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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

Annual Report

Balance sheet and Profit & Loss statement

2022

Date: March 27, 2023

P.H.

NEXTUM Audit Zrt.

1042 Budapest, Árpád út 51-53.
B. épület 3. emelet

E: nextum.audit@nextum.hu

W: www.nextum.hu

Independent auditor's report

To the owner of Starschema Kft.

Opinion

We have audited the accompanying annual financial statements of Starschema Kft. (hereinafter referred to as "the Company") which comprise the balance sheet as at 31 December 2022 (in which the balance sheet total is THUF 3,967,532 the profit after tax for the year is THUF 1,167,273), the related income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance for the year then ended in accordance with the provisions of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Annual Financial Statements*" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information: the Business Report

The other information comprises the business report of the Company for the year 2022. Management is responsible for the preparation of the business report in accordance with the provisions of the Act on Accounting and other relevant regulations, if any. Our opinion on the annual financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of such misstatement.

Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the provisions of the Act on Accounting and other applicable legal requirements, and to express an opinion on this and on whether the business report is consistent with the annual financial statements.

In our opinion, the 2022 business report of the Company is consistent, in all material respects, with the 2022 annual financial statements of the Company and the business report has been prepared in accordance with the applicable provisions of the Act on Accounting. As there are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the 2022 business report of the Company, therefore, we have nothing to report in this respect.

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

Management is responsible for the preparation of the annual financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and management is responsible for preparing the annual financial statements on a going concern basis. Management shall apply the going concern basis of accounting unless the use of going concern principle is precluded by any provision of other applicable laws or regulations, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the annual financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's



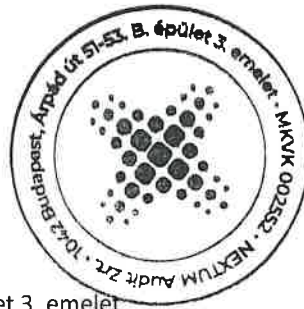
NEXTUM

report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies, if any, in internal control that we identify during our audit.

Budapest, 27 March 2023

Attila Mihály Kozma
Partner
NEXTUM Audit Zrt.
1042 Budapest, Árpád út 51-53. B. épület 3. emelet
Licence number: 002552



Attila Mihály Kozma
Registered statutory auditor
Licence number: 005847

Note:

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version.

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

Financial Statement

Assets

thousand HUF

	Item	2021.12.31	Modifications of previous period(s)	2022.12.31
a	b	c	d	e
01.	A. Fixed assets	686,641		658,864
02.	I. Intangible assets	150,907		75,035
03.	1) Capitalized value of formation/reorganization expenses			
04.	2) Capitalized value of research and development			
05.	3) Concessions, licenses and similar rights	836		0
06.	4) Trade-marks, patents and similar assets	150,071		75,035
07.	5) Goodwill			
08.	6) Advances and prepayments on intangible assets			
09.	7) Adjusted value of intangible assets			
10.	II. Tangible assets	56,424		104,519
11.	1) Land and buildings and rights to immovables	7,570		8,640
12.	2) Plant and machinery, vehicles	45,031		95,387
13.	3) Other equipment, fixtures and fittings, vehicles	3,823		492
14.	4) Breeding stock			
15.	5) Assets in course of construction			
16.	6) Payments on account			
17.	7) Adjusted value of tangible assets			
18.	III. Financial investments	479,310		479,310
19.	1) Long-term participations in affiliated undertakings	479,310		479,310
20.	2) Long-term credit to affiliated undertakings			
21.	3) Sustained major holding			
22.	4) Long-term loans substantial ownership related parties			
23.	5) Other investments			
24.	6) Long-term loans to other related parties			
25.	7) Other long-term loans			
26.	8) Long-term debt securities			
27.	9) Adjusted value of financial investments			
28.	10) Valuation difference on financial assets			

Date: March 27, 2023

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

Financial Statement Assets

thousand HUF

a	Item	2021.12.31	Modifications of previous period(s)	2022.12.31
	b	c	d	e
29.	B. Current assets	2,150,611		2,981,091
30.	I. Inventories	0		0
31.	1) Raw materials and consumables			
32.	2) Work in progress, intermediate and semi-finished products			
33.	3) Animals for breeding and fattening and other livestock			
34.	4) Finished products			
35.	5) Goods			
36.	6) Advances and prepayments			
37.	II. Receivables	1,822,052		2,208,524
38.	1) Trade debtors	1,364,061		1,641,334
39.	2) Receivables from affiliated undertakings	397,369		496,011
40.	3) Receivables from companies with substantial ownership participations			
41.	4) Receivables from enterprises with participating interest			
42.	5) Notes receivable			
43.	6) Other receivables	60,622		71,179
44.	7) Valuation difference			
45.	8) Positive valuation difference of derivative instruments			
46.	III. Securities	0		0
47.	1) Participations in affiliated undertakings			
48.	2) Significant ownership interests			
49.	3) Other shares			
50.	4) Own shares			
51.	5) Debt securities held for trading			
52.	6) Deviation from securities			
53.	IV. Liquid assets	328,559		772,567
54.	1) Cash, checks	128		0
55.	2) Bank deposits	328,431		772,567
56.	C. Accrued and deferred assets	224,772		327,577
57.	1) Accrued income	169,886		263,169
58.	2) Prepaid expenses	54,886		64,408
59.	3) Deferred expenses			
60.	Total assets	3,062,024		3,967,532

Date: March 27, 2023

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

Financial Statement**Liabilities**

thousand HUF

	Item	2021.12.31	Modifications of previous period(s)	2022.12.31
a	b	c	d	e
61.	D. Shareholders' equity	1,834,611		3,001,884
62.	I. Subscribed capital	3,710		3,710
63.	including: ownership shares repurchased at face value			
64.	II. Subscribed capital unpaid (-)			
65.	III. Capital reserve	619,290		619,290
66.	IV. Accumulated profit reserve	819,083		1,211,611
67.	V. Tied-up reserve	0		0
68.	VI. Revaluation reserve	0		0
69.	Value adjustments revaluation reserve			
70.	Fair valuation reserve			
71.	g	392,528		1,167,273
72.	E. Provisions	203,400		25,369
73.	1) Provisions for expected liabilities	203,400		25,369
74.	2) Provisions for expected expenses			
75.	3) Other provisions			
76.	F. Liabilities	726,975		489,875
77.	I. Subordinated liabilities	0		0
78.	1) Subordinated liabilities to affiliated undertakings			
79.	2) Subordinated liabilities to companies with significant ownership			
80.	3) Subordinated liabilities to independent undertakings			
81.	4) Subordinated liabilities to other economic entities			

Date: March 27, 2023

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Statistical Code

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

Financial Statement**Liabilities**

thousand HUF

	Item	2021.12.31	Modifications of previous period(s)	2022.12.31
a	b	c	d	e
82.	II. Long-term liabilities	0		0
83.	1) Long-term loans			
84.	2) Convertible bonds			
85.	3) Debts on issue of bonds			
86.	4) Investment and development credits			
87.	5) Other long-term credits	0		0
88.	6) Long-term liabilities to affiliated undertakings			
89.	7) Long-term liabilities towards companies with significant ownership			
90.	8) Long-term liabilities to independent undertakings			
91.	9) Other long-term liabilities	0		0
92.	III. Current liabilities	726,975		489,875
93.	1) Short-term bank loans			
94.	including: convertible bonds			
95.	2) Other short-term loans	100,000		0
96.	3) Advances received from customers			
97.	4) Accounts payable	109,529		34,279
98.	5) Bills payable			
99.	6) Short-term liabilities to affiliated undertakings	108,743		
100.	7) Short-term liabilities substantial ownership participations			
101.	8) Short-term liabilities to independent undertakings			
102.	9) Other short-term liabilities	408,703		455,596
103.	10) Valuation difference of liabilities			
104.	11) Negative valuation difference of derivative instruments			
105.	G. Accrued and deferred liabilities	297,038		450,404
105.	1) Prepaid income	55,848		101,774
107.	2) Accrued expenses	149,352		299,067
108.	3) Deferred income	91,838		49,563
109.	Total liabilities	3,062,024		3,967,532

Date: March 27, 2023

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

"A" Profit and Loss Statement (by total costs method)

thousand HUF

	Item	2021	Modifications of previous period(s)	2022
a	b	c		d
01.	Net domestic sales	1,143,947		1,563,253
02.	Net external sales	3,146,134		4,765,479
I.	Total sales (revenues) (01+02)	4,290,081		6,328,732
03.	Variations in self-manufactured stocks			
04.	Own work capitalized	0		0
II.	Own performance capitalized (+03+04)	0		0
III.	Other income	215,234		235,923
	including: loss in value marked back			
05.	Raw materials and consumables	12,888		19,945
06.	Value of services used	651,566		768,621
07.	Value of other services	23,032		20,604
08.	Cost of goods sold	62,839		62,663
09.	Value of recharged services	632,452		906,052
IV.	Material costs (05+06+07+08+09)	1,382,777		1,777,885
10.	Wages and salaries	1,982,493		2,933,232
11.	Other employee benefits	32,731		101,683
12.	Contributions on wages and salaries	354,782		379,065
V.	Staff costs (10+11+12)	2,370,006		3,413,980
VI.	Depreciation	114,534		119,424
VII.	Other operating charges	291,959		142,396
	including: loss in value			
A.	Income from operations (I+II+III-IV-V-VI-VII)	346,039		1,110,970

Date: March 27, 2023

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Registration Number

Starschema Kft.

99 Váci Road Budapest, Hungary H-1139

"A" Profit and Loss Statement

(by total costs method)

thousand HUF

	Item	2021	Modifications of previous period(s)	2022
a	b	c	d	e
13.	Dividends and profit-sharing (received or due)			
	including: from affiliated undertakings			
14.	Income from participating interests, gains			
	including: from affiliated undertakings			
15.	Proceeds from non-current financial assets, foreign exchange gains			
	including: from affiliated undertakings			
16.	Other interest and similar income (received or due)	3,463		208
	including: from affiliated undertakings	3,463		0
17.	Other income from financial transactions	213,553		440,914
	including: valuation difference			
VIII.	Income from financial transactions (13+14+15+16+17)	217,016		441,122
18.	Expenses arising from shares, exchange losses			
	including: to affiliated undertakings			
19.	Expenses from investments in financial instruments, foreign exchange losses			
	including: to affiliated undertakings			
20.	Interest payable and similar charges	1,516		316
	including: to affiliated undertakings			
21.	Losses on shares, securities and bank deposits			
22.	Other expenses on financial transactions	119,722		286,031
	including: valuation difference			
IX.	Expenses on financial transactions (18+19+20+21+22)	121,238		286,347
B.	Financial profit or loss (VIII-IX)	95,778		154,775
C.	Profit before taxes ($\pm A \pm B$)	441,817		1,265,745
X.	Tax payable	49,289		98,472
D.	Profit after taxes ($\pm C - X$)	392,528		1,167,273

Date:

March 27, 2023

PH.

I. About the Company

- a) Starschema Ltd (the "Company") was incorporated on 21 December 2006.

The main activities of the Company are: Information technology consultancy (6202'08).
The registered office of the Company is: 1139 Budapest, Váci út 99.9-10.em.
Tax number: 13867928-2-41
Company registration number: 01-09-286064
KSH number: 13867928-6202-113-01

The new owner of the Company as of 1 April 2022 is HCL Hungary Kft (later HCL Technologies Starschema Kft.

Ownership structure:

	Tag	Ownership share / Voting turnout	Managing Director	Method of registration
1.	HCL Technologies Starschema Ltd.	100%	Shiv Kumar Walia	Standalone
			Bejoy Joseph George	Standalone
			Goutam Rungta	Standalone

As part of its expansion in North America, in 2018 the Company established a wholly owned subsidiary, Starschema Inc. of Virginia (1201 Wilson Blvd, Arlington, VA 22209 USA).

The Company's affiliates include Brilliant Data LLC, a wholly-owned subsidiary of Starschema Inc. (Virginia), as of November 2018.

The capital data of Starschema Inc as of 31.12.2022 are as follows: Common Stock USD 100.000, Additional Paid-in Capital USD 1.400.000; Retained Earnings USD -156.951,68; Net Income USD 2.058.073,79, i.e. Total Equity USD 3.401.122,11, which data are not audited.

- b) Description of the Company's activities:

The Company provides consulting and development services to international and Hungarian companies for the collection, analysis and visualization of business data using technologies.

- c) Name and address of the person authorised to sign the Hungarian annual accounts:

Shiv Kumar Walia (Address: GB SL62 Maidenhead Berkshire Lanrivain Ascot Road; authorised to register company and sign accounts in his own name.)

- d) The person responsible for the preparation of the financial statements of Starschema Ltd. is János Urbán, a registered chartered accountant (registration number MK184374).

- e) The company is subject to an audit under the Accounting Act. The audit of the Company is carried out by NEXTUM Audit Auditing and Consulting Ltd (Registration No: 002552).

The person responsible for the audit is Attila Mihály Kozma, Chamber membership number: 005847.

II. Accounting principles applied

- a) The Company maintains its books and prepares its annual accounts in accordance with the rules of double-entry bookkeeping as required by the Accounting Act.
- b) In preparing the accounts, the company's management has started from the going concern principle. The balance sheet is prepared in accordance with Annex 1, Schedule A of the Accounting Act, using the so-called balance sheet layout. The result of operating (business) activities is determined using the total cost method.
- c) The duration of the financial year is the same as the calendar year. The balance sheet date shall be 31 December of the financial year. The balance sheet date shall be the last day of the month following the balance sheet date of the financial year, i.e. 31 January of the year following the financial year.
- d) The Company is not required to prepare consolidated accounts.

III. Description of the valuation procedures applied to assets and liabilities

- a) Intangible assets are stated at book value and amortisation is calculated using the straight-line method over their useful lives from the month in which they are actually put into use. The Company does not apply residual values in valuing intangible and tangible assets.

The Company recognises as tangible assets those assets that are held for use on a continuing basis (more than one year). The gross value of assets is determined by taking into account the purchase price and related other costs that can be capitalised.

In accordance with the Accounting Act, the Company collects the cost elements related to the development and capitalises them as a lump sum at the end of the year.

In determining the depreciation rate for capitalised assets, the Company takes into account the fair value of the useful life of the assets, which has been established over many years of practice. Low-value tangible fixed assets with an individual acquisition cost of less than 100 kHUF are depreciated in one lump sum when they are put into use.

In the case of an investment in leased property, the depreciation period is determined in accordance with the term of the lease of the property. The lease does not allow for the demolition of the assets installed in the property at the end of the lease term and therefore the Company does not recognise any residual value for these assets.

Depreciation of tangible and intangible fixed assets is calculated using the straight-line method. The Company's Chart of Accounts contains the general ledger accounts in which the cost of materials is recorded.

- b) The Company capitalises all costs that increase the capacity, increase the useful life, change the usability or extend the useful life of an asset. Excess depreciation is recognised when the carrying amount of an intangible or tangible asset (excluding capital expenditure) is permanently and significantly higher than its market value. The above deviation is considered to be permanent if the book value of the asset concerned is higher than the market value of the asset for more than one year, and significant if the book value of the asset exceeds the market value by at least 1,000 kHUF.

If the reasons for the recognition of unscheduled depreciation no longer exist or only partially exist, the amount of the unscheduled depreciation already recognised shall be reversed. Reversals shall be made when the market value of the assets exceeds the net value determined taking into account depreciation as described above, to the extent and in the manner described above. The amount of the reversal shall not exceed the amount previously recognised as depreciation in excess of plan.

- c) The Company has no inventories due to its activities.

- d) The Company recognises an impairment loss on overdue receivables, based on the debtor's assessment of the information available at the balance sheet date, for the amount of the difference between the carrying amount of the receivable at the balance sheet date and the amount expected to be recovered, if this difference is considered to be permanent and material. The impairment loss thus recognised shall be reversed if the expected recoverable amount of the receivable exceeds its carrying amount.
- e) The Company establishes provisions for guarantees, contingent liabilities and certain future obligations. The Company provides for contingent liabilities depending on the expected outcome of pending litigation.
- f) The Company accounts for assets and liabilities denominated in currencies other than the functional currency at the mid-market exchange rate published by the National Bank of Hungary during the year. At the end of the financial year, foreign currency items are valued at the mid-rate of 31 December as published by the Magyar Nemzeti Bank.
- g) In all cases, an error is significant if the combined (irrespective of the preceding year) amount of the errors and error effects increasing or decreasing the profit or loss or equity of the audited entity in the year of detection of the error exceeds 2% of the total balance sheet amount of the audited financial year, or if 2% of the total balance sheet amount does not exceed HUF 1 million, then HUF 1 million.
- h) The threshold for items of exceptional size or occurrence is set at 20 percent of the value of equity as shown in the balance sheet for the financial year.
- i) The Company has inventory, valuation and cash management policies that take into account the specificities of the company.
- j) The company determines the market value of its holdings on the basis of market information by means of a company valuation at the balance sheet date, but if the equity attributable to the holding also gives a suitable and sufficient picture of the value of the company, the company prepares a simplified company valuation on the basis of the proportional equity. The Company reviews these valuations annually.

IV. Effects of material errors detected during the audit

None

SPECIFIC PART

I. Notes to the Assets

1. Intangible and tangible fixed assets

- a) The changes in the gross value and accumulated depreciation of intangible and tangible fixed assets during the reporting period are shown in Annex 1.
- b) The depreciation charged in the year under review is shown in the table below:

Depreciation of intangible and tangible fixed assets:

kHUF	2021.12.31.	2022.12.31
	Linear	Linear
Rights	1.337	836
Intellectual products	74.830	75.036
Total:	76.167	75.872
Real estate and related rights	4.667	5.888
Technical equipment, machinery, vehicles	26.072	35.553
Other equipment, installations, vehicles	7.628	2.111
Total:	38.367	43.552
Total depreciation:	114.534	119.424

- c) The net value of intangible and tangible fixed assets scrapped, damaged or put out of use during the year was 65 kHUF.

2. Financial investmentst

Permanent holding in an affiliated enterprise

kHUF	2021.12.31.	2022.12.31.
Starschema Inc., Virginia	479.310	479.310
+ increase in value	0	0
Total:	479.310	479.310

The Company has carried out the valuation of the long-term interest as at the balance sheet date based on market information, and the value of the interests recognised in the books of account is fair and faithful to the financial statements.

3. Inventories

The Company did not hold any inventories from its activities in the previous or current year.

4. Changes in receivables and impairment

kHUF	2021.12.31.	2022.12.31.
<i>Trade debtors</i>	<i>1.364.061</i>	<i>1.641.334</i>
<i>Receivables from related parties</i>	<i>397.369</i>	<i>496.011</i>
Trade receivables with subsidiary and related companies to affiliated enterprises	397.369	496.011
Loan to a related company (Starschema Inc.)	0	0
<i>Other receivables</i>	<i>60.622</i>	<i>71.179</i>
Total:	1.822.052	2.208.524

The majority of the year-end trade receivables balance is due from an international multinational group of companies, which will pay invoices with an extended payment term of 150 days from mid-2019. The total amount of trade receivables due from this group of companies as at 31 December 2022 is HUF 953,609 million. The amounts invoiced are the invoices not due and accepted by the customers. The Company has no receivables due in more than one year.

Receivables from affiliated companies include invoices and cost transfers to subsidiaries that have not been settled at the balance sheet date.

The other receivables at 31 December 2022 include a significant amount of 55,502 kHUF of security deposit paid related to the rented property and 5,380 kHUF of VAT receivable.

5. Breakdown of accrued income and prepaid expenses

kHUF	2021.12.31.	2022.12.31.
Accrual of revenue from ongoing projects on a performance basis	18.377	224.750
Revenue received by an affiliated enterprise but not invoiced	17.570	0
Accrual of grant income (GINOP)	133.939	38.419
Accruals and deferred income	169.886	263.169
Office rental and maintenance	26.330	29.079
Accrual of insurance premiums	5.351	149
IT and other general costs	23.205	33.578
Costs related to human resources	0	1.602
Accrued expenses and charges	54.886	64.408
Total:	224.772	327.577

The level of deferred income in the current year is explained by the fact that the Company has accrued, in accordance with its accounting policy, grant income that the Company believes it is entitled to expect to receive to offset the costs incurred in the GINOP tender. The offsetting effects of the irregularity proceedings are adequately compensated by the provision made. For more details, see point II.2.

Accrued expenses mainly include the accrual of property rent, operating charges and other pre-invoiced services, usually paid in advance at the end of December for the following quarter.

II. Notes to the Liabilities

1. Statement of changes in equity

kHUF	2021.12.31	Previous year correction	Growth	Decrease	Transfer of results	2022.12.31
Subscribed capital	3.710		0	0	0	3.710
Capital reserve	619.290		0	0	0	619.290
Retained earnings	819.083		0	0	392.528	1.211.611
Tied-up reserve	0		0	0	0	0
Profit after tax	392.528		1.167.273	0	-392.528	1.167.273
Equity capital	1.834.611		1.167.273	0	0	3.001.884

There have been reorganisations in the ownership structure of the Company, a detailed breakdown can be found in the General section.

2. Provisions

kHUF	2021.12.31.	2022.12.31.
Provision for expected liabilities	203.400	25.369
Total:	203.400	25.369

On 29 October 2021, the Deputy State Secretariat for the Implementation of Economic Programmes of the Ministry of Finance ordered an Irregularity Procedure in relation to our funded project GINOP-2.2.1-18-2018-00001 "Development of an image and video intelligence cloud service to improve the processing of teleradiology imaging". The eligibility of certain costs was challenged in a proceeding still ongoing at the time of balance sheet preparation.

The technical implementation of the project is proceeding according to plan, which has not been questioned by the authorities, and a provision has been made for the expected liability.

The amount of the provision at 31 December 2022 is exactly the same as the amount imposed on the Company by the tendering authority at the final closure of its procedure. The amount will be paid in full on 31 January 2023.

3. Breakdown of long-term liabilities

kHUF	2021.12.31.	2022.12.31.
Other long-term liabilities	0	0
Total:	0	0

4. Breakdown of current liabilities

kHUF	2021.12.31.	2022.12.31.
Short-term loans	100.000	0
Supplier's obligations	109.529	34.279
Short-term liabilities to related companies	108.743	0
Advances received	0	0
Other current liabilities	408.743	455.596
Total:	726.975	489.875

Trade payables mainly include amounts due to subcontractors (15,572 kHUF) and marketing/PR service providers (10,256 kHUF) related to projects at the end of 2022.

The decrease in trade payables is due to the fact that in preparation for the HCL integration, the Company paid all trade invoices received in 2022.

Other current liabilities relate to payroll-related items, taxes and contributions, and the following year's instalment of the long-term lease liability.

The most significant items of the balance at 31 December 2022 by title are: wages and salaries: 321,068 kHUF, business tax: 69,717 kHUF, corporate tax 51,932 kHUF.

5. Breakdown of accruals and deferrals

kHUF	<u>2021.12.31.</u>	<u>2022.12.31.</u>
Contractual value of advance invoices	35.555	43.860
Pre-invoicing to related companies	20.293	57.914
Accruals and deferred income	55.848	101.774
Project cost accrual	56.407	91.512
Executive bonus and Sales commission	87.325	185.192
Expert, consultancy fees		
Accounting, audit fees	2.365	2.150
Other	3.255	20.213
Accrued expenses and charges	149.352	299.067
VEKOP Project accounts	91.838	49.563
Deferred income	91.838	49.563
Total:	297.038	450.404

The Company recognizes accruals in the books on the basis of the best estimate and most accurate calculation based on the information available.

6. Details of off-balance sheet items

The Company's off-balance sheet items include liabilities secured by pledges or similar rights.

7. Balance sheet items of exceptional size and incidence

The threshold for items of exceptional size or occurrence is set at 20 per cent of the value of the equity shown in the balance sheet for the financial year. This is HUF 600,376 thousand in the year under review.

There were no balance sheet items of exceptional size and occurrence in the year under review.

III. Notes to the Profit and Loss Statement

1. Net turnover from sales

kHUF	<u>2021</u>	<u>2022</u>
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Turnover from core business	4.288.827	6.298.422
Rebilled services	1.254	30.310
Total net turnover from sales	4.290.081	6.328.732

The increase in turnover is explained by the turnover related to additional contracts with international partners.

2. Net turnover from export sales

kHUF	2021	2022
Export sales to third countries	2.240.971	3.667.951
Export sales to the European Union	905.163	1.097.528
Total net turnover from export sales	3.146.134	4.765.479

The Company provided services to third country markets mainly to companies in the USA. Within the European Union, services were invoiced mainly to companies based in Germany, Austria and Belgium.

3. Breakdown of other revenue

kHUF	2021	2022
Aid from a public body	211.156	42.275
Revenue from tangible assets sold/ported	2.008	9.349
Reimbursement of benefits at the place of payment	337	5.751
Release of provisions	0	178.031
Other	1.733	517
Total	215.234	235.923

4. Breakdown of costs by cost item

kHUF	2021	2022
Material costs	12.888	19.945
Value of services used	651.566	768.621
Value of other services	23.032	20.604
Acquisition value of goods sold	62.839	62.663
Value of services sold (intermediated)	632.452	906.052
Material expenditure	1.382.777	1.777.885
Rental costs	1.982.493	2.933.232
Other payments of a personal nature	32.731	101.683
Contributions	354.782	379.065
Expenditure on staff	2.370.006	3.413.980
Depreciation and amortisation	114.534	119.424
Other expenses	291.959	142.396
Total	4.159.276	5.453.685

The amount of services used shows an increase compared to the previous year, due to the increase in expert consultancy fees and software and server usage fees.

The acquisition value of goods sold includes the value of software licences purchased for resale.

The increase in personnel costs is explained by the recruitment of new staff.

5. Breakdown of material costs

kHUF	2021	2022
Fuel cost	5.264	6.547
Utility costs	3.209	4.488
Materials that expire within a year	2.957	7.136
Other material costs	1.458	1.774
Total	12.888	19.945

6. Description of the services used

kHUF	2021	2022
Rent and operation	217.479	262.479
Computer service charges	106.975	191.715
Advice and legal fees	94.255	145.200
Advertising and recruitment costs	38.176	33.512
Accounting and audit fees	24.009	26.086
Training and education costs	18.700	22.747
Communication, telephone and postal charges	10.567	12.391
Cleaning, plant care	11.175	12.468
Travel and mission expenses	4.588	34.341
Repair and maintenance costs	1.313	2.837
Conference	325	4.519
Other	124.004	20.326
Total	651.566	768.621

7. Description of other services

kHUF	2021	2022
Bank service charges	15.254	14.441
Insurance premiums	7.732	6.139
Authority fees	46	24
Total	23.032	20.604

8. Breakdown of other expenses

kHUF	2021	2022
GINOP funded project	203.400	17.108
Local business tax	69.569	106.801
Innovation levy	10.435	15.758
Released claims	5.658	0
Book value of assets sold	0	0
Aid granted	216	1.362
Other	2.681	1.367
Impairment of participations	0	0
Total	291.959	142.396

9. Result of financial operations

kHUF	2021	2022
Realised exchange rate gains	213.553	440.914
Interest received	3.463	208
Unrealised exchange rate gains at balance sheet date	0	0
Revenue from financial operations	217.016	441.122
Interest payable	1.516	316
Skonto	0	0
Forward transaction realised exchange loss	9.378	1.225
Forward transaction unrealised exchange loss	0	0
Unrealised exchange rate loss at balance sheet date	32.272	116.010
Realised exchange rate loss	78.072	168.796
Expenditure on financial operations	121.238	286.347
Result of financial operations	95.778	154.775

10. Recognised income and expenses from affiliated enterprises

Transactions with affiliated companies included the re-invoicing of travel and labour costs incurred by the Company. The turnover recognised in the year under review from affiliated companies amounted to kHUF 1,447,827. The marketing service reported under services used in 2022 amounted to 109,943 kHUF

11. Revenue, costs and expenses of exceptional size and occurrence

The threshold for items of exceptional size or occurrence in the year under review is 600,376 kHUF, which was not exceeded by any individual transaction affecting the profit and loss account in 2022.

IV. Indicators of wealth, income and financial situation

	<u>2021.12.31.</u>	<u>2022.12.31</u>
Liquidity ratio (current assets / current liabilities)	2,96	6,09
Fast rate (cash / current liabilities)	0,45	1,58
Fixed assets ratio (fixed assets / total assets)	22%	17%
Capital strength (equity / total liabilities)	60%	76%
Liabilities as a percentage (liabilities / total liabilities)	24%	12%
Profitability on sales (profit from operating activities / net sales + other income)	8%	17%

INFORMATION SECTION

a) Data on the number of employees and wages and salaries were as follows:

kHUF	<u>2021</u>	<u>2022</u>
Average statistical number	167 persons	199 persons
Rental costs	1.982.493	2.933.232
Other payments of a personal nature	32.731	101.683
Contributions	354.782	379.065

b) The Company does not have a supervisory board, no loans are granted to the owners and management happened.

c) Adjustments to the corporate tax base are as follows:

kHUF	<u>2021</u>	<u>2022</u>
Profit before tax:	<u>441.817</u>	<u>1.265.745</u>
Items increasing the tax base:	<u>326.645</u>	<u>123.147</u>
Depreciation charged in accordance with accounting policy	116.606	123.105
Expenditure recognised in the tax year due to provision made	203.400	0
Impairment of investments	0	0
Fines	0	0
Released claim	0	0
Other items increasing the tax base	6.639	42
Tax base reducing items:	<u>217.386</u>	<u>293.175</u>
Depreciation under tax law	113.897	115.144
Donation and grant discount	43	0
The part of basic research, applied research and experimental development less the grant charged as direct costs incurred in the tax year.	103.446	0
Release of provisions	0	178.031
Corporate Tax Base:	<u>551.076</u>	<u>1.095.717</u>

Calculated Corporate Tax	49.597	98.615
- Tax relief	308	143
Corporate tax payable:	49.289	98.472

d) Use of profit after tax

On the proposal of the Managing Director, the General Meeting approved the annual accounts with a balance sheet total of HUF 3,967,532 thousand and a profit after tax of HUF 1,167,273 thousand. The General Meeting of Members does not intend to pay dividends from the after-tax profit of the Company for the financial year 2022, therefore the entire profit will be transferred to the Company's profit reserve.

e) Tangible fixed assets for the direct protection of the environment

The Company only carries out office work, so no capital equipment directly related to environmental protection has been purchased, neither in 2022 nor before.

In FY 2022, the Company has not made any provision for future environmental protection costs and has not recognised any environmental costs. No future environmental, remediation liabilities are expected.

f) Events that occurred between the balance sheet date and the balance sheet date

No matters have arisen that have a material or significant effect on the estimates and assumptions made and other disclosures made in the financial statements up to the date of approval of the financial statements, including the following significant events:

Based on the information available and reasonable assumptions about the developments in the Russian-Ukrainian conflict to date, no material risks have emerged that would call into question the application of the going concern principle and the ability to continue as a going concern for the next 12 months.

The company's risk management has, in management's judgement, adequately managed the risks that could be affected by the current crisis (significant market volatility). Assuming no extreme scenario/events compared to the current situation, these risk management measures are expected to remain effective in line with current operations. If there is a material negative change in external conditions - not foreseeable today - it may be necessary to reassess the assumptions and conclusions drawn from them, which are currently considered reasonable.

The increased risks in the money and capital markets have been reviewed and assessed by the Company's management, both in terms of financial instruments, customer and supplier relationships and financing options. As a result, no risks have been identified that would affect the valuation and presentation used in these financial statements.

g) Cash flow statement

The Company's cash flow statement for 2022 is presented in Annex 2.

Budapest, 27 March 2023.

Shiv Kumar Walia
Managing Director