Financial Statements

Claranet Technology S.A.

June 30, 2022 and 2021
with Independent Auditor's Report

Claranet Technology S.A.

Individual and consolidated financial statements.

June 30, 2022 and 2021

Content

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Independent Auditor's Report on the individual and consolidated financial statements

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

Opinion

We have audited the individual and consolidated financial statements for Claranet Technology S.A. ("Company"), identified as Individual and Consolidated, which comprise the statement of financial position as of June 30, 2022 and the respective statements of profit of loss and comprehensive income, of changes in equity and cash flows for the year then ended, as well as the accompanying notes and the summary of the main accounting policies.

In our opinion, the aforementioned financial statements properly present, in all material respects, the Company's individual and consolidated equity and financial position as of June 30, 2022, the individual and consolidated performance of its operations and respective cash flows for the year then ended, in compliance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Basis for the opinion

We conducted our audit in compliance with Brazilian and International Standards on Auditing (ISAs). . Our responsibilities, in accordance with such standards, are described in the section below, entitled "Auditor's responsibilities for the audit of individual and consolidated financial statements". We are independentof the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethicalr esponsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Change in the closing date of the fiscal year

We draw attention to Note 2.3 of the individual and consolidated financial statements, which describes the change in the closing date of Company's fiscal year, from December 31 to June 30 of each year. Accordingly, the amounts presented in the individual and consolidated statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year ended June 30, 2021 comprise six months of operations. Our opinion does not contain any modification with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any comment on the findings or outcome of our procedures, is provided in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report, includingthose related to such key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the Company's financial statements.

Revenue recognition from cloud computing and cybersecurity services and implementation services

During the year ended June 30, 2022, the Company recognized operating income in the amount of R$ 145.807 and R$ 216.157 in the individual and consolidated financial statements, respectively, as disclosed in Note 25.

The Company provides services that are recognized as revenue in its profit or loss as the performance obligations are fulfilled. According to note 25, revenues from cloud computing and cybersecurity services are recognized over the period the service is provided, while revenues from implementation services are recognized at a specific point in time.

Revenue is an important performance indicator for the Company and its management, which may create an incentive to recognize revenue before the performance obligation is fulfilled.

This recognition considers factors that depend on a technology environment and an internal structure to support a high volume of transactions. These transactions involve several factors, including capturing the customer's order, the early receipt or issuance of invoice, the processing and settlement of invoices. Therefore, there is a risk that revenue being recognized in non-compliance with its accrual period.

The monitoring of this matter was considered significant for our audit, given the inherent risk, the significant volume of transactions and the magnitude of the amounts involved.

How our audit handled this matter

Our audit procedures involved, among others:

- Assessment of the adequacy of the accounting policies adopted by the Company to recognize revenue from cloud computing and cybersecurity services and from implementation services;
- Extensive revenue cut-off testing, with the allocation of materiality proportionally to the population tested;
- Analysis of a sample of contracts, including the comparison of data used to measure revenue;
- Analysis of the adequacy of the Company's disclosures regarding revenues, included in note 25 to the financial statements.

Based on the result of the audit procedures performed on revenue recognition, which is consistent with the management's assessment, we consider that the criteria used by management are acceptable, in the context of the financial statements taken as a whole.

Recoverability of goodwill from future profitability

In accordance with accounting practices adopted in Brazil and international financial reporting standards, the Company is required to perform an annual impairment test on amounts recorded as intangible assets with indefinite useful lives, such as goodwill from future profitability. As of June 30, 2022, the total balance related to goodwill arising from the acquisition of a subsidiary amounted to R$ 115.234 and is disclosed in note 13 to the financial statements.

This matter was considered as a key audit matter, since the process of goodwill impairment test is complex and involves a high level of subjectivity, in addition to being based on several assumptions such as: discount rates, growth percentages and the Company's business profitability in future years. Such assumptions may be significantly affected by market conditions or future economic scenarios in Brazil, which cannot yet be accurately estimated.

How our audit handled this matter

Our audit procedures included, among others:

- Review of the business plan, budgets, and recoverable value analysis provided by the Company;
- We involved our specialist professionals and assessed the model used to measure the recoverable amount, the methodology and the most significant assumptions used by the Company, including the growth and discount rates used in the discounted cash flows and the profit margin of the cash-generating unit in which goodwill was allocated;

- Additionally, we reviewed the disclosures included by management in the individual and consolidated financial statements;

Based on the result of the audit procedures, which is consistent with the management's assessment, we consider that the criteria and assumptions of goodwill recoverable value used by management, as well as the respective disclosures on note 13, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statement of value added

The individual and consolidated statements of value added (SVA) for year ended June 30, 2022, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in above mentioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise seems to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement on the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for preparing the individual and consolidated financial statements in compliance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and internal controls that it has determined to be required to allow the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to remain as a going concern, disclosing, when applicable, issues regarding its operational continuity and the use of this accounting basis in preparing the financial statements, unless Management intends to liquidate the Company or discontinue its operations, or it has no other realistic alternative to avoid closing operations.

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

Auditors' responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements, taken 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 not a guarantee that the audit carried out in compliance with Brazilian and international auditing standards always detects any relevant misstatements when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements

As a part of the audit carried out in compliance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting any material misstatement resulting from fraud is higher than the risk of not detecting misstatements due to error, since the former may involve actions to circumvent internal controls, collusion, counterfeit, omission, or willful misrepresentation.

- Obtained an understanding of the internal controls 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 and its subsidiaries' internal controls.
- Assessed the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Analyzed the adequacy of the management's use of the going concern accounting basis and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubts regarding the ability of the Company to remain 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 individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may hinder the Company's ability to remain as a going concern.
- Assessed the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those in charge of with governance regarding, among other matters, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to hinder on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo September 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
June 30, 2022 and 2021
(In thousands of Brazilian reais)

		Individual		Consolidated
	Note	**06/30/2022**	**06/30/2021**	**06/30/2021**
Assets				
Cash and cash equivalents	6	**33.374**	12.465	13.849
Marketable securities	7	**-**	-	5.565
Trade accounts receivable	8	**27.563**	12.422	26.355
Taxes recoverable	9	**4.857**	3.206	4.858
Prepaid expenses	-	**426**	-	987
Other assets	-	**1.005**	556	1.780
Total current assets		**67.225**	28.649	53.394
Related parties	10	**5.112**	4.877	4.877
Taxes recoverable	9	**3.063**	388	388
Deferred income and social contribution taxes	20.b	**29.647**	36.759	42.585
Judicial deposits	-	**43**	63	62
Investments	11	**-**	151.729	-
Right of use	19	**14.064**	11.020	20.898
Property & Equipment	12	**37.879**	31.698	47.978
Intangible assets	13	**173.862**	7.998	178.316
Total noncurrent assets		**263.670**	244.532	295.104
Total assets		**330.895**	273.181	348.498

	Note	Individual		Consolidated
		06/30/2022	06/30/2021	06/30/2021
Liabilities				
Trade Accounts Payable	14	**25.381**	10.404	24.518
Loans and financing	15	**14.674**	7.191	21.854
Debentures	16	**-**	-	5.161
Lease Liabilities	21	**6.443**	2.155	6.394
Tax obligations	19	**2.591**	1.158	1.837
Labor obligations	18	**10.059**	6.281	11.010
Accounts payable for business acquisition	17	**-**	9.976	9.976
Related parties	10	**744**	826	826
Other liabilities	-	**612**	16	220
Total current liabilities		**60.504**	38.007	81.796
Loans and financing	15	**32.209**	10.414	19.461
Provision for contingencies	22	**12.891**	134	14.726
Accounts payable for business acquisition	17	**40.210**	27.289	29.495
Tax obligations	19	**124**	124	124
Lease liabilities	21	**9.187**	9.925	15.608
Related parties	10	**92.300**	92.300	92.300
Total noncurrent liabilities		**186.921**	140.186	171.714
Equity				
Share capital	23.a	**180.998**	180.998	180.998
Capital reserve		**23.492**	20.294	20.294
Retained losses		**(121.020)**	(106.304)	(106.304)
Total equity		**83.470**	94.988	94.988
Total liabilities and equity		**330.895**	273.181	348.498

See accompanying notes to the individual and consolidated financial statements.

Claranet Technology S.A.

Statements of profit or loss
June 30, 2022 and 2021
(In thousands of Brazilian reais)

		Individual		Consolidated	
	Nota	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Profit (loss)					
Net Revenue	25	**145.807**	53.186	**216.157**	82.011
Costs of services provided	26	**(96.555)**	(35.833)	**(153.020)**	(61.167)
Gross profit		**49.252**	17.353	**63.137**	20.844
Selling expenses	26	**(10.406)**	(5.008)	**(16.306)**	(6.950)
General and administrative expenses	26	**(27.688)**	(7.766)	**(37.629)**	(10.273)
Share of profit (loss) of investees	11	**(15.522)**	76	**-**	-
Other operating income (expenses), net		**1.855**	4	**1.597**	15
Total operating income		**(51.761)**	(12.694)	**(52.338)**	(17.208)
Profit (loss) before finance income (costs)		**(2.509)**	4.659	**10.799**	3.636
Finance income	27	**3.529**	337	**2.968**	487
Finance costs	27	**(12.101)**	(2.716)	**(15.276)**	(3.816)
Finance income (costs), net		**(8.572)**	(2.379)	**(12.308)**	(3.329)
Profit (loss) before income and social contribution taxes		**(11.081)**	2.280	**(1.509)**	307
Income and social contribution taxes - Current	20.a	**(55)**	(1.101)	**(55)**	(1.101)
Income and social contribution taxes - Deferred	20.b	**(3.580)**	1.357	**(13.152)**	3.330
Net income (loss) for the year		**(14.716)**	2.536	**(14.716)**	2.536
Earnings per share					
Basic and diluted earnings (losses) per share (in Brazilian reais)	30	**(0,1186)**	0,0271	**(0,1186)**	0,0271

See accompanying notes to the individual and consolidated financial statements.

Claranet Technology S.A.

Statements of comprehensive income
June 30, 2022 and 2021
(In thousands of Brazilian reais)

	Individual		Consolidated	
	06/30/2022	**06/30/2021**	**06/30/2022**	**06/30/2021**
Net income (loss) for the year	**(14.716)**	2.536	**(14.716)**	2.536
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**(14.716)**	2.536	**(14.716)**	2.536

See accompanying notes to the individual and consolidated financial statements.

Claranet Technology S.A.

Statements of changes in equity
June 30, 2022 and 2021
(In thousands of Brazilian reais)

	Note	Capital	Capital reserves			Income reserves				
			Goodwill on share issuance	Special goodwill reserve	Share-based compensation reserve	Legal reserve	Profit reserve	Proposed additional dividends	Accrued losses	Subtotal
Balance as of December 31, 2020 (restated)		27.666	-	-	-	919	5.165	-	-	33.750
Net income for the year		-	-	-	-	-	-	-	2.536	2.536
Capital increase	23.b | 23.e	107.867	(16.754)	-	-	-	-	-	-	91.113
Merged net assets - Claranet Brasil		45.465	(2.059)	39.107	-	-	-	-	(115.007)	(32.494)
Legal reserve	23.c	-	-	-	-	-	-	-	-	-
Additional dividends canceled		-	-	-	-	-	-	-	83	83
Absorption of losses with profit reserves		-	-	-	-	(919)	(5.165)	-	6.084	-
Balance as of June 30, 2021		180.998	(18.813)	39.107	-	-	-	-	(106.304)	94.988
Loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14.716)**	**(14.716)**
Share-based compensation reserve	24	**-**	**-**	**-**	**3.198**	**-**	**-**	**-**	**-**	**3.198**
Balance as of June 30, 2022		**180.998**	**(18.813)**	**39.107**	**3.198**	**-**	**-**	**-**	**(121.020)**	**83.470**

See accompanying notes to the individual and consolidated financial statements.

Claranet Technology S.A.

Statements of cash flows
June 30, 2022 and 2021
(In thousands of Brazilian reais)

	Nota	Individual		Consolidated	
		06/30/2022	**06/30/2021**	**06/30/2022**	**06/30/2021**
Cash flow from operating activities					
Net income (loss) for the year		**(14.716)**	2.536	**(14.716)**	2.536
Adjustments to reconcile net income (loss) to cash from operating activities:					
Depreciation and amortization		**23.251**	9.076	**43.044**	16.139
Allowance for expected credit losses		**2.202**	1.660	**2.815**	1.882
IRPJ and CSLL expense - Current		**55**	1.101	**55**	1.101
-IRPJ and CSLL expense - Deferred		**3.580**	(1.357)	**13.152**	(3.330)
Set-up (Reversal) of contingencies		**(1.957)**	59	**(1.835)**	153
Equity pickup		**15.522**	(76)	**-**	-
Share-based payment transactions - settled in shares		**3.198**	-	**3.198**	-
Income from short-term investments		**-**	-	**(26)**	
Interest and exchange differences appropriated for the period		**8.251**	2.110	**10.334**	2.906
P&E Disposals		**50**	9	**385**	34
(Increase) Decrease in assets:					
Accounts receivable		**(8.125)**	(7.697)	**(4.023)**	(8.117)
Other assets		**154**	282	**561**	(345)
Prepaid expenses		**31**	-	**562**	429
Taxes recoverable		**(2.520)**	(1.199)	**(2.674)**	(1.424)
Judicial deposits		**20**	(12)	**19**	(12)
Increase (Decrease) in liabilities					
Trade Accounts Payable		**7.115**	4.330	**863**	(4.084)
Tax obligations		**1.006**	(378)	**700**	(269)
Labor obligations		**(1.820)**	1.266	**(951)**	1.399
Other liabilities		**375**	(1)	**390**	(2)
Income and social contribution taxes paid		**(1)**	(1.926)	**(1)**	(1.926)
Interest on borrowings, financing, debentures, loans and leases paid		**(7.629)**	(1.281)	**(8.851)**	(1.672)
Cash flow from operating activities		**28.042**	8.502	**43.001**	5.398
Cash flow from investing activities					
Acquisition of property and equipment and intangible assets	12 | 13	**(20.031)**	(9.035)	**(22.418)**	(12.255)
Acquisition of subsidiary, net of cash acquired	1.3	**-**	(111.505)	**-**	(108.815)
Future capital contribution	11	**(3.000)**	(3.000)	**-**	-
Funds from tradable securities		**-**	-	**5.591**	8.537
Merger		**-**			
Net cash flow used in investing activities		**(23.031)**	(123.540)	**(16.827)**	(112.533)

Claranet Technology S.A.

Statements of Cash Flows
June 30, 2022 and 2021
(In thousands of Brazilian reais)

		Individual		Consolidated	
	Nota	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Cash flow from financing activities					
Raising of loans and financing	15	**34.154**	6.000	**34.154**	7.279
Intercompany loans receivable - related parties	10	**(20.000)**	(4.829)	**-**	(4.829)
Intercompany loans payable - related parties	10	**-**	42.300	**-**	42.300
Capital increase	23	**-**	91.113	**-**	91.113
Payment of loans and financing - principal	15	**(4.978)**	(3.380)	**(28.482)**	(7.411)
Payment of debentures	16	**-**	-	**(5.156)**	(3.033)
Payment of lease liabilities	21	**(3.704)**	(1.347)	**(7.165)**	(2.081)
Accounts payable for business acquisition	17	**-**	(26.729)	**-**	(26.729)
Cash flow from reverse merger - Claranet Brasil	1.2	**-**	7.463	**-**	7.463
Cash flow from merger- Mandic S.A.	1.4	**10.426**	-	**-**	-
Net cash flow provided by (used in) financing activities		**15.898**	110.591	**(6.649)**	104.072
Increase (decrease) in cash and cash equivalents		**20.909**	(4.447)	**19.525**	(3.063)
Cash and cash equivalents at the beginning of the year		**12.465**	16.912	**13.849**	16.912
Cash and cash equivalents at the end of the year		**33.374**	12.465	**33.374**	13.849
Increase (decrease) in cash and cash equivalents		**20.909**	(4.447)	**19.525**	(3.063)

See accompanying notes to the individual and consolidated financial statements.

Claranet Technology S.A.

Statement of value added
June 30, 2022 and 2021
(In thousands of Brazilian reais)

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
1 - Revenues	**161.853**	58.027	**235.771**	88.664
1.1 - Sale of goods, products and services	**164.054**	59.687	**238.844**	90.535
1.2 - Other revenues	**-**	-	**(258)**	11
1.3 - Revenues related to the construction of own assets	**-**	-	**-**	-
1.4 - Allowance for doubtful accounts - reversal / (set-up)	**(2.201)**	(1.660)	**(2.815)**	(1.882)
2 - Inputs purchased from third parties (including tax amounts - ICMS, IPI, PIS and COFINS)	**(74.206)**	(21.402)	**(97.655)**	(34.299)
2.1 - Cost of products, goods and services sold	**(56.854)**	(19.216)	**(77.899)**	(28.185)
2.2 - Materials, energy, third party services and other	**(17.352)**	(2.186)	**(19.756)**	(6.114)
2.3 - Loss / recovery of assets	**-**	-	**-**	-
2.4 - Others (specify)	**-**	-	**-**	-
3 - Gross value added (1-2)	**87.647**	36.625	**138.116**	54.365
4 - Depreciation, amortization and depletion	**(23.251)**	(9.076)	**(43.044)**	(16.139)
5 - Net value added produced by the entity (3-4)	**64.396**	27.549	**95.072**	38.226
6 - Value added received in transfer	**(10.184)**	417	**5.673**	487
6.1 - Equity píckup	**(15.522)**	76	**-**	-
6.2 - Finance income	**3.529**	337	**3.864**	487
6.3 - Other	**1.809**	4	**1.809**	-
6 - Total value added to distribute (5+6)	**54.212**	27.966	**100.745**	38.713
8 - Distribution of value added	**(54.212)**	(27.966)	**(100.745)**	(38.713)
8.1 - Personnel	**(29.057)**	(13.908)	**(53.053)**	(22.403)
8.1.1 - Direct compensation	**(24.437)**	(11.896)	**(43.686)**	(18.882)
8.1.2 - Benefits	**(3.087)**	(1.319)	**(6.528)**	(2.370)
8.1.3 - FGTS	**(1.533)**	(693)	**(2.839)**	(1.151)
8.2 - Taxes, Fees and Contributions	**(28.205)**	(8.880)	**(46.739)**	(10.665)
8.2.1 - Federal	**(24.855)**	(7.690)	**(41.689)**	(8.572)
8.2.2 - State	**(7)**	(1)	**(7)**	(1)
8.2.3 - Municipal	**(3.343)**	(1.189)	**(5.043)**	(2.092)
8.3 - Debt remuneration:	**(11.666)**	(2.642)	**(15.669)**	(3.109)
8.3.1 - Interest	**(10.908)**	(2.144)	**(14.283)**	(2.516)
8.3.2 - Rents	**(107)**	(482)	**(107)**	(482)
8.3.3 - Foreign exchange differences	**(275)**	(16)	**(903)**	(111)
8.3.4 - Other	**(376)**	-	**(376)**	
8.3 - Equity remuneration:	**14.716**	(2.536)	**14.716**	(2.536)
8.4.1 - Interest on equity	**-**	-	**-**	-
8.4.2 - Dividends	**-**	-	**-**	-
8.4.3 - Retained Earnings / Losses for the period	**14.716**	(2.536)	**14.716**	(2.536)
8.4.4 - Non-controlling interest in retained earnings	**-**	-	-	-

See accompanying notes to the individual and consolidated financial statements.

(In thousands of Brazilian reais)

1. Operations

1.1. General and Operating Information

Claranet Technology S.A. (formerly Corpflex Informática S.A.) (“Claranet” or “Company”) is a privately-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 December 22, 2021, the Company was registered with the Brazilian Securities and Exchange Commission (CVM) as a publicly-held company.

1.2. Reverse merger of Claranet Brasil

On July 2, 2020, Claranet Group Limited ("Claranet UK"), a company headquartered in the United Kingdom, through its subsidiary in Brazil, Claranet Brasil Ltda ("Claranet Brasil"), acquired 92,5% of the Company's shares, thereby becoming its parent company.

On March 30, 2021, the Extraordinary Shareholders’ Meeting approved the corporate restructuring under which the Company carried out the reverse merger of its direct parent company, Claranet Brasil. At the same meeting, the merger protocols were also approved.

The reverse merger generated net assets that were merged into the Company's equity in the amount of R$ 43.406, as shown below:

	03/30/2021
Cash and cash equivalents	7.463
Accounts receivable	513
Dividends receivable	1.021
Other assets	484
Property & Equipment	328
Intangible assets	5
Goodwill generated on Claranet acquisition	115.007
Trade accounts payable	(3.927)
Personnel, charges and benefits	(380)
Tax obligations	(261)
Accounts payable to former shareholders	(26.456)
Loan with related parties	(50.391)
Net assets transferred in the merger (a)	43.406

1. **Operations**--Continued

1.2. **Reverse merger of Claranet Brasil** - continued

Of the net assets merged, R$ 45.465 was recorded as a capital increase and the amount of (R$ 2.059) was recorded as capital reserve

When Claranet Brasil, considered the vehicle company, was merged into the Company, the goodwill incorporated was fully written off in the amount of R$ 115.007, against accumulated losses and the 34% tax benefit on goodwill was recognized in the amount of R$ 39.107, after the respective amortization of the period, recorded in assets under deferred income tax against a special goodwill reserve.

1.3. **Business combination - Acquisition of Mandic S.A. ("Mandic")**

On March 31, 2021, a purchase and sale agreement was signed between the Company and the shareholders of Mandic S.A. for the acquisition of all shares representing Mandic's capital. The acquisition transaction closing took place on April 16, 2021.

Mandic is a technology company engaged it the following main activities:

(i) Software licensing for use by third parties in the segment of solutions for medium and large companies and corporations, cloud computing in the models "Software as a Service - SaaS", "Infrastructure as a Service - IaaS", and as a provider of email solutions, email marketing, backup, registration and hosting of websites and other licensing.

(ii) Provision of Information Technology services and Information Technology consulting services, in cloud digital transformation solutions, allowing the company to offer high quality solutions through consulting, migration, implementation and support.

The consideration for Mandic acquisition, pursuant to the purchase and sale agreement, is divided into two parts, a portion in cash and a portion through the issuance and delivery of Company's shares to Mandic's former shareholders, linked to call and put options, as detailed in item 1.3.1 below.

The consideration in cash amounted to R$ 121.364, of which R$ 111.505 was paid in cash and the amount of R$ 9.859 will be paid within 12 months from the closing date of the acquisition. The consideration in shares amounted to R$ 27.289. Thus, the total consideration transferred in Mandic's acquisition was R$ 148.653.

1. **Operations**--Continued

1.3. **Business combination - Acquisition of Mandic S.A. ("Mandic")**--Continued

1.3.1. Shares issued and call and put options for shares as part of the transferred consideration

As part of the acquisition price, 33.338 thousand common shares were issued and delivered, free and clear of any burdens, to the former shareholders of Mandic. As a result, the Company's share capital was increased by R$ 16.754.

Concurrently with the transfer of such shares, on April 16, 2021, the Company and the same selling shareholders entered into a call and put option agreement whereby the Company is granted the right to buy and Mandic's former shareholders are granted the right to sell the 33.338 thousand shares issued as part of the consideration for Mandic's acquisition. The fair value of put options was valued on the acquisition date, amounting to R$ 27.289. According to the Company's assessment, considering the most unfavorable conditions for exercising the call option, the fair value was calculated as being close to 0.

Considering that both the shares issued and the options granted are interrelated and considered as part of the transferred consideration, and considering that the final amount to be paid to the former shareholders will be the amount for exercising the put option, it is concluded that the fair value of the put options are part of the transferred consideration. Thus, as the options are financial liabilities at fair value through profit or loss, it was recorded in a capital reserve in the amount of (R$ 16.754) to cancel the impact on equity related to the capital increase through the issuance of shares delivered to Mandic's former shareholders. Additionally, the fair value of the options was recorded in liabilities in the amount of R$ 27.289.

(In thousands of Brazilian reais)

1. **Operations**--Continued

1.3. **Business combination - Acquisition of Mandic S.A. (“Mandic”)**--Continued

1.3.2. Fair value of acquired assets and assumed liabilities

We present below information on identified assets acquired and liabilities assumed at fair value on the acquisition date of March 31, 2021:

Base date of acquisition	Nota	Mandic S.A. 03/31/2021
Current assets		33.521
Cash and cash equivalents		2.690
Marketable securities		14.102
Trade accounts receivable		13.735
Other receivables		152
Taxes recoverable		1.426
Prepaid expenses		1.416
Noncurrent assets		89.586
Deferred income and social contribution taxes		3.853
Judicial deposits		445
Right of use		10.656
Property & Equipment		16.828
Intangible assets		57.804
Current liabilities		61.074
Trade accounts payable		22.433
Loans and financing		14.410
Debentures		8.256
Lease Liabilities		10.604
Tax obligations		694
Labor obligations		4.472
Other liabilities		205
Noncurrent liabilities		28.614
Loans and financing		11.926
Provision for contingencies		14.498
Accounts payable for business acquisition		2.190
Net assets and liabilities		33.419
Transferred consideration		148.653
Goodwill on transaction (i)		115.234

Goodwill calculated in the amount of R$ 115.234 comprises the value of future economic benefits arising from synergies derived from the subsidiary’s acquisition. As per Note 13.3, the impairment test of goodwill allocated to Mandic’s acquisition was performed and no impairment loss was identified.

(In thousands of Brazilian reais)

1. Operations--Continued

1.3. Business combination - Acquisition of Mandic S.A. ("Mandic")--Continued

1.3.3. Allocation of the consideration paid

As part of the acquisition price allocation in the business combination, the transferred consideration was allocated as follows:

Description	Intangible Assets Value Allocated	Useful Life
Surplus value of fixed assets	4.395	3 to 5 years
Customer portfolio	22.527	5 years and 9 months
Surplus value of software	13.498	5 years
Contingent liability	(14.181)	N/A

The acquired company contributed consolidated net revenues in the amount of R$ 28.825 and net income of R$ 2.597 for the year ended June 30, 2021, after the aforementioned acquisition date . If these acquisitions had taken place on January 1, 2021, the consolidated net revenue would have been R$ 58.001 with a loss for the period of R$ 5.529.

The acquisition impact on the cash flow in investing activities group on June 30, 2021, refers to the portion of the consideration paid in cash, R$ 111.505, net of the cash acquired in the amount of R$ 2.690.

The transaction cost involving the acquisition of this company in 2021 was R$ 312, recognized in profit or loss as general and administrative expenses.

1.4. Merger of Mandic S.A. ("Mandic")

On April 29, 2022, the Company's shareholders authorized the merger of the net assets of subsidiary Mandic S.A., a privately held corporation, headquartered at Avenida Tamboré, No. 267, 17th floor, Torre Norte, Conjunto de escritório 171-B, Canopus Corporate A, Tamboré, in the City of Barueri, State of São Paulo, Zip Code 06460-000, enrolled with CNPJ/MF under No. 04.700.392/0001-52 ("Mandic"). For merger purposes, a report prepared by independent appraisers was used, at book values, on the base date of February 28, 2022. Mandic's merged net assets amounted to R$ 30.054.

When Mandic was merged into the Company, goodwill merged was fully reclassified in the amount of R$ 115.234, against intangible assets and the tax benefit was created in part B of Lalur of 34% on the goodwill in the amount of R$ 39.179.

(In thousands of Brazilian reais)

1. **Operations**--Continued

1.4. **Merger of Mandic S.A. ("Mandic")** – Continued

With Mandic's merger, in addition to the tax gain, the Company understands that by having a single Corporate Taxpayer Registry (CNPJ), it achieves an efficiency gain, since the processes and systems become faster and more efficient.

The merger gave rise to net assets in the amount of R$ 30.054, as shown below:

Cash and cash equivalents	10.426
Trade accounts receivable	9.219
Taxes recoverable	1.806
Prepaid expenses	456
Other assets	816
Right of use	5.877
Property & Equipment	7.741
Intangible assets	41.100
Trade accounts payable	(7.586)
Lease liabilities	(3.889)
Tax obligations	(373)
Labor obligations	(5.598)
Related parties	(2.379)
Other liabilities	(222)
Provision for contingencies	(530)
Accounts payable for business acquisition (note 17)	(2.353)
Lease liabilities	(2.195)
Related parties	(18.517)
Income and social contribution taxes - deferred	(3.745)
Net assets	(30.054)

1.5. **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;

1. **Operations**--Continued

1.5. **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. The remote work regime was reduced for approximately 50% of the Company, due to the implementation of the hybrid regime and the return to the on-site regime in some strategic teams. The Company will make decisions regarding the increase and/or reduction of the remote work regime according to the pandemic evolution, which continues to be actively monitored.

1. **Operations**--Continued

1.5. **Impacts caused by the COVID-19 pandemic**--Continued

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

In addition to the items highlighted above, the Company has been closely monitoring liquidity and credit risks, as mentioned in Note 29.

Thus, the previously created Crisis Committee continues to operate to monitor the impacts of COVID-19 on the Company's operations.

Additionally, due to the uncertainty scenario caused by the pandemic, the Company reassessed the main accounting estimates (see details in the respective notes):

- 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 13, the Company assessed the recoverability of its assets for its cash-generating units and did not identify the need for a provision for loss in the financial statements for the year ended June 30, 2022.
- 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 20).

2. Basis of preparation and presentation

2.1. Statement of compliance

These 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).
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.

2.2. Basis of preparation and presentation

The 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.

Accounting policies have been applied consistently for the reporting years presented in these financial statements.

The financial statements are presented in thousands of Brazilian reais (unless otherwise stated), which is the functional and presentation currency, and were prepared based on a going concern basis.

Financial statements have been prepared supported on several assessment bases used in accounting estimates. Accounting estimates involved in the preparation of financial statements were supported on objective and subjective factors, based on Management's judgment to determine the appropriate amount to be recorded in the financial statements.

The issuance of these financial statements was authorized by the Company's Management on September 14, 2022.

(In thousands of Brazilian reais)

2. Basis of preparation and presentation--Continued

2.3. Change of the fiscal year

On January 5, 2021, the Company changed its fiscal year to start July 1 of each year an dend June 30 of the subsequent year (previously beginning on January 1 of each year and ending December 31 of the same year). Accordingly, the amounts presented in the individual and consolidated statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year ended June 30, 2021 cover a six-month period (January 01 to June 30, 2021) while the current period corresponds to 12 months (July 01, 2021 to June 30, 2022).

2.4. Basis of consolidation

Subsidiaries are all entities in which the Company has the power to regulate the financial and operating policies that generally derive from the holding of more than half of the voting rights. 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:

<u>Direct Interest</u>

Corporate name	% Interest	
	2022	2021
Mandic S.A. (i)		100,00

(i) Company acquired on April 16, 2021 and merged on April 29, 2022, as per Note 1.4.

3. Summary of significant accounting policies

Accounting policies have been applied consistently for the reporting years presented in these individual and consolidated financial statements.

The financial statements are presented in Brazilian Reais (R$), which is the Company's functional and presentation currency. All financial information is presented in thousands of Brazilian reais, unless otherwise stated.

In preparing these financial statements, management made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Below, we present a summary of the main accounting policies adopted by the Company, evidencing only the information considered relevant by Management.

3.1. Information by segment

Operating segments are defined as business activities from which revenue can be obtained and expenses incurred, whose operating results are regularly reviewed by the main manager of the Company's operations for decision-making on resources to be allocated to the segment and for the assessment of its performance and for which individual financial information is available.

Management has defined the strategic business model, based on the decisions of the Company, and concluded that it has only one business segment and, therefore, it does not present information by segment in its financial statements

3.2. Fair value measurement

The Company measures financial instruments at fair value on each closing date of the statement of financial position. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability under a non-forced transaction between market participants on the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will take place: (i) in the main market for the asset or liability; or (ii) when there is no main market, in the most advantageous market for the asset or liability.

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:

3. Summary of significant accounting policies--Continued

3.2. Fair value measurement-- continued

Level 1 - prices quoted (unadjusted) in active markets for identical assets and liabilities to which the entity has access on the measurement date;

Level 2 - Valuation techniques for which the lowest level input that is significant to the measurement of fair value is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the measurement of fair value is not available.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchy, reassessing the categorization (based on the lowest level input tha tis significant to the entire measurement) at the end of each reporting period.

3.3. Financial instruments - initial recognition and subsequent measurement

A financial instrument is an agreement that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the the Company's business model for managing such financial assets. The Company initially measures a financial asset at its fair value plus transaction costs, for a financial asset not measured at fair value through profit or loss. Trade accounts receivable with no significant financing component are measured at the transaction price determined in accordance with IFRS 15/CPC 47.

3. **Summary of significant accounting policies**--Continued

3.3. **Financial instruments - initial recognition and subsequent measurement**--Continued

i) Financial assets--Continued

Initial recognition and subsequent measurement - Continued

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it needs to generate cash flows on the principal amount outstanding. This assessment is performed at the instrument level. Financial assets with cash flows not exclusively related to principal and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model adopted.

The Company's business model for managing financial assets is related to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from charging contractual cash flows, selling financial assets, or both.

Acquisitions or sales of financial assets that require the delivery of assets within a period established by regulation or agreement in the market (regular negotiations) are recognized on the negotiation date, i.e., the date on which the Company undertakes to buy or sell the asset.

Subsequent measurement

For subsequent measurement purposes, the Company classifies its financial assets in the following categories:

- Financial assets measured at amortized cost (debt instruments);
- Financial assets measured at fair value through profit or loss;

Financial assets measured at amortized cost

This category is the most relevant for the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

3. Summary of significant accounting policies--Continued

3.3. Financial instruments - initial recognition and subsequent measurement--Continued

i) Financial assets--Continued

Subsequent measurement--Continued

Financial assets measured at amortized cost– Continued

- The financial asset was held within a business model intended to hold assets for the purpose of receiving contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is written off, modified or impaired.

Financial assets measured at fair value through profit or loss;

Financial assets at fair value through profit or loss are presented in the statement of financial position at fair value, with net gains or losses recognized in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full, without significant delay, to a third party under a “pass-through” agreement; and (i) the Company has substantially transferred all risks and rewards related to the asset; or (ii) the Company has not transferred and has not substantially retained all risks and rewards related to the asset, but has transferred control over that asset.

3. Summary of significant accounting policies--Continued

3.3. Financial instruments - initial recognition and subsequent measurement--Continued

i) Financial assets--Continued

Derecognition--Continued

When the Company transfers its rights to receive cash flows from an asset or enter into a pass-through agreement, it assesses whether, and to what extent, it has retained the risks and rewards of ownership. When it has not transferred or retained substantially all the risks and rewards related to the asset, nor has transferred control over the asset, the Company continues to recognize the transferred asset to the extent of its continued involvement. In this case, the Company also recognizes a related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations retained by the Company.

Ongoing involvement as a guarantee on the transferred asset is measured at the lower of (i) the value of the asset and (ii) the maximum amount of consideration received that the entity may be required to repay (the amount of the guarantee).

Impairment of financial assets

The Company recognizes a provision for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive, discounted at an effective interest rate that approximates the original transaction rate. Expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

3. Summary of significant accounting policies--Continued

3.3. Financial instruments - initial recognition and subsequent measurement--Continued

i) Financial assets--Continued

Impairment of financial assets– Continued

For trade accounts receivable and contractual assets, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not monitor changes in credit risk, but recognize a provision for losses based on expected permanent credit losses on each base date. The Company establishes a matrix of provisions based on its historical experience of credit losses, adjusted for specific prospective factors for debtors and the economic environment.

ii) Financial liabilities

Initial recognition and measurement

The Company, upon initial recognition, classifies its financial liabilities as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

All financial liabilities are initially measured at their fair value plus or minus, for a financial liability not measured at fair value through profit or loss, the transaction costs that are directly attributable to the issuance of the financial liability.

Subsequent measurement

For subsequent measurement purposes, financial liabilities are classified into two categories:

(a) Financial liabilities measured at fair value through profit or loss; and

(b) Financial liabilities measured at amortized cost

The measurement of financial liabilities depends on their classification, as described below:

3. Summary of significant accounting policies--Continued

3.3. Financial instruments - initial recognition and subsequent measurement-- Continued

ii) Financial liabilities--Continued

Subsequent measurement--Continued

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated on initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the short term. This category also includes contracted derivative financial instruments that are not designated as hedging instruments in the hedging relationships defined by CPC 48. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated on the initial recognition date and only if CPC 48 criteria are met.

Financial liabilities measured at amortized cost (loans and financing)

This category is the most relevant for the Company. After initial recognition, loans and financing taken and granted subject to interest are subsequently measured at amortized cost, using the effective interest method. Gains and losses are recognized in profit or loss upon write-off, as well as during the amortization process using the effective interest rate method.

Amortized cost is calculated taking into account any discount or premium on the acquisition and fees or costs that are part of the effective interest rate method. Amortization using the effective interest rate method is included as a finance cost in profit or loss.

3. Summary of significant accounting policies--Continued

3.3. Financial instruments - initial recognition and subsequent measurement-- Continued

ii) Financial liabilities--Continued

Derecognition

A financial liability is written off when the obligation under the liability is extinguished, i.e., when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are significantly changed, such replacement or change is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when there is a current legally enforceable right to offset the amounts recognized and there is the intention either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4. Current versus noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on their classification as current or noncurrent. An asset is classified as current when:

- It is expected to be realized, or intended to be sold or consumed, in the normal course of the entity's operating cycle;
- It is held essencially for the purpose of being traded;
- It is expected to be realized within 12 months after the date of the statement of financial position; and
- It is cash or cash equivalent, unless its exchange or use to settle a liability is prohibited for at least 12 months after the date of the statement of financial position.

All other assets are classified as noncurrent. A liability is classified as current when:

3. Summary of significant accounting policies--Continued

3.4. Current versus noncurrent classification– Continued

- It is expected to be settled during the entity's normal operating cycle;
- It is held essentially for the purpose of being traded;
- It must be settled within a period of up to 12 months after the date of the statement of financial position; and
- The entity has no unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

The terms of a liability that may, at the discretion of the counterparty, result in its settlement through the issuance of equity instruments do not affect its classification. The Companyclassifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified in noncurrent assets and liabilities.

3.5. Business combination

Business combinations are recorded using the acquisition method. The acquisition cost is measured by the sum of the consideration transferred, which is valued based on the fair value on the acquisition date, and the value of any noncontrolling interest in the acquiree. For each business combination, the acquirer shall measure the noncontrolling interest in the acquiree at fair value or based on its interest in the net assets identified in the acquiree. Costs directly attributable to the acquisition shall be expensed as incurred.

When acquiring a business, the Company assesses the financial assets and liabilities assumed in order to classify and allocate them in accordance with the contractual terms, economic circumstances and relevant conditions on the acquisition date, including the segregation, by the acquiree, of embedded derivatives existing in host contracts in the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration considered as an asset or a liability will be recognized in profit or loss.

The Company measures goodwill as the excess of the consideration transferred in relation to the net assets acquired (identifiable assets acquired, net and liabilities assumed). If the consideration is lower than the fair value of the net assets acquired, the difference will be recognized as a gain in profit or loss.

3. Summary of significant accounting policies--Continued

3.5. Business combination--Continued

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination's synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.6. 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 equivalents as financial investments that are immediately convertible into amounts known in cash, being subject to insignificant risk of change in value. Accordingly, an investment typically qualifies as cash equivalent only when it is redeemable in the short term, for example, three months or less from the investment date.

3.7. Trade accounts receivable

A receivable represents the Company’s right to an unconditional consideration (i.e., only the lapse of time is necessary for the payment of the consideration to be due), being recognized at par value, deducting present value and provision for expected loss.

3.8. Deferred and current income and social contribution taxes

Current and deferred income and social contribution taxes for the year are calculated at the rate of 15%, plus a 10% surtax on taxable profit exceeding R$ 240 (annual base) for income tax, and 9%on taxable profit for social contribution tax on net profit; this calculation considers tax loss carryforwards, limited to 30% of taxable profit.

Income and social contribution tax expenses comprise current and deferred taxes. Current and deferred income tax are recognized in profit or loss, except if related to business combination or items directly recognized in equity or other comprehensive income.

3. Summary of significant accounting policies--Continued

3.8. Deferred and current income and social contribution taxes – Continued

Current tax is the expected tax payable on taxable profit for the year at tax rates that have been enacted or substantially enacted at the presentation date of financial statements and any adjustment to taxes payable in respect to prior years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax liabilities and assets, and are related to income taxes levied by the same tax authority on the same taxable entity.

A deferred income and social contribution tax asset is recognized for tax losses, tax credits and unused deductible temporary differences when it is probable that future taxable profits will be available and against which they will be used. Deferred income and social contribution tax assets are revised at each reporting period and will be reduced to the extent their realization is no longer probable.

Deferred tax related to items recognized directly in equity is also recognized in equity, and not in profit or loss. Deferred tax items are recognized according to the transaction that gave rise to the deferred tax, in comprehensive income or directly in equity.

<u>Tax exposures</u>

In determining current and deferred income tax, the Company considers the impact of uncertainties relating to tax positions taken and whether the additional payment of income tax and interest has to be made. The Company believes that the provision for income tax in liabilities is adequate for all outstanding tax periods based on their assessment of various factors, including interpretations of tax laws and past experience. This assessment is based on estimates and assumptions that may involve a series of judgments about future events. New information may be made available, which would lead the Company to change their judgment as to the adequacy of the existing provision. Such changes will impact income tax expense in the year in which they are made.

3. Summary of significant accounting policies--Continued

3.9. Property & Equipment

Property and equipment items are measured at the historical acquisition, build-up or construction cost, less accumulated depreciation. The cost includes expenses directly attributable to the acquisition of an asset.

Purchased software that is integral to the functionality of any equipment is capitalized as part of that equipment. If parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Gains and losses on the disposal of a property and equipment item are calculated by comparing the disposal proceeds with the carrying amount of the property and equipment item, and are recognized in other income in profit or loss.

Subsequent costs

The replacement cost of any component of property and equipment is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated within the component will flow to the Company and that its cost can be measured reliably. The carrying amount of the component replaced is derecognized. Maintenance costs are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the purchase cost of an asset or another cost value after deducting its residual value. The residual value and useful life of the assets and depreciation methods are reviewed at the closing of each year and adjusted prospectively, as applicable.

Depreciation is recognized in profit or loss based on the straight-line method, based on the estimated useful lives of each part of a property and equipment item, as this method is more representative of the time pattern in which economic benefits from the asset are consumed.

The estimated useful lives for the current and comparative years are disclosed in Note 12.

3. Summary of significant accounting policies--Continued

3.10. Intangible assets and goodwill

Intangible assets acquired separately are measured upon initial recognition at acquisition cost. The cost of intangible assets acquired under a business combination corresponds to the fair value on the acquisition date. After initial recognition, intangible assets are recognized at cost, less accumulated amortization and impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and the expense is reflected in profit or loss for the year in which it is incurred. The useful life of an intangible asset is assessed as finite or indefinite. Goodwill resulting from the acquisition of subsidiaries is included in intangible assets in the consolidated financial statements.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication of impairment of the asset. The period and method for amortization of an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the estimated useful life or expected consumption of the future economic benefits from these assets are recorded by means of changes in the amortization period or method, as the case may be, and are treated as changes in accounting estimates. The amortization of intangible assets with finite useful lives is recognized in profit or loss under the expense category, consistent with the use of the intangible asset.

IIntangible assets with indefinite useful lives are not amortized, but are annually tested for impairment losses, individually or at the level of the cash-generating unit. The indefinite useful life assessment is reviewed on an annual basis to determine whether this assessment continues to be warranted. Otherwise, the change in useful life from indefinite to finite is made prospectively.

An intangible asset is derecognized upon its sale (i.e., the date on which the beneficiary obtains control of the related asset) or when no future economic benefits are expected from its use or sale. Any gains and losses resulting from the derecognition of the asset (the difference between the net value obtained from the sale and the carrying amount of the asset) are recognized in profit or loss for the year.

Intangible assets with indefinite useful lives are tested for impairment on an annual basis, on June 30, individually or at the level of the cash-generating unit, as the case may be, or when circumstances indicate that the carrying amount has deteriorated.

3. Summary of significant accounting policies--Continued

3.10. Intangible assets and goodwill--Continued

Goodwill

Goodwill cost is accounted for using the acquisition method at fair value and goodwill is tested for impairment on an annual basis, on June 30, or when circumstances indicate that the carrying amount has deteriorated.

Research and Development

Research expenditures are recorded as expenses when incurred, and development expenses linked to technological innovations of existing products are capitalized, when technologically and economically feasible, and amortized over the expected period of benefits within the operating expenses group.

Development activities involve a plan or project aimed at producing new products. Development expenditures are capitalized only when all of the following elements are present: (i) technical feasibility to complete the intangible asset so that it is available for use or sale; (ii) intention to complete the intangible asset and for its use or sale; (iii) the intangible asset will generate future economic benefits; (iv) availability of adequate technical, financial and other resources to complete its development and use the intangible asset; and (v) ability to reliably measure the expenses attributable to the intangible asset during its development. Capitalized expenditures include the cost of labor and materials directly attributable to the preparation of this asset. All other research expenditures are recognized in profit or loss as incurred.

After initial recognition, the asset is recognized at cost, less accumulated amortization and impairment losses. Amortization begins when development is completed and the asset is available for use, for the period of future economic benefits. During the development period, the asset's recoverable amount is tested annually.

Other intangible assets

Other intangible assets acquired and having finite useful lives are measured at cost, less accumulated amortization and any impairment losses.

3. Summary of significant accounting policies--Continued

3.10. Intangible assets and goodwill--Continued

Other intangible assets--Continued

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

Amortization is recognized in profit or loss based on the straight-line method in relation to the estimated useful lives of intangible assets, other than goodwill, from the date when it is available for use, as this method is more representative of the time pattern in which economic benefits from the asset are consumed.

3.11. Impairment of nonfinancial assets

Management annually reviews the carrying amounts of its assets to assess events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment loss. When this evidence is identified and the carrying amount exceeds the recoverable amount, a provision for loss is set up, adjusting the carrying amount to the recoverable amount. The recoverable amount of an asset or cash-generating unit is defined as the greater of its value in use and the net value of disposal.

In estimating the asset's value in use, estimated future cash flows are discounted to its present value, using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. The net fair value of selling expenses is determined, whenever possible, based on recent market transactions between knowledgeable and interested parties with similar assets. When lacking observable transactions in this respect, an appropriate valuation methodology is used. Calculations provided in this model are supported by available fair value indicators, such as prices quoted for listed entities, among other available indicators.

The Company bases its impairment assessment on the most recent financial forecasts and budgets, which are prepared separately by Management for each cash-generating unit to which the assets are allocated. Projections based on these forecasts and budgets generally cover a five-year period. A long-term average growth rate is calculated and applied to future cash flows after the fifth year.

3. Summary of significant accounting policies--Continued

3.11. Impairment of nonfinancial assets--Continued

Impairment loss of the asset is recognized in profit or loss in a manner consistent with the function of the asset subject to the loss.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit. A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss recognized. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined (net of depreciation, amortization or depletion) if no impairment loss had been recognized for the asset in previous years. This reversal is recognized in profit or loss.

Goodwill is tested for impairment on an annual basis, on June 30, or when circumstances indicate that the carrying amount has deteriorated.

An impairment loss is recognized for a cash-generating unit to which the goodwill is related. When the unit's recoverable amount is lower than the unit's carrying amount, the loss is recognized and allocated to reduce the carrying amount of the unit's assets in the following order: (a) reducing the carrying amount of goodwill allocated to the cash-generating unit; and (b) then to the unit's other assets in proportion to the carrying amount of each asset.

Intangible assets with indefinite useful lives are tested for impairment on an annual basis, on June 30, individually or at the level of the cash-generating unit, as the case may be, or when circumstances indicate that the carrying amount has deteriorated.

3.12. Trade accounts payable

Trade accounts payable are obligations to pay for goods or services acquired from suppliers in the normal course of business and are classified as current liabilities if the payment is due within one year. Otherwise, such accounts payable are classified as noncurrent liabilities.

Trade accounts receivable are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

3. Summary of significant accounting policies--Continued

3.13. Loans and Financing

Loans and financing are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

Loan costs

Loan costs directly attributed to the acquisition, construction or production of an asset that necessarily requires a substantial period of time to be ready for its intended use or sale are capitalized as part of the cost of the corresponding assets. All other loan costs are expensed in the period in which they are incurred. Loan costs comprise interest and other costs incurred by the Entity in connection with the loan.

3.14. Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and low-value assets. On the lease start date, the lender recognizes lease liabilities measured at the present value of payments to be made during the lease term and right-of-use assets representing the right of use of the underlying assets.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new measurement of lease liabilities. The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made up to the start date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis, for the shortest period between the lease term and the estimated useful life of the assets, and are also subject to impairment.

On the lease start date, the Company recognizes lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including, substantially, fixed payments) less any lease incentives receivable, variable lease payments conditional to any index or rate, and expected amounts to be paid under residual value guarantees.

3. Summary of significant accounting policies--Continued

3.14. Leases--Continued

When calculating the present value of lease payments, the Company uses its incremental borrowing rate on the start date since the interest rate implicit in the lease is not easily determinable. After the start date, the amount of the lease liability is increased to reflect the accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is any modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of a call option on the underlying asset.

3.15. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation and a reliable estimate of the obligation's amount can be made. When the Company expects the amount of a provision to be refunded, in whole or in part, for example, due to an insurance agreement, the refund is recognized as a separate asset, but only when the refund is virtually certain. The expense related to any provision is shown in profit or loss, net of any refund.

If the time value of money effect is significant, provisions are discounted using a current pre-tax rate reflecting, as appropriate, the risks specific to the liability. When a discount is adopted, the increase in the provision due to the time lapse is recognized as a financing cost.

Provisions for tax, civil and labor risks

The Company is a party to several legal and administrative proceedings. Provisions are established for all contingencies relating to legal proceedings for which it is probable that an outflow of funds will be made to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss includes the assessment of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the assessment of external legal counsel. Provisions are reviewed and adjusted to consider changes in circumstances, such as the applicable statute of limitations, conclusion from tax audits or additional exposures identified based on new matters and court decisions.

3. Summary of significant accounting policies--Continued

3.15. Provisions--Continued

<u>Contingent liabilities recognized in a business combination</u>

Contingent liabilities recognized in a business combination are initially measured at fair value. Subsequently, they are measured between the highest amount that would be recognized in compliance with the accounting policy of provisions above (IAS 37/CPC 25) or the amount initially recognized less, when applicable, the accumulated amortization recognized according to the revenue recognition policy.

3.16. Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities are inflation adjusted and, therefore, are adjusted to their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated, and only recorded, if considered material in relation to the financial statements taken as a whole. For purposes of recording and determining relevance, adjustment to present value is calculated taking into account the contractual cash flows and the explicit, and in certain cases implicit, interest rate of the respective assets and liabilities, based on analyses carried out and Management's best estimate. Based on analyzes carried out and Management's best estimate.

3.17. Investments in subsidiaries

The Company's investments in its subsidiaries are valued using the equity method, pursuantto CPC 18/IAS 28, for the purposes of the individual financial statements.

The Company determines, at the end of the reporting period, if there is objective evidence that investments in subsidiaries might be impaired. In such case, the Company calculates the impairment loss as the difference between the subsidiary’s recoverable amount and the carrying amount, and recognizes the loss in the individual statement of profit or loss.

3.18. Revenue from contracts with customers

CPC 47 requires revenue to be recognized when (or as) control of each promised distinct good or service (known as a performance obligation) is transferred to the customer. Revenue is measured pursuant to CPC 47 at the amount of the consideration that the Company expects to be entitled to receive for the transferred goods and services.

3. Summary of significant accounting policies--Continued

3.18. Revenues from customer contracts--Continued

The Company and its subsidiary generate revenue from cloud computing and cybersecurity services and implementation services. Revenues are shown net of taxes and cancellations, when applicable.

Revenues from cloud computing and cybersecurity and implementation services are based on amounts established according to contracts signed with customers and are recognized according to the following criteria:

(i) Revenues from implementation services consist of adaptation and migration from the current environment and/or availability of the proposed environment. These are recognized at a given time when all the risks and rewards inherent in the implementation service are transferred to the customer and the amount can be reliably measured, and it is probable that economic benefits will be generated in favor of the Company.

(ii) Monthly service revenues arise mainly from Cloud Computing and Cybersecurity services, which consist of the provision of computing resources and/or added services such as monitoring, support, backup, among others during the term of the contracts. Monthly service revenue is recognized in profit or loss on a monthly basis over time, as services are provided, from the date the services are made available to the customer and all other revenue recognition criteria are met.

<u>Taxation</u>

Revenues are subject to certain taxes and contributions as shown below:

Tax name	Abbreviation	Rate
Contribution Tax on Gross Revenue for Social Integration Program	PIS	0,65% to 1,65%
Contribution Tax on Gross Revenue for Social Security Financing	COFINS	3,00% to 7,60%
Service Tax	ISS	2% to 2,9%

3. Summary of significant accounting policies--Continued

3.19. Employee benefits

Employee benefit obligations are measured on an undiscounted basis and incurred as expenses as the related service is provided. The liability is recognized at the expected amount to be paid under the cash bonus or short-term profit sharing plans if the Company has a legal or constructive obligation to pay this amount due to past service provided by the employee, and the obligation can be reliably estimated.

Profit Sharing Program

The Company has a benefit plan for management and employees, in the form of profit sharing and bonus plans.

It is expected that the profit sharing and bonus plans will be settled within twelve months and are presented at the amount expected to be paid.

3.20. Finance income (costs)

Finance income basically comprises interest receivable on financial investments and discounts obtained.

Finance costs basically comprise bank fees, commercial discounts, exchange differences and interest on loans. Interest is recognized in profit or loss for the period using the effective interest rate methodology.

3.21. Earnings 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.

3.22. Statement of value added

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazilian corporation law and accounting policies adopted in Brazil applicable to publicly held companies. SVA was prepared in accordance with the criteria defined in Accounting Pronouncement CPC 09 - "Statement of Value Added". IFRS standards do not require the presentation of such statement. Accordingly, under IFRS, this statement is presented as supplementary information without prejudice to the set of financial statements.

3. Summary of significant accounting policies--Continued

3.23. Statement of cash flows

Statements of Cash Flows were prepared and are presented in compliance with accounting pronouncement IAS 7/CPC 03 (R2) - Statement of Cash Flows.

4. Significant accounting judgments, estimates and assumptions--Continued

a) Judgments

The preparation of individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as disclosures of contingent liabilities on the base date of the financial statements. However, uncertainty regarding these assumptions and estimates may lead to results that require a significant adjustment to the carrying amount of the affected asset or liability in future periods.

b) Estimates and assumptions

The main assumptions related to sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the date of the statement of financial position, involving a significant risk of causing a significant adjustment to the carrying amount of assets and liabilities in the next fiscal year, are discussed below.

Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the amount and timing of future taxable profit. The Company assesses the set-up of provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of these provisions is based on several factors, such as experience from previous tax audits and diverging interpretations of tax regulations by the taxable entity and the responsible tax authority. These differences in interpretation may arise in a wide variety of matters, depending on the conditions in force in the respective Company’s domicile.

Significant judgment by Management is required to determine the amount of deferred tax assets that can be recognized, based on the probable term and level of future taxable profit, together with future tax planning strategies.

4. Significant accounting judgments, estimates and assumptions--Continued

b) Estimates and Assumptions--Continued

Fair value of financial instruments

When the fair value of financial assets and liabilities shown in the statement of financial position cannot be obtained from active markets, it is determined using valuation techniques, including the discounted cash flow method. The data for these methods are based on those practiced in the market, when possible, however, when this is not feasible, a certain level of judgment is required to establish the fair value. The judgment includes consideration on the data used, such as liquidity risk, credit risk and volatility. Changes in assumptions about such factors may affect the presented fair value of financial instruments.

Provisions related to legal proceedings

The Company is a party to tax, labor and civil judicial and administrative proceedings, and provisions for lawsuits are established for all lawsuits with likelihood of loss classified as probable. This likelihood analysis is carried out by the Group with the assistance of external legal advisors. The assessment of the likelihood of loss includes assessment of the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, the history of the occurrence and the amounts involved.

Allowance for expected credit losses

The allowance for expected credit losses is set up based on an analysis of the nature of the accounts receivable involved, considering the aging of the receivables, economic scenario and risks involved in each situation, the amount of which is considered by Management as sufficient to cover any losses, and mainly considers the expected default.

4. Significant accounting judgments, estimates and assumptions--Continued

b) Estimates and Assumptions--Continued

Impairment of nonfinancial assets

An impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of the fair value, net of selling expenses, and the value in use. The calculation of the net fair value of selling expenses is based on available information from sales transactions of similar assets or market prices less selling expenses. The calculation of value in use is based on the discounted cash flow model. Cash flows are derived from the budget for the next five years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit under test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and the growth rate used for extrapolation purposes.

5. New standards and amendments and interpretations of standards

a) Accounting pronouncements initially applied in the year ended June 30, 2022

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 June 30, 2022.

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

New and revised standards and interpretations issued but not yet effective as of the date of issuance of the Company's financial statements are described below. The company intends to adopt these new and revised standards and interpretations, if applicable, as they become effective.

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

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

IFRS 17 - Insurance contracts

In May 2017, IASB issued IFRS 17 - Insurance Contracts (CPC 50 - Insurance Contracts which replaced CPC 11 - Insurance Contracts), a new comprehensive standard accounting for insurance contracts that includes recognition and measurement, presentation and disclosure. Upon iy effectivenes, IFRS 17 (CPC 50) replaced 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 and CPC 50 are effective for periods beginning January 01, 2023 and the presentation of comparative amounts is required. 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. This standard does not apply to the Company.

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 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.

5. 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. The Company is currently assessing the impact of such changes on its current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8: Definition of accounting estimates

In February 2021, IASB issued amendments to IAS 8 (related standard to CPC 23), in which it introduces the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments will be effective for periods beginning on or after January 1, 2023 and will apply to changes in accounting policies and estimates occurring on or after the beginning of that period. Early adoption is permitted if disclosed.

Changes are not expected to have a significant impact on the Company's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, IASB issued amendments to IAS 1 (related standard to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements, which provides guidance and examples to help entities apply materiality judgements for accounting policy disclosures. The amendments are meant to help entities disclose more useful accounting policies by replacing the requirement for disclosure of significant accounting policies with material accounting policies and adding guidance for how entities should apply the concept of materiality to make decisions about disclosing accounting policies.

Amendments to IAS 1 are applicable for periods beginning on or after January 1, 2023 with early adoption permitted. Since amendments to Practice Statement 2 provide non-mandatory guidance on applying the definition of material to accounting policy information, an adoption date for this amendment is not necessary.

(In thousands of Brazilian reais)

5. 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 and IFRS Practice Statement 2: Disclosure of accounting policies--Continued

The Company is currently assessing the impacts of these changes on the accounting policies disclosed.

6. Cash and cash equivalents

	Individual		Consolidated
Description	**06/30/2022**	**06/30/2021**	**06/30/2021**
Cash and banks	**1.782**	410	847
Short-term investments	**31.592**	12.055	13.002
	33.374	12.465	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 June 30, 2022, the average gross yield achieved was 113% (average rate 111% of the CDI as of June 30, 2021).

7. Marketable securities

	Individual		Consolidated
Description	**06/30/2022**	**06/30/2021**	**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.

(In thousands of Brazilian reais)

8. Trade accounts receivable

Description	Individual 06/30/2022	Individual 06/30/2021	Consolidated 06/30/2021
Accounts receivable	**34.740**	15.329	30.718
Estimated credit losses	**(7.177)**	(2.907)	(4.363)
	27.563	12.422	26.355

As of June 30, 2022, 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 and other accounts receivable is as follows:

Aging list	Individual 06/30/2022	Individual 06/30/2021	Consolidated 06/30/2021
Falling due	**23.903**	11.246	24.090
1 to 90 days past due	**3.715**	1.200	2.173
91 to 180 days past due	**856**	417	951
181 to 360 days past due	**1.423**	1.549	1.769
Over 361 days past due	**4.843**	917	1.735
Total accounts receivable	**34.740**	15.329	30.718

The change in estimated credit loss is shown below

	Individual	Consolidated
Balance as of December 31, 2020 (restated)	(1.247)	(1.247)
Mandic Acquisition (Note 1.3)		(1.234)
(Provision) reversal	(1.660)	(1.882)
Balance as of June 30, 2021	**(2.907)**	**(4.363)**
(Provision) reversal	**(2.202)**	
Merger of Mandic S.A.	**(2.068)**	
Balance as of June 30, 2022	**(7.177)**	

(In thousands of Brazilian reais)

9. Taxes recoverable

Description	Individual		Consolidated
	06/30/2022	06/30/2021	06/30/2021
Withholding IRPJ and CSLL	**7.049**	3.113	3.766
PIN/COFINS recoverable	**869**	477	937
Other	**2**	4	543
	7.920	3.594	5.246
Current	**4.857**	3.206	4.858
Noncurrent	**3.063**	388	388

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

10. 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
	06/30/2022	06/30/2021	06/30/2021
Loans to partners (i)	**5.112**	4.877	4.877
	5.112	4.877	4.877

(i) Refers to a loan granted to Mr. Edivaldo Rocha 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.

Changes in balances are shown as follows:

	Individual	Consolidated
Balance as of December 31, 2020 (restated)	-	-
Loans to partners	**4.829**	**4.829**
Interest receivable	**48**	**48**
Balance as of June 30, 2021	**4.877**	**4.877**
Interest income	**235**	**-**
Balance as of June 30, 2022	**5.112**	**-**

(In thousands of Brazilian reais)

10. Related parties -- continued

b) Intercompany loan liabilities are shown below

	Individual		Consolidated
Description	06/30/2022	06/30/2021	06/30/2021
Intercompany loans (i)	**93.044**	93.126	93.126
	93.044	93.126	93.126
Current	**744**	826	826
Noncurrent	**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, a merged company as per Note 1.2, took out a loan in the amount of R$ 50.000, with inflation adjustment rate of 4,75% per year, for the acquisition of the Company, denominated in Brazilian reais. As a result of the reverse merger described in Note 1.2, the loans were merged by the Company in the amount of R$ 50.391.
- On April 14, 2021, Claranet Brasil S.A. took out a loan in the amount of R$ 42.300, with inflation adjustment rate of 4,75% per year, denominated in Brazilian reais. The main purpose of this loan was to reduce part of the debt for the acquisition of Mandic.

	Individual
Balance as of June 30, 2021	**93.126**
Fund-raising	-
Interest payment	(4.417)
Interest	4.335
Balance as of June 30, 2022	93.044

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.

	Individual		Consolidated	
Description	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Compensation of the executive board (fixed)	**4.133**	1.945	**5.324**	2.975
Performance bonus (variable)	**2.458**	1.073	**2.708**	1.073
Stock Option Plan	**2.564**	-	**2.780**	-
	9.155	3.018	**10.812**	4.048

For the period ended June 30, 2022 and 2021, the Board members and Officers did not receive any pension, retirement or similar benefits.

(In thousands of Brazilian reais)

11. Investments

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

Description	Individual	
	06/30/2022	06/30/2021
Mandic S.A.	-	33.495
Goodwill (note 1.3.2)	-	115.234
Future capital contribution	-	3.000
	-	151.729

Changes in investments are shown below:

Description	Mandic S.A.
Balance as of December 31, 2020	-
Acquisition of subsidiary (a)	33.419
	.
Goodwill acquisition (a)	115.234
Future capital contribution - Mandic	3.000
Equity pickup	76
Balance as of June 30, 2021	151.729
Mandic's Merger (c)	**(139.207)**
Future capital contribution (b)	**3.000**
Equity pickup	**(15.522)**
Balance as of June 30, 2022	**-**

(a) Mandic's acquisition, totaling R$ 148.653, of which R$ 115.234 refers to goodwill on the business acquisition, as described in Note 1.3.

(b) 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 and reversed after merger on April 29, 2022..

(c) The amounts written off upon Mandic merger include i) R$ 30.054 of net assets at carrying value as per Note 1.4; ii) surplus value of property and equipment identified in the business acquisition in the amount of R$ 3.059; iii) customer portfolio identified in the business acquisition in the amount of R$ 18.283; iv) surplus value of software identified in the business acquisition in the amount of R$ 10.415; v) write-off of the original goodwill on the acquisition of Axil and Rivendel in the amount of R$ 23.657; vi) contingencies identified in the business acquisition in the amount of R$ 14.181; and vii) goodwill generated on Mandic acquisition in the amount of R$ 115.234.

Relevant information about investees is shown below:

	2021				
Subsidiary	**Interest**	**Assets**	**Liabilities**	**Equity**	**Net Income**
Mandic S.A.	100%	97.650	61.135	36.514	2.597
Total		97.650	61.135	36.514	2.597

(In thousands of Brazilian reais)

12. Property & Equipment

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

Cost	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Surplus Value - Equipment	Total Property & Equipment
Useful life of assets (months)	**from 36 to 60**	**120**	**120**	**60**	**60**	
Balance as of 12/31/2020 (Restated)	74.085	613	2.507	962	-	78.167
Additions	7.178	25	252	-	-	7.455
Reverse merger (Claranet Brasil)	442	177	-	-	-	619
Write-Offs	(8)	-	-	-	-	(8)
Balance as of 06/30/2021	81.697	815	2.759	962	-	86.233
Additions	**9.548**	**2**	**-**	**653**	**-**	**10.203**
Merger of Mandic S.A.	**61.020**	**19**	**14**	**-**	**4.527**	**65.580**
Disposals	**-**	**(92)**	**(4)**	**-**	**-**	**(96)**
Balance as of 06/30/2022	**152.265**	**744**	**2.769**	**1.615**	**4.527**	**161.920**

Depreciation	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Surplus Value - Equipment	Total Property & Equipment
Balance as of 12/31/2020 (Restated)	(46.100)	(361)	(1.023)	(495)	-	(47.979)
Additions	(5.992)	(31)	(147)	(95)	-	(6.265)
Reverse merger (Claranet Brasil)	(225)	(66)	-	-	-	(291)
Write-Offs	-	-	-	-	-	-
Balance as of 06/30/2021	(52.317)	(458)	(1.170)	(590)	-	(54.535)
Additions	**(13.967)**	**(71)**	**(310)**	**(197)**	**(227)**	**(14.772)**
Merger of Mandic S.A.	**(53.304)**	**(8)**	**-**	**-**	**(1.468)**	**(54.780)**
Disposals	**-**	**46**	**-**	**-**	**-**	**46**
Balance as of 06/30/2022	**(119.588)**	**(491)**	**(1.480)**	**(787)**	**(1.695)**	**(124.041)**
Residual value						
Balance as of 06/30/2021	**29.380**	**357**	**1.589**	**372**	**-**	**31.698**
Balance as of 06/30/2022	**32.677**	**253**	**1.289**	**828**	**2.832**	**37.879**

(In thousands of Brazilian reais)

12. Property & Equipment -- continued

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

Cost	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Assets useful life (months)	from 36 to 60	120	120	60	
Balance as of 12/31/2020	74.085	613	2.507	962	78.167
Acquisition of Mandic (note 1.3)	70.027	19	-	-	70.046
Additions	9.146	28	248	-	9.422
Reverse merger (Claranet Brasil)	442	177	-	-	619
Allocation of surplus value (note 1.3)	4.535	-	-	-	4.535
Write-Offs	(10)	-	-	-	(10)
Balance as of 06/30/2021	158.225	837	2.755	962	162.779

Depreciation	Machinery and equipment	Furniture and fixtures	Facilities	Vehicles	Total Property & Equipment
Balance as of 12/31/2020	(46.100)	(361)	(1.023)	(495)	(47.979)
Acquisition of Mandic (note 1.3)	(57.747)	(6)	-	-	(57.753)
Additions	(8.166)	(31)	(147)	(96)	(8.440)
Reverse merger (Claranet Brasil)	(225)	(66)	-	-	(291)
Surplus value amortization	(339)	-	-	-	(339)
Write-Offs	1	-	-	-	1
Balance as of 06/30/2021	(112.576)	(464)	(1.170)	(591)	(114.801)
Residual value					
Balance as of 06/30/2021	45.649	373	1.585	371	47.978

Based on the annual impairment test for the assets of the Company and its subsidiary carried out on June 30, 2022, 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 (the assumptions used are disclosed in Note 13.3).

(In thousands of Brazilian reais)

13. Intangible assets

13.1. Breakdown of intagible assets in the individual statements

Cost	Software	Customer portfolio	Goodwill (i)	Other (ii)	Total intangible assets
Useful life (months)	60	69	-	-	-
Balance as of 12/31/2020 (Restated)	22.073	-	-	-	22.073
Additions	1.581				1.581
Reverse merger (Claranet Brasil)	20				20
Balance as of 06/30/2021	23.674	-	-	-	23.674
Additions	**9.088**	**-**	**-**	**740**	**9.828**
Merger of Mandic S.A.	**34.354**	**28.338**	**115.234**	**-**	**177.926**
Balance as of 06/30/2022	**67.116**	**28.338**	**115.234**	**740**	**211.428**

Depreciation	Software	Customer portfolio	Goodwill	Other	Total intangible assets
Balance as of 12/31/2020 (Restated)	(14.074)	-	-	-	(14.074)
Additions	(1.587)	-	-	-	(1.587)
Reverse merger (Claranet Brasil)	(15)	-	-	-	(15)
Balance as of 06/30/2021	(15.676)	-	-	-	(15.676)
Additions	**(3.892)**	**(1.447)**	**-**	**-**	**(5.339)**
Merger of Mandic S.A.	**(16.551)**	**-**	**-**	**-**	**(16.551)**
Balance as of 06/30/2022	**(36.119)**	**(1.447)**	**-**	**-**	**(37.566)**
Residual value					
Balance as of 12/31/2020 (Restated)	7.999	-	-	-	7.999
Balance as of 06/30/2021	7.998	-	-	-	7.998
Balance as of 06/30/2022	**20.582**	**37.306**	**115.234**	**740**	**173.862**

(i) Goodwill stemming from expected future profitability in the acquisition of Mandic S.A. (Note 1.3.2)

(ii) Refers to trademarks and patents and software under development

(In thousands of Brazilian reais)

13. Intangible assets -- Continued

13.2. Changes in consolidated intangible assets

Cost	Software	Customer portfolio	Goodwill (i)	Other (ii)	Total cost
Useful life (months)	60	69	-	-	
Balance as of 12/31/2020	22.073	-	-	-	22.073
Acquisition of Mandic (note 1.3)	33.443	34.946	115.234	3.397	187.020
Additions	1.634	-	-	467	2.101
Reverse merger (Claranet Brasil)	20	-	-	-	20
Transfers	-	-	-	-	-
Write-Offs	-	-	-	(24)	(24)
Balance as of 06/30/2021	57.170	34.946	115.234	3.840	211.190

Amortization	Software	Customer portfolio	Goodwill	Other (ii)	Total cost
Balance as of 12/31/2020	(14.074)	-	-	-	(14.074)
Mandic Acquisition (Note 1.3)	(13.982)	-	-	-	(13.982)
Amortization	(2.753)	(1.519)	-	(531)	(4.803)
Reverse merger (Claranet Brasil)	(15)	-	-	-	(15)
Balance as of 06/30/2021	(30.824)	(1.519)	-	(531)	(32.874)
Residual value					
Balance as of 06/30/2021	26.346	33.427	115.234	3.309	178.316

(i) Goodwill stemming from expected future profitability in the acquisition of Mandic S.A. (Note 1.3.2)

(ii) Refers to trademarks and patents and software under development

13.3. Goodwill impairment test

Goodwill acquired through the business combination is allocated to the Corporate cash-generating unit, which is also an operating segment that discloses information, for impairment testing.

On June 30, 2022, the Company performed a goodwill impairment test and did not identify any impairment losses

The recoverable amount of the cash-generating unit (CGU) in which the goodwill is allocated is R$ 527.693 as of June 30, 2022, and was determined based on the calculation of the value in use, in view of the cash flow forecasts based on explicit financial budgets approved by Senior Management for five years. Cash flow for the period beyond five years considers a growth rate of 5,1%. The main assumption used in calculating the value in user efers to:

(In thousands of Brazilian reais)

13. Intangible assets -- Continued

13.3. Goodwill impairment test--Continued

Discount rates

Discount rates represent the risk assessment in the current market, specific to each cash-generating unit, considering the value of money over time and the individual risks of related assets that were not incorporated in the assumptions included in the cash flow model. The discount rate calculation is based on specific circumstances of the Company and its operating segments, and is derived from the weighted average cost of capital (WACC). WACC considers both debt and equity. Equity cost is derived from the expected return on investment made by the Company's investors. Debt cost is based on interest-bearing financing that the Company is required to meet. Segment-specific risk is included by applying individual beta factors. Beta factors are assessed annually based on publicly available market data. Pre-tax discount rate applied to cash flow forecasts was 13,1%.

14. Trade Accounts Payable

	Individual		Consolidated
Description	06/30/2022	06/30/2021	06/30/2021
Domestic suppliers	**25.381**	10.404	24.503
Other suppliers	**-**	-	15
	25.381	10.404	24.518

15. Loans and Financing

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

	Individual		Consolidated
Description	06/30/2022	06/30/2021	06/30/2021
Loans and financing	**46.883**	17.605	41.315
	46.883	17.605	41.315
Current	**14.674**	7.191	21.854
Noncurrent	**32.209**	10.414	19.461

(In thousands of Brazilian reais)

15. Loans and financing--Continued

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

The Company contracted a loanin the amount 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 10). 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 June 30, 2022 do not entail “financial covenants” linked to them that may require the early maturity of debts.

				Individual		Consolidated
Description	**Charges**	**Maturity**	**Collaterals**	**06/30/2022**	**12/31/2021**	**06/30/2021**
Loans:						
BNDES (a)	TJLP+2,0%	Feb-23	Equipment	**-**	-	2.984
CDC Banco DLL	9,38% p.a	Jun-23	Equipment	**609**	1.276	1.276
“CDC” (b)	0,4% to 1,15% p.m.	Jun-22	Equipment	**-**	-	2.640
Banco Santander Consortium	0% p.a.	Sep/22	Vehicles	**1**	5	5
Working capital:						
Banco Itau	CDI + 2,50% p.a.	Feb-23	Assignment in trust	**3.030**	7.866	7.866
Banco Itau	CDI + 2,50% p.a.	Feb-23	Assignment in trust	**272**	707	707
Banco Itau	CDI + 2,70% p.a	Jul-24	Assignment in trust	**1.131**	1.717	1.717
Banco Itau	CDI + 2,60% p.a	Nov-26	Assignment in trust	**36.840**	-	-
Santander Financing (c)	CDI+: 0,18% p.m	Jan-23	Assignment in trust	**-**	-	18.086
Bradesco	CDI + 2,70% p.a	May-25	Assignment in trust	**5.000**	6.034	6.034
Total				**46.883**	17.605	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.

Changes in loans and financing as of June 30, 2022 and 2021 are as follows:

(In thousands of Brazilian reais)

15. Loans and financing--Continued

	Individual	Consolidated
Balance as of December 31, 2020 (Restated)	15.400	15.400
Acquisition of control	-	26.336
Loan contracting	6.000	7.279
Amortization of installments	(3.380)	(7.411)
Interest payment	(712)	(988)
Interest	297	699
Balance as of June 30, 2021	17.605	41.315
Loan contracting	**34.154**	-
Amortization of installments	**(4.978)**	-
Transaction cost amortization	**55**	-
Interest payment	**(3.267)**	-
Interest	**3.314**	-
Balance as of June 30, 2022	**46.883**	**-**

Maturities of payments are as follows:

Maturity	Individual
2022-2023	**14.674**
2023-2024	**11.529**
2024-2025	**10.176**
2025-2026	**7.595**
2026	**2.909**
	46.883

16. Debentures

Description	Individual 06/30/2022	Individual 06/30/2021	Consolidated 06/30/2021
1st issue of debentures	**-**	-	5.161
	-	-	5.161

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 installments entered into with Banco Santander S.A. bearing the interest rate of 3% p.a. plus DI%.

(In thousands of Brazilian reais)

16. Debentures -- continued

Such instrument includes financial covenants and may require early maturity if the Subsidiary does not comply with said covenants. The indices and the minimum and maximum amounts required by these restrictive clauses have an annual periodicity, that is, they must be measured and presented at the end of the 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 a 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 12/31/2020 (Restated)	-
Mandic Acquisition (Note 1.3)	8.256
Principal amortization	(3.146)
Interest paid	(112)
Interest in the period	163
Balance as of 06/30/2021	5.161
Principal amortization	**(5.156)**
Interest paid	**(130)**
Interest in the period	**125**
Balance as of 06/30/2022	**-**

17. 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.

(In thousands of Brazilian reais)

17. Accounts payable for business acquisition–Continued

Description	Individual		Consolidated
	06/30/2022	06/30/2021	06/30/2021
Accounts payable for acquisition of companies	**40.210**	37.265	39.471
	40.210	37.265	39.471
Current	**-**	9.976	9.976
Noncurrent	**40.210**	27.289	29.495

Changes in balances are as follows:

	Individual	Consolidated
Balance as of June 30, 2021	37.265	39.471
Mandic's merger 2012	**2.353**	
Interest	**592**	
Balance as of June 30, 2022	**40.210**	

18. Labor obligations

Description	Individual		Consolidated
	06/30/2022	06/30/2021	06/30/2021
Wages and salaries	**1.729**	1.628	1.628
Vacation payable	**3.442**	1.965	4.192
Provision for 13th monthly salary	**1.231**	696	1.590
Partners' compensation payable	**2.367**	1.243	1.304
Social Charges Payable (INSS and FGTS)	**1.290**	749	2.296
	10.059	6.281	11.010

19. Tax obligations

Description	Individual		Consolidated
	06/30/2022	06/30/2021	06/30/2021
Income and social contribution taxes	**774**	-	-
Pis and Cofins payable	**1.119**	460	828
ISS payable	**711**	369	656
Other taxes	**111**	453	477
	2.715	1.282	1.961
Current	**2.591**	1.158	1.837
Noncurrent	**124**	124	124

(In thousands of Brazilian reais)

20. Income and social contribution taxes

20.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	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Income before taxes	**(11.081)**	2.280	**(1.509)**	307
Income and social contribution taxes at the combined nominal rate of 34%	**3.767**	(775)	**513**	(104)
Adjustments to demonstrate the effective rate				
Equity pickup	**(3.216)**	883		-
Non-deductible expenses	**(1.818)**	(334)	**(2.774)**	(391)
Income and social contribution tax loss not previously recorded	**(2.120)**	-	**(11.325)**	2.683
Other	**(248)**	482	**379**	41
Income and social contribution tax expense	**(3.635)**	256	**(13.207)**	2.229
Income and social contribution taxes - current	**(55)**	(1.101)	**(55)**	(1.101)
Income and social contribution taxes - deferred	**(3.580)**	1.357	**(13.152)**	3.330
Effective rate	**N/A**	N/A	**N/A**	N/A

20.b) Breakdown of Income and Social Contribution taxes

	Individual		Consolidated
	06/30/2022	06/30/2021	06/30/2021
Deferred tax asset			
Goodwill tax benefit (Note 1.2)	**30.531**	37.392	37.392
Temporary differences	**-**		
Allowance for settlement of doubtful accounts	**2.440**	988	1.483
Provision for contingencies	**234**	87	227
Other Provisions	**167**	351	2.267
Tax amortization of capital gains	**3.096**	856	856
Income and social contribution tax loss	**1.972**	391	7.590
Income and social contribution taxes Deferred asset	**38.440**	40.065	49.815
Deferred tax liability			
Finance leases	**(2.316)**	(3.306)	(3.306)
Goodwill tax amortization	**(6.477)**	-	(3.924)
Income and social contribution taxes Deferred Liabilities	**(8.793)**	(3.306)	(7.230)
Income and social contribution taxes - deferred	**29.647**	36.759	42.585
Deferred income and social contribution tax asset	**29.647**	36.759	42.585
Deferred income and social contribution tax liability	**-**	-	-

(In thousands of Brazilian reais)

20. Income and social contribution taxes - continued

20.c) Estimated realization of deferred tax assets

Maturity	Individual Realization flow
2022	5.134
2023	8.753
2024	9.405
2025	8.457
2026	4.309
2027	1.650
2028	732
	38.440

21. 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
	06/30/2022	06/30/2021	06/30/2021
Right of Use	**14.064**	11.020	20.898
	14.064	11.020	20.898

The change in right of use for the years ended June 30, 2022 and 2021 is as follows:

	Individual	Consolidated
Balance as of December 31, 2020 (Restated)	6.630	6.630
Acquisition of Control (Note 1.3.2)	-	10.656
Revenues	5.614	6.169
Depreciation	(1.224)	(2.557)
Balance as of June 30, 2021	11.020	20.898
Revenues / Remeasurement	**305**	
Merger of Mandic S.A.	**5.877**	
Depreciation	**(3.138)**	
Balance as of June 30, 2022	**14.064**	

(In thousands of Brazilian reais)

21. Right of Use and Lease Liabilities--Continued

b) <u>Leases</u>

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

The Company has 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.

	Individual		Consolidated
Description	**06/30/2022**	**06/30/2021**	**06/30/2021**
Lease liabilities	**15.630**	12.080	22.002
	15.630	12.080	22.002
Current	**6.443**	2.155	6.394
Noncurrent	**9.187**	9.925	15.608

The change in lease liability for the years ended June 30, 2022 and 2021 is as follows:

	Individual	Consolidated
Balance as of December 31, 2020 (Restated)	7.361	7.361
Acquisition of Control (Note 1.3.2)	-	10.604
Revenues	5.615	5.437
Charges	451	681
Payments	(1.347)	(2.081)
Balance as of June 30, 2021	12.080	22.002
Revenues / Remeasurement	**305**	
Merger of Mandic S.A.	**6.084**	
Charges	**865**	
Payments	**(3.704)**	
Balance as of June 30, 2022	**15.630**	

(In thousands of Brazilian reais)

22. Contingencies

22.1. 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.

	Individual		Consolidated
Description	**06/30/2022**	**06/30/2021**	**06/30/2021**
Provision for civil contingencies	**284**	40	202
Provision for labor contingencies	**280**	94	343
Provision for labor contingencies not materialized (i)	**1.812**	-	2.211
Provision for tax contingencies not materialized (ii)	**10.515**	-	11.970
	12.891	134	14.726

(i) Fair value of labor risks (not materialized) identified with the acquisition of the subsidiary (Note 1.3.3) 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 (Note 1.3.3) 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.

22.2. Changes in balances of provisions for contingencies

	Individual	Consolidated
Balance as of December 31, 2020 (restated)	75	75
Acquisition of Control (Note 1.3)	-	14.498
Provision	59	153
Balance as of June 30, 2021	134	14.726
Merger of Mandic S.A.	**14.711**	
Reversal	**(1.954)**	
Balance as of June 30, 2022	**12.891**	

22.3. Proceedings classified as possible loss

The Company has 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:

(In thousands of Brazilian reais)

22. Contingencies -- Continued

22.3. Proceedings classified as possible loss--Continued

	Individual		Consolidated
Description	**06/30/2022**	**06/30/2021**	**06/30/2021**
Labor proceedings	**758**	280	280
Civil proceedings	**5.472**	3.621	3.976
Tax proceedings	**10.513**	573	3.628
	16.743	4.474	7.884

Labor proceedings

Refers to two (2) lawsuits filed by former employees claiming: 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.

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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 eight (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.

There is a lawsuit involving an electoral fine and a demand regarding amounts from CDA tax credit, referring to the Tax Assessment Notice drawn up to collect an alleged underpayment of Service Tax.

In addition, it is worth mentioning that there is one lawsuit involving the collection of a CDA tax credit, arising from a Tax Assessment Notice, related to the requirement of a separate fine for alleged non-compliance with an accessory obligation, and another 4 lawsuits involving Service Tax requirements and a separate fine of 100% of the tax.

(In thousands of Brazilian reais)

23. Equity

a) Capital

The Company's capital as of June 30, 2022 comprises 118.743 thousand common shares (118.743 thousand common shares as of June 30, 2021), already retrospectively adjusted for the effects of the reverse split as disclosed in Note 32. The shareholding composition is shown below, also retrospectively adjusted for the effects of the reverse split of shares:

	Number of shares (thousands)	
	06/30/2022	**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, as described in Note 1.2.

On April 9, 2021, through the Minutes of the Extraordinary Shareholders’ Meeting, a capital increase was made through the issuance of 67.614 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 162.869 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 sixteen million, seven hundred and fifty-three thousand Brazilian reais (R$ 16.754) through the issuance of 33.338 thousand registered common shares, in line with Mandic acquisition, as per Note 1.3.

After the capital increases described above, the Company's capital increased to R$ 180.998, represented by 712.457 thousand registered common shares with no par value.

23. 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 June 30, 2022, the Company set up a reserve of R$ 0 (R$ 0 as of June 30, 2021).

d) Retained profits reserve

The profit retention reserve, which must be constituted under the terms 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 administrators, to be resolved at the General 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 (Note 1.3) and the difference between the capital increase and the merged net assets of Claranet Brasil, as per Note 1.2.

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 of its Bylaws, as well as the Brazilian Corporation Law, which contains the following allocations:

- 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 June 30, 2022, the Company did not pay dividends.

24 Stock option plan and bonus

Accounting policy

Some Company'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.

24. Stock option plan and bonus - Continued

<u>Share-settled transactions</u> - 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 granted 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:

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.

(In thousands of Brazilian reais)

24. Stock option plan and bonus - Continued

Share-settled transactions - Continued

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:

	Number of Shares							
Series	**Grant date**	**Strike price**	**Fair value**	**No. of shares granted**	**Exerciseable on 06/30/2022**	**Exercised**	**Expired**	**Total in force**
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 year	**5.345.928**	2,90
Balance as of June 30, 2022	**5.345.928**	2,90

As of June 30, 2022, the number of non-exercisable stock options granted 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 June 30, 2022:

	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

(In thousands of Brazilian reais)

24. Stock option plan and bonus - Continued

Share-settled transactions - Continued

B) *Bonus* - Continued

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 year ended June 30, 2022, in the Individual and the Consolidated statements, was R$ 3.198 (R$ 0 as of June 30, 2021).

25. Revenue from services provided

	Individual		Consolidated	
Description	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**
Cloud computing and cybersecurity services	**164.128**	57.418	**238.300**	88.183
Implementation services	**3.424**	2.665	**4.501**	2.901
Gross revenue from services	**167.552**	60.083	**242.801**	91.084
Taxes	**(18.247)**	(6.501)	**(22.685)**	(8.523)
Cancellations	**(3.498)**	(396)	**(3.959)**	(550)
Net operating revenue	**145.807**	53.186	**216.157**	82.011

26. Costs, administrative and selling expenses by nature

	Individual		Consolidated	
Description	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**
Salaries and other expenses with employees	**(32.240)**	(15.461)	**(60.807)**	(25.259)
Commissions	**(565)**	(185)	**(565)**	(264)
Depreciation and amortization	**(23.251)**	(9.076)	**(43.044)**	(16.139)
Rents	**(1.036)**	(482)	**(1.036)**	(482)
Allowance for expected credit losses	**(2.202)**	(1.660)	**(2.815)**	(1.882)
Software maintenance	**(55.294)**	(18.349)	**(73.732)**	(31.167)
Consulting and Services	**(10.806)**	(923)	**(10.824)**	(1.134)
Services	**(1.471)**	(408)	**(2.523)**	(594)
Telecommunications	**(1.396)**	(350)	**(3.286)**	(543)
Advertising	**(1.342)**	(169)	**(2.461)**	(378)
Stock Option Plan - SOP	**(3.198)**	-	**(3.198)**	-
Other costs and expenses	**(1.848)**	(1.544)	**(2.664)**	(548)
	(134.649)	(48.607)	**(206.955)**	(78.390)
Cost of services provided	**(96.555)**	(35.833)	**(153.020)**	(61.167)
Selling expenses	**(10.406)**	(5.008)	**(16.306)**	(6.950)
General and administrative expenses	**(27.688)**	(7.766)	**(37.629)**	(10.273)
	(134.649)	(48.607)	**(206.955)**	(78.390)

(In thousands of Brazilian reais)

27. Finance income (costs)

	Individual		Consolidated	
Description	**06/30/2022**	**06/30/2021**	**06/30/2022**	**06/30/2021**
Interest income	**1.131**	100	**235**	212
Income from short-term investments;	**1.798**	218	**1.877**	255
Discounts obtained	**314**	19	**319**	20
Other	**286**	-	**537**	-
Finance income	**3.529**	337	**2.968**	487
Interest on loans and financing	**(7.650)**	(1.693)	**(8.259)**	(2.065)
Interest on lease	**(866)**	(451)	**(1.249)**	(451)
Interest on business acquisition	**(592)**	-	**(592)**	-
Interest payable	**(1.801)**	-	**(1.662)**	-
Exchange differences	**(275)**	(16)	**(898)**	(111)
Banking expenses and fees	**(708)**	(556)	**(1.324)**	(1.189)
Taxes	**(164)**	-	**(164)**	-
Other	**(45)**	-	**(1.128)**	-
Finance costs	**(12.101)**	(2.716)	**(15.276)**	(3.816)
Finance income (costs), net	**(8.572)**	(2.379)	**(12.308)**	(3.329)

28. Risk management

Financial instruments currently used by the Company 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 by the criteria described in Note 3. These instruments are managed through operating strategies aimed at liquidity, profitability and risk mitigation.

The Company does not make any speculative investments, in derivatives or any other risky assets. Considering the term and characteristics of these instruments, book values are close to their fair values.

The Company adopts risk control policies and procedures, as described below:

28. Risk management-- Continued

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 Company's risk management policy was established by Management, and pursuant to it, market risks are protected when it is 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 managers of each area regularly report to Management on their activities.
- The risk management policies adopted by the Company are established so as to identify and analyze the risks to which the Company is 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 Company's activities. Through training and management rules and procedures, the Company builds a disciplined and constructive environment, in which all employees are aware of their duties and obligations.

The Company is exposed to the following risks resulting from financial instruments:

Credit risk

Credit risk is the risk that the Company 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 acts to diversify this exposure among market financial institutions. Financial investments shall be allocated to top-tier financial institutions.

(In thousands of Brazilian reais)

28. Risk management-- Continued

a) Financial risk management--Continued

Risk management structure-- Continued

Credit risk--Continued

For accounts receivable, the Company has 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 is 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 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 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 has 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.

The table below analyzes the Company’s non-derivative financial liabilities , 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.

	Individual			
Description	**Up to 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**
Trade Accounts Payable	25.381	-	-	-
Loans and financing	14.674	22.590	9.619	-
Lease liabilities	6.443	4.510	4.677	-
Accounts Payable for Business Acquisition	-	-	40.210	-
Related parties	744	-	92.300	-
Other liabilities	611	-	-	-
Total	**47.853**	**27.100**	**146.806**	**-**

28. Risk management-- Continued

a) Financial risk management--Continued

Risk management structure-- Continued

Liquidity risk

Normally, the Company ensure that it has sufficient cash on hand to cover expected operating expenses, including the fulfillment of financial obligations. This excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company has 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 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[1], 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.

In the table below, the Company provides a sensitivity analysis of the main risks to which its financial instruments are exposed. Three scenarios were considered, where the probable scenario considered the market levels in effect on the closing date of the statement of financial position. The base rate used for the probable scenario was 13,75% p.a., according to Focus report dated June 30, 2022 issued by the Central Bank of Brazil, with the expectation of SELIC 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 floating rate loans.

[1] The CDI is a Certificate of Interbank Deposit of very short term (1 day) issued between banks in Brazil. The CDI fee is the average interest of these transactions published daily and has become a benchmark for the financial markets in Brazil.

(In thousands of Brazilian reais)

28. Risk management-- Continued

a) Financial risk management--Continued

Risk management structure-- Continued

Individual

Description	Index	Base	Probable	Increase Scenario I (25%)	Increase Scenario II (50%)
Short-term investments	CDI	31.592	4.186	5.232	6.279
Loans	CDI	(46.883)	(6.212)	(7.765)	(9.318)
Total		**(15.291)**	**(2.026)**	**(2.533)**	**(3.039)**

Description	Index	Decrease Scenario I (25%)	Decrease Scenario II (50%)
Short-term investments	CDI	3.139	2.093
Loans	CDI	(4.659)	(3.106)
Total		**(1.520)**	**(1.013)**

Capital Management:

The purpose of the Company's and Parent Company'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.

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

The Company includes 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	Individual 06/30/2022	Consolidated 06/30/2021
Loans and financing	**46.884**	41.315
Debentures	**-**	5.161
Intercompany loans payable	**93.044**	93.126
(-) Cash and cash equivalents	**(33.374)**	(13.849)
(-) Marketable securities	**-**	(5.565)
(-) Intercompany loans receivable	**(5.112)**	(4.877)
Net Debt	**101.442**	115.311
(-) Equity	**83.470**	94.988
Consolidated equity and net debt	**184.912**	210.299
Leverage ratio	**55%**	55%

28. Risk management-- Continued

a) Financial risk management--Continued

Risk management structure-- Continued

Operating Risk

Operating risk is the risk of direct or indirect losses arising from a variety of causes associated with the Company's processes, personnel, technology and infrastructure 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 is to manage operating risk to avoid the occurrence of financial losses and damage to their reputation.

29. Valuation of financial instruments

Fair value measurement

i) *Derivative financial instruments*

The Company does 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:

(In thousands of Brazilian reais)

29. Valuation of financial instruments-- continued

Fair value measurement-- continued

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

Individual

Individual Description	Hierarchy fair value	Classification	Book Value 06/30/2022	Book Value 06/30/2021	Fair value 06/30/2022	Fair value 06/30/2021
Assets (Current and noncurrent)						
Cash and cash equivalents	Level 1	Fair value through profit or loss	**33.374**	12.465	**33.374**	12.465
Accounts receivable, net	Level 2	Amortized cost	**27.563**	12.422	**27.563**	12.422
Related parties	Level 2	Amortized cost	**5.112**	4.877	**5.112**	4.877
Total			**66.049**	29.764	**66.049**	29.764
Liabilities (Current and noncurrent)						
Trade accounts payable	Level 2	Amortized cost	**25.381**	10.404	**25.381**	10.404
Loans and financing	Level 2	Amortized cost	**46.883**	17.605	**46.884**	17.605
Lease liabilities	Level 2	Amortized cost	**15.630**	12.080	**15.630**	12.080
Related parties	Level 2	Amortized cost	**93.044**	93.126	**93.044**	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	**10.568**	9.976	**10.568**	9.976
Total			**218.795**	170.480	**218.796**	170.480

(In thousands of Brazilian reais)

29. Valuation of financial instruments-- continued

Fair value measurement-- continued

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

Consolidated

Consolidated Description	Hierarchy fair value	Classification	Book Value 06/30/2021	Fair value 06/30/2021
Assets (Current and noncurrent)				
Cash and cash equivalents	Level 1	Fair value through profit or loss	**13.849**	13.849
Marketable securities	Level 1	Amortized cost	**5.565**	5.565
Accounts receivable, net	Level 2	Amortized cost	**26.355**	26.355
Related parties	Level 2	Amortized cost	**4.877**	4.877
Total			**50.646**	50.646
Liabilities (Current and noncurrent)				
Trade accounts payable	Level 2	Amortized cost	**24.518**	24.518
Loans and financing	Level 2	Amortized cost	**41.315**	41.315
Lease liabilities	Level 2	Amortized cost	**22.002**	22.002
Related parties	Level 2	Amortized cost	**93.126**	93.126
Accounts payable for business acquisition	Level 2	Fair value through profit or loss	**29.495**	29.495
Accounts payable for business acquisition	Level 2	Amortized cost	**9.976**	9.976
Total			**220.432**	220.432

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.

30. Earnings 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.

	Individual		Consolidated	
	06/30/2022	**06/30/2021**	**06/30/2022**	**06/30/2021**
Net income (Loss) for the year	**(14.716)**	2.536	**(14.716)**	2.536
Weighted average of outstanding shares - in thousands of shares (a)	**118.743**	93.728	**118.743**	93.728
Basic earnings (loss) per share (in Brazilian reais)	**(0,1239)**	0,0271	**(0,1239)**	0,0271

As of June 30, 2022, the only financial instrument that would provide dilution refers to the share-based compensation plan, which are convertible into common shares, the details of which are described in Note 24. This financial instrument was not considered in the calculation of diluted earnings per share for the year ended June 30, 2022 because, due to the loss recorded in the year, it would have an anti-dilutive effect. As of June 30, 2021, there were no potential common shares.

(a) In connection with the Extraordinary Shareholders' Meeting held on August 17, 2021, the reverse split of shares was approved, whereby the capital is now represented by 118.743 thousand shares. Accordingly, the weighted average number of outstanding shares has been adjusted and reflects the effects of the reverse split of shares for all reporting periods presented.

31. 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 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 June 30, 2022 and 2021 is presented below:

Description	Individual 06/30/2022	Individual 06/30/2021	Consolidated 06/30/2021
Business (properties and assets)	**21.428**	21.211	21.211
D&O	**51.143**	16.143	28.143
Vehicles	**1.936**	1.189	1.189
	74.507	38.543	50.543

32. Subsequent Events

Extinction of the lot of additional options

The lot of additional options whose vesting was conditioned only to the pricing of the Company's shares in an IPO process was automatically terminated considering that its condition for vesting, the pricing of the Company's shares in an IPO process until July 19, 2022, did not occur.