial risk management - Continued

Risk management structure-- Continued

Interest rate and inflation risk - Continued

In the table below, the Company and the Subsidiary provide a sensitivity analysis of the main risks to which their financial instruments are exposed. Three scenarios were considered, where the probable scenario considers the market levels in effect on the closing date of the statement of financial position. The base rate used for the probable scenario was 11,50% p.a., according to Focus report dated December 31, 2021 issued by the Central Bank of Brazil, with the expectation of rate for the end of the period.

For scenario I, a 25% reduction/increase in CDI rate was considered for financial investments and floating rate loans and for scenario II a 50% reduction/increase in CDI rate for financial investments and loans with variable rates versus the probable scenario.

Description	Index	Consolidated			
		Base	Probable	Increase	
				Scenario I (25%)	Scenario II (50%)
Short-term investments	CDI	29.294	3.369	4.211	5.053
Loans	CDI	(47.457)	(5.458)	(6.822)	(8.186)
Total		(18.163)	(2.089)	(2.611)	(3.133)
Description	Index	Decrease			
		Base	Probable	Decrease	
				Scenario I (25%)	Scenario II (50%)
Short-term investments	CDI			2.527	1.684
Loans	CDI			(4.093)	(2.729)
Total				(1.566)	(1.045)

Capital Management:

The purpose of the Company's and Subsidiary's capital management is to ensure a strong credit rating with financial institutions and an optimal capital ratio, in order to support the Company's business and maximize value to shareholders.

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

26. Risk management-- Continued

a) Financial risk management-- Continued

Risk management structure-- Continued

Capital Management -- Continued

The Company controls its capital structure by making adjustments and adaptations to current economic conditions. Aiming to keep this structure adjusted, the Company and the subsidiary may pay dividends, raise new loans, issue debentures and issue promissory notes.

The Company and its subsidiary include in the net debt structure: loans and financing, debentures and intercompany loans payable, deducting the balance of marketable securities, cash and cash equivalents and intercompany loans receivable.

Description	Consolidated	
	12/31/2021	06/30/2021
Loans and financing	48.394	41.315
Debentures	-	5.161
Intercompany loans payable	93.038	93.126
(-) Cash and cash equivalents	(31.376)	(13.849)
(-) Marketable securities	-	(5.565)
(-) Intercompany loans receivable	(4.994)	(4.877)
Net Debt	105.062	115.311
(-) Equity	92.929	94.988
Consolidated equity and net debt	197.991	210.299
Leverage ratio	53%	55%

Operating Risk

Operating risk is the risk of direct or indirect losses arising from a variety of causes related to processes, personnel, technology and infrastructure of the Company and the Subsidiary and from external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of market behavior. The purpose of the Company and the Subsidiary is to manage operating risk to avoid the occurrence of financial losses and damage to their reputation.

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Notes to interim individual and consolidated financial statements--Continued
December 31, 2021
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26. Valuation of financial instruments

Fair value measurement

i) *Derivative financial instruments*

The Company and the Subsidiary do not carry out transactions with derivative financial instruments with the objective of mitigating or eliminating risks inherent to their operation.

ii) *“Non-derivative” financial instruments*

The main financial instruments, classified pursuant to the accounting practices adopted by the Company are as follows:

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

27. Valuation of financial instruments-- Continued

Fair value measurement-- Continued

ii) "Non-derivative" financial instruments-- Continued

Individual

Individual	Hierarchy		Book Value		Fair value	
Description	of fair value	Classification	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Assets (Current and noncurrent)						
Cash and cash equivalents	Level 1	Fair value through profit or loss	23.197	12.465	23.197	12.465
Accounts receivable net	Level 2	Amortized cost	18.372	12.422	18.372	12.422
Related parties	Level 2	Amortized cost	25.056	4.877	25.056	4.877
Total			66.625	29.764	66.625	29.764
Liabilities (Current and noncurrent)						
Trade Accounts Payable	Level 2	Amortized cost	16.720	10.404	16.720	10.404
Loans and financing	Level 2	Amortized cost	48.394	17.605	48.272	17.605
Lease Liabilities	Level 2	Amortized cost	11.440	12.080	11.440	12.080
Related parties	Level 2	Amortized cost	93.038	93.126	93.038	93.126
Accounts payable for business acquisition	Level 2	Fair value through profit or loss	27.289	27.289	27.289	27.289
Accounts payable for business acquisition	Level 2	Amortized cost	10.270	9.976	10.270	9.976
Total			207.151	170.480	207.029	170.480

Claranet Technology S.A.

Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

27. Valuation of financial instruments-- Continued

Fair value measurement-- Continued

ii) "Non-derivative" financial instruments-- Continued

Consolidated

Consolidated	Hierarchy of fair value	Classification	Carrying amount		Fair value	
Description			12/31/2021	06/30/2021	12/31/2021	06/30/2021
Assets (Current and noncurrent)						
Cash and cash equivalents	Level 1	Fair value through profit or loss	31.376	13.849	31.376	13.849
Marketable securities	Level 1	Amortized cost	-	5.565	-	5.565
Accounts receivable net	Level 2	Amortized cost	28.212	26.355	28.212	26.355
Related parties	Level 2	Amortized cost	4.994	4.877	4.994	4.877
Total			64.582	50.646	64.582	50.646
Liabilities (Current and noncurrent)						
Trade Accounts Payable	Level 2	Amortized cost	27.003	24.518	27.003	24.518
Loans and financing	Level 2	Amortized cost	48.394	41.315	48.394	41.315
Lease Liabilities	Level 2	Amortized cost	18.783	22.002	18.783	22.002
Related parties	Level 2	Amortized cost	93.038	93.126	93.038	93.126
Accounts payable for business acquisition	Level 2	Fair value through profit or loss	29.565	29.495	29.565	29.495
Accounts payable for business acquisition	Level 2	Amortized cost	10.270	9.976	10.270	9.976
Total			227.053	220.432	227.053	220.432

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

27. Valuation of financial instruments-- Continued

Hierarchy of fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described below, based on the lowest level input that is significant to the entire measurement of fair value:

- Level 1 - prices quoted (unadjusted) in active markets for identical assets and liabilities;
- Level 2 - Other information available, other than those for Level 1, where quoted prices (unadjusted) are for similar assets and liabilities, in non-active markets, or other information that is available and can be indirectly used (derived from prices); and
- Level 3 - Information unavailable due to little or no market activity and that is significant for defining the fair value of assets and liabilities.

28. Earnings per share

a) Basic earnings (losses) per share

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares for the period.

	10/01/2021 to 12/31/2021	10/01/2020 to 12/31/2020	07/01/2021 to 12/31/2021	07/01/2020 to 12/31/2020
	(i)	(i)	(i)	(ii)
Net income (loss) for the period	(2.294)	(4)	(3.138)	2.512
Weighted average of outstanding shares - in thousands of shares	118.743	74.773	118.743	74.773
Basic earnings per share (in Brazilian reais)	(0,0193)	(0,0000)	(0,0264)	0,0336

(i) Potential common shares presented in Note 22 are antidilutive as their conversion would reduce the Company's loss per share.

(ii) In this period, the Company did not have any instrument with diluting effect. Therefore, diluted earnings per share are equivalent to basic earnings per share.

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Notes to interim individual and consolidated financial statements--Continued

December 31, 2021

(In thousands of Brazilian reais)

29. Insurance coverage

The Company holds insurance coverage for amounts considered sufficient by Management to cover risks on its assets and/or liabilities. The scope of the auditor's work does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by the Company's Management and considered sufficient to cover any claims.

Coverage as of December 31, 2021 and June 30, 2021 is shown below:

Description	Individual		Consolidated	
	12/31/2021	06/30/2021	12/31/2021	06/30/2021
Business (Properties and Assets)	21.428	21.211	21.428	21.211
D&O	51.143	16.143	63.143	28.143
Vehicles	1.521	1.189	1.521	1.189
	74.092	38.543	86.092	50.543