



HCL (BRAZIL) TECNOLOGIA DA INFORMAÇÃO LTDA.

Financial Statements and
Independent Auditors' Report

December 31, 2024

RT 397/2025

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Independent Auditor's Report on Financial Statements

To the Management and Quotaholders of
HCL (Brazil) Tecnologia da Informação Ltda.

Opinion

We have audited the financial statements of HCL (Brazil) Tecnologia da Informação Ltda. ("Company") which comprise the statement of financial position as at December 31, 2024, the statement of comprehensive income, the statement of changes in quotaholder's equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, all expressed in Brazilian Reals including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HCL (Brazil) Tecnologia da Informação Ltda., as at December 31, 2024, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted accounting principles adopted in Brazil and with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

São Paulo, May 27th, 2025.

RSM ACAL AUDITORIA E CONSULTORIA LTDA.

CRC-SP – 043.217/O



Cláudio Silva Foch – Partner in Charge
CRC-1RJ 102.455/O-4 "S" SP – Accountant

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA
Balance Sheet
for the Years Ended on December 31, 2024 and 2023
(Amounts presented in Brazilian Reais)

Assets	Note	2024	2023
Current Assets			
Cash and cash equivalents	4	223,746,535	88,648,496
Other financial assets	4.1	2,059,736	425,749
Accounts receivable	5	69,990,575	99,132,791
Intercompany accounts receivable	18	58,550,467	197,422,453
Advanced expenses	7.1	15,395,411	5,318,085
Taxes recoverable	6	16,134,436	19,424,366
Short-term deferred cost	9.1	43,150,026	-
Other assets		666,126	1,131,243
		429,693,312	411,503,183
Non-Current Assets			
Long term			
Judicial deposits	8	816,747	153,587
Deferred tax assets	27.2	26,475,116	23,838,093
Long-term prepaid expenses	7.2	11,322	19,845
Other long-term assets		20,293	-
Services – Unbilled	5.1	15,617,159	14,673,140
Services – Unbilled - Related parties	18	25,559,314	3,280,859
Deferred cost	9.2	1,976,320	43,040,003
Fixed assets	10	30,036,394	34,470,611
Intangible assets	11	33,117,146	14,950,037
Right of use	12	519,880	9,843,336
		134,149,691	144,269,511
Total assets		563,843,003	555,772,694

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Balance Sheet

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

Liabilities		2024	2023
Current Liabilities			
Suppliers	13	39,931,889	34,769,770
Social and labor liabilities	14	50,602,499	40,620,851
Tax obligations	15	36,411,851	19,158,722
Several provisions	16	29,538,888	29,789,318
Provisions for contingencies	20	1,170,666	820,628
Deferred revenue	17	43,931,153	44,293,133
Leasing liabilities	12	243,304	2,060,485
Other liabilities		246,931	4,257,627
		202,077,181	175,770,534
Non-current liabilities			
Intercompany suppliers	19	240,990,732	261,724,188
Leasing liabilities	12	320,008	7,768,463
Deferred revenue	17	762,063	937,429
Deferred tax liability	27.2	-	4,834,978
Other liabilities		35,202	23,366
		242,108,005	275,288,424
Quotaholders' Equity			
Paid-in capital	21	82,510,266	82,510,266
Retained earnings		37,147,551	22,203,470
		119,657,817	104,713,736
Total Liabilities and Quotaholders' Equity		563,843,003	555,772,694

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Income statement

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

	Note	2024	2023
Operating revenue			
Net revenue	22	527,594,179	478,273,706
(-) Cost	23	(373,263,152)	(344,201,548)
Gross profit		154,331,027	134,072,158
Personnel expenses	25	(38,387,846)	(32,278,376)
Administrative costs	24	(24,881,892)	(19,716,500)
Miscellaneous expenses	24	(2,193,958)	(2,050,509)
Service expenses	24	(20,068,549)	(18,809,580)
Taxes on currency exchange/services	24	(7,306,807)	-
Expenses with other taxes and fees	24	(2,886,828)	(2,194,180)
Depreciation and amortization	24	(19,386,671)	(20,041,793)
Other operational revenues	24	1,590,596	799,374
Operating (expenses) revenue		(113,521,995)	(94,291,564)
Profit before financial results		40,809,072	39,780,594
Financial revenue		22,704,924	6,397,527
Financial expenses		(32,290,391)	(5,323,085)
Net financial result	26	(9,585,467)	1,074,442
Profit before income taxes		31,223,605	38,706,152
Income tax and social contribution - current	27.1	(23,751,526)	(18,298,701)
Income tax and social contribution - deferred	27.2	7,472,002	9,596,215
Income tax and social contributions		(16,279,524)	(8,702,486)
Net profit for the year		14,944,081	30,003,666

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA
Comprehensive income statement
for the Years Ended on December 31, 2024 and 2023
(Amounts presented in Brazilian Reais)

	<u>2024</u>	<u>2023</u>
Net profit for the fiscal year	14,944,081	30,003,666
Other comprehensive income	-	-
Comprehensive income for fiscal year	<u>14,944,081</u>	<u>30,003,666</u>

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA
Statement of changes to quotaholders' equity
for the Years Ended on December 31, 2024 and 2023
(Amounts presented in Brazilian Reais)

	Capital	Retained earnings	Total
Balance on Dec 31, 2022	<u><u>82,510,266</u></u>	<u><u>(7,800,196)</u></u>	<u><u>74,710,070</u></u>
Profit in the Fiscal Year	-	30,003,666	30,003,666
Balance on Sunday, December 31, 2023	<u><u>82,510,266</u></u>	<u><u>22,203,470</u></u>	<u><u>104,713,736</u></u>
Profit in the Fiscal Year	-	14,944,081	14,943,224
Balance on Tuesday, December 31, 2024	<u><u>82,510,266</u></u>	<u><u>37,147,551</u></u>	<u><u>119,656,960</u></u>

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA
Cash Flow Statement
for the Years Ended on December 31, 2024 and 2023
(Amounts presented in Brazilian Reais)

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	31,223,605	38,706,152
Adjustments to reconcile profit before tax with cash flow:		
Several provisions (reversals)	(250,430)	(9,584,200)
Provisions (reversals) for contingencies	350,038	9,374,789
Write-off of fixed and intangible assets	2,838,696	4,613,521
Depreciation, amortization and exhaustion	20,253,871	19,251,025
Depreciation leasing - IFRS 16	1,429,368	2,336,687
Interest on leases - IFRS 16	-	107,334
Interest on loans	-	1,160,089
Deferred revenue	(537,346)	-
Estimated losses for doubtful accounts receivable	1,145,688	4,702,304
	56,453,490	70,667,701
Decrease (increase) in operational assets:		
Accounts receivable	27,052,510	(2,587,377)
Accounts receivable - intercompany	116,593,531	(54,653,311)
Taxes recoverable	652,907	(6,570,548)
Deferred cost	(2,086,343)	(43,040,003)
Advances to suppliers	7,267	-
Advanced expenses	(10,068,803)	(3,112,750)
Judicial deposits	(663,160)	33,028,970
Other assets	(1,196,429)	588,701
Increase (reduction) in operating liabilities:		
Suppliers	5,162,119	22,777,935
Intercompany suppliers	(20,733,456)	72,556,082
Social and labor liabilities	9,981,648	8,947,487
Tax obligations	17,253,128	11,382,636
Advances from clients	-	1,739,357
Deferred revenue	-	35,709,561
Other payables	(8,663,288)	20,455,266
IRPJ and CSLL paid	(16,279,524)	(18,298,701)
Cash provided by operating activities	173,465,596	149,591,006
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(17,129,498)	(21,864,461)
Acquisition of intangible assets	(19,695,961)	(1,064,873)
Cash applied to investment activities	(36,825,459)	(22,929,334)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(1,542,098)	(2,454,152)
Loan with related parties	-	(45,537,228)
Cash used in financing activities	(1,542,098)	(47,991,380)
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,098,039	78,670,292
Cash and cash equivalents at the beginning of fiscal year	88,648,496	9,978,204
Cash and cash equivalents at the end of the fiscal year	223,746,535	88,648,496
	135,098,039	78,670,292

See accompanying notes to financial statements

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Explanatory notes to financial statements

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

1. Operational context

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

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

In 2013, the Company's commercial area underwent restructuring, with a reduction in the commercial management team and greater alignment of responsibilities at the managerial-operational level by market segment. This reorganization allowed for greater agility and focus on conducting current business operations with greater proximity to customers and suppliers, as well as the stabilization and implementation of global management and operational processes in Brazil, thus making the Brazilian operation more attractive to HCL's global business and projects, to the detriment of local business.

With the aim of consolidating its operations in Brazil, increasing its operational efficiency, and better serving our customers, in 2018 the Company, through a global partnership between HCL and IBM in the acquisition of exclusive lines of support and development services and the purchase of more than 20 IBM products, began to provide support services for IBM products and market licenses for products purchased globally. To consolidate this operation and expand it, more than 90 IBM Brazil professionals joined the Company's staff.

In 2019, the Company expanded its participation in the Brazilian market with the right to support and provide services, in addition to the connection with Program Licensing by CA/Broadcom for HCL Brazil and Latin America customers, who have the non-exclusive and non-transferable right to use the Work Product produced by HCL without the right to sublicense, which is exclusively for the business and internal data processing operations of the Customer and the Companies. During this period, more than 70 Broadcom professionals specializing in the CA market and products were transferred and rehired by HCL.

In 2021, following a global HCL movement to expand in the geographies where it operates, the Company's commercial area underwent further restructuring, with the arrival of a commercial director for Brazil and reinforcement of the business and strategic marketing team. This action aims to resume the opening of new businesses. This move also promoted the renewal of the brand globally and locally, with a focus on becoming more recognized for the widespread promotion of its services and capabilities in information technology and the implementation of global management and operational processes in Brazil, thus making the Brazilian operation more attractive to global HCL businesses and projects, to the detriment of local businesses.

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

Another move that represented a major opportunity for business expansion in Brazil was the acquisition of NXP's preferred status for support and testing services in the semiconductor sector in Brazil and Latin America, an opportunity that arose due to the termination of NXP's operations in Brazil. HCL obtained job offer preference for the Company's staff and hired more than 70 engineers from NXP, specialists in this line of services, thus inaugurating its operations in Brazil in the semiconductor engineering segment, leading to plans to open a new branch in Campinas and the future installation of a technology center.

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Explanatory notes to financial statements

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

These moves to expand the Company's operations in response to new opportunities in the local market and the Company's technological potential have enabled us to double our workforce in the last three years. We currently have a team of over 1,200 professionals and continued growth.

In 2023, HCL signed a contract with Banco do Brasil worth BRL 593 million, to be invoiced over 60 months.

In 2024, HCL reduced the size of its São Leopoldo office. Due to the hybrid model of three days a week and the positive experience with remote work during the pandemic, we have decided to keep the office on the 5th and 6th floors, thereby reducing the cost of renting the 7th floor.

In 2024, HCL entered into a contract amendment with Banco do Brasil in the amount of BRL 135,943,653.91, which, added to the initial amount of BRL 593,663,120.37, totals a contract of BRL 729,606,774.28 over five years, starting in 2023.

2. Basis for preparation of financial statements and statement of compliance

2.1. Statement of compliance and early adoption of Law No. 11.638/07 and Provisional Measure No. 449/08

The financial statements for the year ended December 31, 2022, were the first to be presented in accordance with accounting practices adopted in Brazil in compliance with accounting standards issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (Conselho Federal de Contabilidade - CFC). Management prepared its opening balance sheet with a transition date of January 1, 2022. The pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee (Comitê de Pronunciamentos Contábeis - CPC) are convergent with the International Accounting Standards issued by the International Accounting Standards Board (IASB).

The issuance of these financial statements of HCL (Brazil) Tecnologia da Informação LTDA was authorized by management on May 27, 2025. This report is a free translation of Portuguese version authorized and approved at this same date.

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil in compliance with the provisions contained in the laws applicable to its activities, supplemented by the pronouncements, interpretations, and guidelines of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC). Due to the fact that the accounting practices adopted in Brazil applied to financial statements since 2009 do not differ from IFRS, they are in compliance with international financial reporting standards (International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB)).

2.2. Measurement basis

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

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA
Explanatory notes to financial statements
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(Amounts presented in Brazilian Reais)

3. Summary of the main accounting policies

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

The financial statements were developed in accordance with various valuation bases used in accounting estimates. The accounting estimates used to prepare the Accounts were based on both objective and subjective factors to determine the correct amount to be recorded, according to the management's knowledge and expertise.

The Company reviews its estimates and assumptions at least annually.

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

The Company has adopted all standards, revisions to standards, and interpretations issued by the CPC in effect on December 31, 2024.

3.1. Foreign currency conversion

Foreign currency transactions are initially recorded at the exchange rate of the functional currency applicable on the transaction date.

3.2. Revenue recognition

Revenue is recognized to the extent that it is likely that economic benefits will be generated for the Company and whenever it can be measured reliably. Revenue is measured based on the fair value of the consideration that has been received, not including discounts, slumps and taxes or charges on sales.

Revenue must also meet the following specific criteria before it is recognized:

Contracts based on time and material / Volume / Transaction

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

Contracts involving services and product supply

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

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Fixed price contracts

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

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

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

Multiple performance obligations

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

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

Revenue from certain activities in transition services in outsourcing agreements cannot be distinguished or represent a separate performance obligation. Revenues related to these transitional activities are classified as contractual liabilities and subsequently recognized over the term of the agreement. Direct and incremental costs related to these transition activities, which are expected to be recoverable under the contract and to generate or enhance resources of the company that will be used to fulfill the performance obligation in the future, are considered contract fulfillment costs classified as deferred contract costs and recognized over the term of the agreement. Certain nonrecurring and incremental costs incurred in acquiring contracts and other initial fees paid to the customer are deferred and classified as deferred contract costs and amortized to revenue or expense, generally on a linear basis, over the term of the contract, unless the revenues are earned and the obligations are fulfilled in a different pattern.

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Explanatory notes to financial statements

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

The undiscounted future cash flows of the agreement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

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

Volume discounts or any other form of variable consideration are estimated using the sum of values weighted by probability within a range of values considered possible (expected value) or the most likely value within a range of values considered possible (most likely value), depending on which method best predicts the realizable consideration. The transaction price includes variable consideration only to the extent that it is probable that no significant reversal of the recognized revenue will occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and the decision to include the estimated amounts in the transaction price may involve judgment and are based primarily on an assessment of our expected performance and all information reasonably available to the company.

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

i) **Product resale**

Revenue from the resale of technology products (servers, computer equipment, as well as computers and peripherals) is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, which generally occurs upon billing and delivery of the product.

ii) **Provision of services**

The provision of services consists of software development, technical support (help desk), and software licensing, and such revenue is recognized when the service is provided.

iii) **Services to be invoiced**

Revenue from services to be billed, both domestic and foreign, is recognized based on the value of services already provided in the current period. The revenue from certain activities in transition services in outsourcing contracts cannot be distinct or represent a separate performance obligation. Revenues related to these transitional activities are classified as contractual liabilities and subsequently recognized over the term of the agreement. A contractual liability arises when there is excess billing over recognized revenue.

HCL BRAZIL TECNOLOGIA DA INFORMAÇÃO LTDA

Explanatory notes to financial statements

for the Years Ended on December 31, 2024 and 2023

(Amounts presented in Brazilian Reais)

The recognition of revenue from services already billed follows policy, considering all services that have not been completed by the reporting date. The review is conducted quarterly to ensure that the final figures are in line with ongoing projects.

3.3. Cash and cash equivalents

Cash equivalents are held to meet short-term cash obligations and not for investments or other purposes. The Company considers cash, current account balances, and financial investments that are immediately convertible into a known amount of cash and subject to insignificant risk of change in value.

3.4. Receivables from customers

They are presented at realizable amounts. There are no securities with maturities exceeding 180 days, therefore there is no provision for estimated losses. This policy applies to amounts receivable from domestic customers and third parties.

3.5. Goodwill

Goodwill is initially measured at cost, which is the excess of the sum of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the identifiable net assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the excess is recognized in the income statement as a favorable purchase gain after remeasuring the fair values of the net assets.

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

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

3.6. Fixed assets

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

For historical purposes, in 2022, the Company changed its policies regarding the useful life of computer equipment, considering the item's useful life and efficiency for the Company. The useful life for these items has been changed from 60 to 36 months, in accordance with the loan agreements signed.

Depreciation methods, useful life and residual values are reviewed at the end of each financial year and occasional adjustments, if any, are recognized as accounting estimate changes.

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An asset's book value is immediately lowered to its recoverable value when an asset's book value is higher than its estimated recoverable value. Gains and losses on disposals are determined by comparing the results with the book value and are recognized under "Other operating expenses (income)" in the income statement.

3.7. Intangible

Intangible assets acquired separately are measured at cost at the time of initial recognition. After initial recognition, intangible assets are listed at cost minus accrued amortization and accrued losses. Amortization of intangible assets is calculated using the linear method at the rates mentioned in Explanatory Note 11.

Intangible assets are mainly represented by software and Customer Relationship (related to the acquisition of IBM). The amortization rate is based on project revenue, which may vary from quarter to quarter. In 2024, the variation was 10%, and the base amount for calculating amortization is BRL 2,141,264.

In 2024, there was an increase in intangible assets of BRL 18,994,321, resulting from a contract with Hewlett-Packard Brasil Ltda (HP). The percentage used for 2024 was 11% and the base amount for calculating amortization is BRL 5,599,049.

3.8 IFRS 16 lease accounting

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

The lease liability is measured at the inception of the lease and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow in the country where the lease was entered into. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises a fixed payment less any lease incentives, a variable lease payment that depends on an index or rate, the exercise price of a purchase option if the Company is reasonably certain to exercise the option, and payment of termination penalties if the lease term reflects the exercise of the Company's option to terminate the lease. The lease liability is subsequently measured by increasing the book value to reflect interest on the lease liability, reducing the book value to reflect the lease payment made, and remeasuring the book value to reflect any revaluation or modification, if any.

3.9. Other assets and liabilities

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

Liability is recognized in the balance sheet when the Company has a legal or constituted obligation as a result of a past event, and it is probable that an economic resource will be required to settle it.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise, they are classified as noncurrent.

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3.10. Taxation

Taxes on sales and re-sales of products/services

Revenues from sales and re-sales are subject to the following taxes and contributions at the following basic rates:

- Social integration program (PIS) - 1.65% (non-cumulative regime) and 0.65% (cumulative regime).
- Social security contribution (COFINS) - 7.6% (non-cumulative regime) and 3% (cumulative regime).
- Tax on circulation of goods (ICMS) - The rate applied depends on the state of destination of the goods.
- Tax on Services of Any Nature (ISS) - The rate adopted for services provided by the Company varies between 2% and 5%, as detailed below:
 - São Leopoldo, Guarulhos and Campinas 2%
 - Belo Horizonte 2.5%
 - São Paulo 2.9%
 - Curitiba, Manaus, Recife and Rio de Janeiro 5%

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

Income tax and social contribution – current

Taxation on profits comprises Corporate Income Tax (IRPJ) and Social Contribution on Net Profits (CSLL). Income tax is calculated on taxable income at a rate of 15%, plus an additional 10% for profits exceeding BRL 240,000 in a 12-month period, while social contribution is calculated at a rate of 9% on taxable income recognized on an accrual basis. Therefore, additions to accounting income of expenses that are temporarily non-deductible, or exclusions from revenue that are temporarily non-taxable, considered for the calculation of current taxable income, generate deferred tax credits or liabilities. Prepayments or amounts that can be offset are stated in current or non-current assets, according to the forecast of their realization.

Income tax and social contribution - deferred

Deferred income tax, regulated by CPC 32, defines the payment of tax when profit is credited, accounted for at a rate of 15% for income tax and 9% for social contribution. The basis was defined using the balance of provisions, considered as temporary provisions, and unrealized changes, recorded as the Company's balance.

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

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3.11. Other employee benefits

The benefits granted to Company employees include, in addition to fixed compensation (salaries and social security contributions, vacation pay, and a 13th month salary), employee healthcare plans and life insurance. For food allowance, meal allowance, or meal voucher benefits, small monthly deductions are made. The transportation voucher discount complies with current legislation. These benefits are recorded in the income statement as incurred when the Company has an obligation on an accrual basis. The benefit granted to employees, in the form of profit sharing, is offered in accordance with the collective agreement of each state.

The Company does not maintain severance benefits, pension plans, private pension plans, or any retirement plans or benefits for its employees and officers after they leave the Company.

3.12. Paid-in capital

On December 31, 2024 and 2023, the Company's capital stock consisted of fully subscribed and paid-up quotas.

Distribution of dividends

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

3.13. Judgments, estimates and assumptions.

In applying the Company's accounting policies, management must make judgments and estimates regarding the book values of assets and liabilities. Estimates and their related assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The final amounts of transactions involving these estimates are only known when they are realized or settled. The underlying estimates and assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in subsequent periods if the revision affects both the current and future periods.

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

- **Provisions for risks:** the assessment of the probability of loss includes an evaluation of the available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance to the legal system, as well as the assessment of external lawyers. Provisions for risks are reviewed and adjusted to take into account changes in circumstances, such as applicable statute of limitations, conclusions of tax inspections, or additional exposures identified based on new matters or court decisions.
- **Provision for contingencies** - Labor lawsuits are based on provisions made by external partner firms monthly. Thus, from the summons to present a defense until before the judgment, the process is provisioned as possible and the Company bases its calculation on the amount calculated in the initial claim, i.e., the amount reported by the plaintiff. Based on the judgment, the amount is provisioned as probable if the judgment is favorable to the plaintiff, using the amount attributed in the judgment, i.e., not sent to the calculator/planner for actual provisioning, given that the amount of the judgment is fictitious. If the judgment is favorable to the defendant, i.e., the claim is dismissed, the amount is provisioned as remote and, if there is an appeal, it follows the same line, remote if the judgment dismisses the case and probable if the judgment is reversed or the conviction is upheld.

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Once the enforcement phase has begun, the amounts are updated according to the calculation presented by the Company or court expert, always maintaining the provision as probable, but if the Company has guaranteed enforcement in the case files, it will be changed to remote.

Considering HCL's subsidiary liability, the provision remains probable, taking the total amount deferred by the judgment or by the calculations presented in the case files.

- **Estimated loss on doubtful accounts (Perda estimada para créditos de liquidação duvidosa - PECLD)** – the Company's policy establishes that receivables that are more than 360 days past due are provisioned as doubtful accounts. For the current year, the amount for PECLD was 5,847,991.53.

3.14. Financial instruments

Initial Recognition and Measurement

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

The main financial liabilities recognized by the Company are accounts payable to suppliers and related parties.

4. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
Cash and bank deposits	74,924,361	27,798,849
Financial Investments	148,822,174	60,849,647
	<u>223,746,535</u>	<u>88,648,496</u>

Cash equivalents are held to meet short-term cash obligations and not for investments or other purposes. The Company considers cash equivalents to be financial investments that are immediately convertible into a known amount of cash and subject to an insignificant risk of change in value, represented by automatic investments, and redeemable within 90 days of the date of the respective transactions.

4.1. Other financial assets

	<u>2024</u>	<u>2023</u>
Funds in Transit	2,059,736	425,749
	<u>2,059,736</u>	<u>425,749</u>

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

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5. Accounts receivable

	2024	2023
Accounts receivable domestic customers	74,505,770	102,100,105
Accounts receivable foreign customers	1,332,797	1,734,990
Estimated loss on doubtful accounts - PECLD	(5,847,992)	(4,702,304)
	69,990,575	99,132,791

The Company does not require guarantees on installment sales, but management believes that the risk related to accounts receivable from customers is minimized by the fact that the Company's customer base consists mainly of large companies with global contracts.

The following are the amounts receivable, by maturity date, as of December 31, 2024 and 2023:

5.1 Domestic Customers

	2024	2023
Due	48,444,105	72,940,639
Past due to 30 days	4,523,075	6,536,641
Past due for 31 and 60 days	3,319,226	4,845,477
Past due for 61 and 90 days	3,942,495	1,406,470
Past due for 91 and 180 days	2,337,607	6,438,852
Past due for 181 and 360 days	6,019,050	5,997,476
Past due over 360 days	5,920,212	3,934,550
	74,505,770	102,100,105

Following the PECLD policy, the amount to be recorded as PECLD would be the amounts past due for more than 360 days, totaling BRL 5,920,212. However, we identified that of this total, the amount of BRL 72,220 would be received in early 2025, for this reason, we reduced the PECLD amount from BRL 5,920,212 to BRL 5,847,992.

	2024	2023
Services - Unbilled	15,617,159	14,673,140
	15,617,159	14,673,140

5.2 Foreign Customers

	2024	2023
Due	872,300	-
From 1 to 30 days	-	513,119
From 31 to 60 days	-	78,087
From 61 to 90 days	-	85,683
From 91 to 180 days	267,353	617,238
From 181 to 360 days	104,791	121,479
More than 360 days	88,353	319,384
	1,332,797	1,734,990

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Following PCLD policy, the amount to be recorded as PCLD for foreign customers would be amounts past due for more than 360 days, totaling 873,676. However, we identified that the total amount of 873,676 would be received in early 2025, so we did not post PECLD for foreign customers on December 31, 2024.

6. Taxes recoverable

	2024	2023
IRPJ Negative Balance	5,120,035	11,336,701
CSLL Negative Balance	4,063,730	2,874,057
Undue payment or overpayment of federal tax	618,003	1,245,613
PIS and COFINS to recover	4,936,679	3,083,314
Other taxes	1,395,989	884,681
	16,134,436	19,424,366

7. Advanced expenses

7.1 Short Term – Advanced expenses

	2024	2023
Insurance premiums	78,199	75,050
Dental Care	17,979	26,780
Medical assistance	1,631,509	1,681,869
Expenses to be allocated	12,731,631	2,587,244
Service Support	52,979	122,925
Meal Allowance	829,907	788,601
Transport Allowance	35,944	-
Other prepaid expenses	17,263	35,616
	15,395,411	5,318,085

7.2 Long Term – Prepaid expenses

	2024	2023
Extended warranty	1,198	3,522
Long-term advance permits	1,384	3,377
Long-term surety insurance	-	12,946
Long-term service support	8,740	-
	11,322	19,845

8. Judicial deposits

Payments made in court are linked to administrative proceeding number 10880-988.199/2020-39, with a request for issuance of a liability certificate of federal debts. While the labor deposit amounts are linked to cases 0021060-77.2017.5.04.0331, 0001713-10.2017.5.09.0011, 0020828-55.2023.5.04.0331, and 0020456-43.2022.5.04.0331.

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	2024	2023
Labor deposits	159,850	153,587
Judicial deposits	656,897	-
	816,747	153,587

9. Deferred cost

Deferred costs - direct customers refer to expenses paid to suppliers, but for which the corresponding revenue has not yet been recognized.

As for deferred costs - Intercompany, this refers to the acquisition cost of licenses related to the HCL Software segment, where the corresponding revenues have not yet been recognized.

9.1 Short-term deferred cost

	2024	2023
Deferred cost - Direct customer	30,547,741	-
Deferred cost - Intercompany	12,602,285	-
	43,150,026	-

9.2 Long-term deferred cost

	2024	2023
Deferred cost - Direct customer	1,976,320	14,342,354
Deferred cost - Intercompany	-	28,697,649
	1,976,320	43,040,003

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10. Fixed assets

	Machinery and Equipment	Furniture and Appliances	Improvements to third-party properties	Computers and IT Equipment	Fixture	Computer equipment - Loan for use	Other Assets	Total
Depreciation rates	20%	10%	20%	33.33%	20%	33.33%	20%	
Cost of acquisition								
Balances on December 31, 2022	955,414	1,708,584	3,837,097	47,216,538	1,854,860	18,534,156	758,727	74,865,376
Additions	-	184,762	-	3,503,885	-	17,991,973	183,840	21,864,460
Write-offs	(9,752)	(280,809)	(3,471)	(4,201,328)	(3,388)	(2,382,618)	(815,324)	(7,696,690)
Balances on December 31, 2023	945,662	1,612,537	3,833,626	46,519,095	1,851,472	34,143,511	127,243	89,033,147
Additions	118,773	22,122	-	2,487,973	16,550	14,458,972	25,108	17,129,498
Write-offs	-	(19,373)	-	(2,931,332)	-	(921,390)	(25,108)	(3,897,203)
Balances on December 31, 2024	1,064,435	1,615,286	3,833,626	46,075,736	1,868,022	47,681,093	127,243	102,265,441
Accumulated depreciation								
Balances on December 31, 2022	(837,468)	(969,409)	(2,751,606)	(25,931,211)	(1,203,102)	(8,803,783)	(117,092)	(40,613,671)
Depreciation expense for the year	(50,445)	(207,630)	(421,370)	(9,012,250)	(274,764)	(7,992,863)	(5,001)	(17,964,323)
Write-offs	10,034	74,695	3,424	2,298,235	2,820	1,622,962	3,289	4,015,459
Balance on December 31, 2023	(877,879)	(1,102,344)	(3,169,552)	(32,645,226)	(1,475,046)	(15,173,684)	(118,804)	(54,562,535)
Depreciation expense for the year	(40,467)	(145,081)	(405,460)	(6,643,880)	(254,531)	(11,833,331)	(7,165)	(19,329,915)
Write-offs	1,980	2,952	-	1,185,172	138	470,881	2,280	1,663,403
Balance on December 31, 2024	(916,366)	(1,244,473)	(3,575,012)	(38,103,934)	(1,729,439)	(26,536,134)	(123,689)	(72,229,047)
Net residual value								
As of December 31, 2023	67,783	510,193	664,074	13,873,869	376,426	18,969,827	8,439	34,470,611
As of December 31, 2024	148,069	370,813	258,614	7,971,802	138,583	21,144,959	3,554	30,036,394

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11. Intangible

<u>Cost of acquisition</u>	Right of Use – Software	Goodwill	Customer Relationship	Total
Amortization rates	20%	-	10 to 11%	
Balances on December 31, 2022	8,152,285	13,007,349	2,141,264	23,300,898
Additions	1,064,873	-	-	1,064,873
Write-offs	(1,261,038)	-	-	(1,261,038)
Balances on December 31, 2023	7,956,120	13,007,349	2,141,264	23,104,733
Additions	701,639	13,395,273	5,599,049	19,695,961
Write-offs	(673,341)	-	-	(673,341)
Balances on December 31, 2024	7,984,418	26,402,622	7,740,313	42,127,353
<u>Accumulated amortization</u>				
Balances on December 31, 2022	(6,154,984)	-	(1,041,759)	(7,196,743)
Amortization in the year	(902,531)	-	(227,335)	(1,129,866)
Write-offs	171,913	-	-	171,913
Balance on December 31, 2023	(6,885,602)	-	(1,269,094)	(8,154,696)
Amortization in the year	(658,516)	-	(265,441)	(923,958)
Write-offs	68,446	-	-	68,446
Balance on December 31, 2024	(7,475,672)	-	(1,534,535)	(9,010,208)
<u>Net residual value</u>				
Balances on December 31, 2023	1,070,518	13,007,349	872,170	14,950,037
Balance on December 31, 2024	508,746	26,402,622	6,205,778	33,117,146

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Items classified as “Right of Use – Software” are amortized using the linear method at an annual rate of 20%, considering their useful life defined by the Company as 10 years. According to accounting standards, goodwill is considered an intangible asset with an indefinite useful life. This means that when performing goodwill impairment or depreciation analysis, no specific period is established in which the asset will be amortized or depreciated. Instead, goodwill is periodically assessed to determine whether there is a need to adjust its book value based on impairment tests. As such, there was no need to adjust its value for the 2024 and 2023 fiscal years. The goodwill for expected future profitability is BRL 13,879,520, based on the value in use (determined based on past experience and a five-year cash flow projection). The increase in revenue was decisive in determining the rate used, 8% for the next three years and 6% for the last two years, with an applied discount rate of 9.18%.

12. Right of use – commercial lease

In 2022, the Company adjusted its figures to CPC 06, considering the amounts paid for property rentals, updated annually. The leases are for the Company's use, with defined contracts and subject to renewal after their term expires. The values are updated annually, based on the IPCA inflation rate. The amounts paid in 2024 were BRL 2.542.098,00 and interests of BRL 122.208,78.

In 2024, there were no changes in the application of CPC 06 mentioned above.

Location	Expected contract term	Fee	Current monthly amount
Curitiba – Commercial room	3 years	5%	24,199
	2024		2023
Right of use – Leased assets IFRS 16	748,627		17,565,479
(-) Accumulated depreciation	(228,747)		(7,722,143)
Net value – Right of use	519,880		9,843,336
IFRS 16 lease – Total debt	302,367		3,676,945
IFRS 16 leases – Finance costs	(59,063)		(1,616,460)
Total lease liabilities – Current	243,304		2,060,485
IFRS 16 lease – Total debt	342,400		13,874,146
IFRS 16 leases – Finance costs	(22,392)		(6,105,683)
Total lease liabilities – Non-current	320,008		7,768,463

13. Suppliers

	2024	2023
Domestic suppliers	39,880,881	34,500,469
International suppliers	51,008	269,301
	39,931,889	34,769,770

The composition of domestic and foreign accounts payable by age of maturity as of December 31, 2024 and 2023 is described as follows:

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Domestic suppliers

	2024	2023
Due	8,722,275	9,154,535
Due within 30 days	1,042,026	2,882,747
Past due from 31 to 60 days	1,089,866	17,803,541
Past due from 61 to 90 days	26,971,022	1,252,291
Past due from 91 to 180 days	1,962,547	603,485
Past due from 181 to 360 days	34,026	2,082,835
Past due over 360 days	59,119	721,035
	39,880,881	34,500,469

International suppliers

	2024	2023
Due between 31 and 60 days	44,934	21,468
Past due between 61 and 90 days	-	210,225
Overdue between 91 and 180 days	-	1,425
Past due for 181 and 360 days	6,074	36,183
	51,008	269,301

The balance of international accounts payable is controlled based on the credit limit granted by each supplier, with no established maturity date. Accounts payable to suppliers do not bear interest and are generally settled within six months.

14. Social and labor obligations

	2024	2023
Provision for vacation and charges	22,786,411	22,210,954
Provision for bonuses and wages	18,796,576	8,679,852
IRRF (income tax) on salary	4,230,196	3,721,693
INSS on billing	1,374,919	2,743,454
INSS and FGTS payable	3,282,346	2,979,521
Other income and social security contributions	132,051	285,377
	50,602,499	40,620,851

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15. Tax obligations

	2024	2023
Income tax	8,191,800	-
Social contribution on profit	3,183,787	-
COFINS	659,729	2,556,990
ISSQN	1,257,013	2,107,596
PIS	138,202	548,013
Import taxes	22,802,251	13,660,988
Other taxes	179,067	285,135
	36,411,851	19,158,722

16. Several provisions

The amounts provisioned on December 31, 2024, as provisions, refer to amounts provisioned and reversed in 2025, due to the realization of the cost in the current year.

	2024	2023
Provisions with intercompany group	21,318,673	15,611,968
Provision for expenses and costs	8,183,060	14,148,246
Provision for insurance	37,155	29,104
	29,538,888	29,789,318

17. Deferred revenue

Amounts recorded as deferred revenue are divided between current and non-current, defined by the expected completion date of the project. In 2024, the value of notes issued with services not performed or not completed decreased by BRL 537,346 if compared to the balance in 2023.

	2024	2023
Deferred revenue – current	43,931,153	44,293,133
Deferred revenue – Noncurrent	762,063	937,429
	44,693,216	45,230,562

18. Accounts receivable from related parties

Non Current	2024	2023
Services to be invoiced with related parties	25,559,314	3,280,859
	25,559,314	3,280,859

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Current	2024	2023
Due	-	20,409,833
Due within 30 days	7,527,796	4,927,522
Past due from 31 to 60 days	44,474,279	32,103,705
Past due from 61 to 90 days	52,070	4,713,496
Past due from 91 to 180 days	-	26,762,233
Past due from 181 to 360 days	647,947	71,611,431
Past due over 360 days	5,848,375	36,894,233
	58,550,467	197,422,453

The total amount received from related parties during 2024 was 296,127,376.37.

19. Related parties' suppliers

	2024	2023
Due within 30 days	3,560,933	29,739,308
Due between 31 and 60 days	1,908,255	144,450
Due between 61 and 90 days	4,033,018	3,957,642
Due between 91 and 180 days	26,456,228	22,676,630
Due between 181 and 360 days	24,675,460	18,273,870
Due over 360 days	180,356,838	186,932,288
	240,990,732	261,724,188

The amounts payable to group companies do not follow a pre-established due date and are settled based on the Company's decision.

The settlement of loans with balances in 2022 occurred through exchange contracts No. 000382658008 of December 14, 2023; 000358883852 of July 5, 2023; 000354650371 of June 7, 2023 and 000382610066 of December 4, 2023.

Total payments to related parties during 2024 amounted to BRL 95,031,289.67.

20. Provision for Contingencies

Provisions were recorded to cover possible and probable losses related to labor and civil matters. Management deemed the amount sufficient to cover future disbursements based on the advice and assessment of lawyers and legal advisors. The balance recorded in the balance sheet corresponds to the portion of probable cases and is controlled based on estimates and returns by lawyers. On December 31, 2024, the value of possible lawsuits was BRL 1,429,132.65.

Linked to the probable proceedings, there is a balance of BRL 159,850 in the claim deposits account, which should be recovered if the proceedings are won. Of this total, 148,863.16 was paid in 2024. Appeal deposits for ordinary appeals or reviews are not provisioned for loss, mainly because they are not always used to pay for enforcement. Some deposits are returned at the end of the proceedings.

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	<u>2024</u>	<u>Additions</u>	<u>Reversal</u>	<u>2023</u>
Labor	1,170,666	3,534,580	3,184,542	820,628
	<u>1,170,666</u>	<u>3,534,580</u>	<u>3,184,542</u>	<u>820,628</u>

21. Paid-in capital

On December 31, 2024 and 2023, the Company's capital stock was BRL 82,510,266, represented by 82,510,266 shares with par value of BRL 1.00 each, distributed as follows:

<u>Member</u>	<u>Corporate Interests</u>	<u>Number of shares</u>	<u>Amount - BRL</u>
HCL Latin America Holding Llc	100%	82,510,266	82,510,266

22. Net revenue

	<u>2024</u>	<u>2023</u>
Software Development services	471,230,324	377,585,765
Software license services	111,204,844	161,281,972
Product resale	7,960,672	14,683,967
	<u>590,395,840</u>	<u>553,551,704</u>
(-) Cancelled Services	(4,605,069)	(6,949,161)
(-) Canceled sales	(2,580,068)	(7,792,740)
(-) Taxes on services	(55,616,524)	(60,536,097)
Total	<u>(62,801,661)</u>	<u>(75,277,998)</u>
Domestic revenue	400,512,621	235,998,427
Revenue in foreign countries	7,510,883	161,281,972
Revenue with related party	182,372,336	156,271,305
Gross revenue	<u>590,395,840</u>	<u>553,551,704</u>

23. Cost

	<u>2024</u>	<u>2023</u>
Dealer	(4,634,879)	(5,449,344)
Service provided	(170,952,793)	(163,505,416)
Personnel costs	(197,675,480)	(175,246,788)
	<u>(373,263,152)</u>	<u>(344,201,548)</u>

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24. General and administrative expenses

	2024	2023
Expenses with services provided	(19,637,356)	(18,747,863)
Travel	(4,006,237)	(3,230,749)
IT expenses	-	(204,986)
Depreciation and amortization	(19,386,671)	(20,041,793)
Insurance	(213,649)	(178,964)
Miscellaneous consumables	(2,208,906)	(3,108,191)
Miscellaneous maintenance	-	(374,669)
Taxes on currency exchange	(7,306,807)	-
Taxes and fees	(2,886,828)	(2,194,180)
Cost of disposal of fixed assets	-	(59,380)
Electricity and water expenses	(212,938)	(199,833)
Internet expenses	(218,254)	(364,786)
Equipment rental	(121,998)	(624,859)
Provision for doubtful debtors	(1,145,688)	(4,702,304)
Project Equipment	(12,291,226)	(6,953,944)
Transportation expenses	(703,895)	(756,335)
Rent and condo Fees	(1,853,879)	-
Donation	(1,413,150)	-
IFRS 16 property leases	(1,429,368)	-
Other expenses	(97,259)	(270,352)
	(75,134,109)	(62,013,188)

25. Personnel expenses

	2024	2023
Salaries, vacation, and 13th month salary	(19,634,155)	(19,299,549)
INSS and FGTS	(3,650,981)	(3,453,486)
Bonus	(12,354,689)	(8,138,000)
Medical assistance	(809,051)	(759,675)
Meal allowance	(424,997)	(423,355)
Training	(55,886)	(113,005)
Advance notice	(191,169)	-
Cost allowance	(299,976)	-
Labor indemnities	(217,460)	-
Five-year Bonus	(78,921)	-
Profit sharing	(455,471)	-
Other personnel expenses	(215,090)	(91,306)
	(38,387,846)	(32,278,376)

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26. Net financial income result

	<u>2024</u>	<u>2023</u>
Financial revenue		
Financial investments income	7,384,957	3,406,740
Interest – Selic	1,412,250	1,893,131
Interest received	388,179	1,424,958
Discounts obtained	3,194,040	3,482,205
Active exchange rate variation	10,325,498	10,809,439
Reversal of active exchange rate variation	-	(14,618,946)
	<u>22,704,924</u>	<u>6,397,527</u>
	<u>2024</u>	<u>2023</u>
Financial expenses		
Interest on loans	-	(1,160,089)
Interest on leases	(281,546)	(107,334)
Discounts granted	(1,482,909)	(11,576,105)
Banking expenses	(1,022,957)	(1,223,581)
Taxes and interest	(478,367)	(130,087)
Financial expense with acquisitions	(192,547)	-
Foreign exchange losses	(28,832,065)	(15,018,119)
Reversal of foreign exchange loss	-	23,892,230
	<u>(32,290,391)</u>	<u>(5,323,085)</u>
Net total	<u>(9,585,467)</u>	<u>1,074,442</u>

27. Income tax and social contributions

27.1 Current taxes

Represented by the amounts provisioned for Income Tax and Social Contribution. Reconciliation of taxes calculated according to nominal rates and tax amounts are presented below:

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	<u>2024</u>	<u>2023</u>
Profit before income tax and social contributions	31,223,606	38,706,152
Nominal tax rate in force	34%	34%
Taxes according to nominal rate	10,615,735	13,160,092
Temporary additions/exclusions – Tax effect		
Provisions and reversals	2,907,173	6,389,071
(-) PAT	(123,117)	-
Provision for doubtful debtors	389,534	1,598,783
Depreciation – IT equipment	628,812	1,199,876
Amortization of other intangible assets	86,949	77,884
Unrealized exchange rate variations – net	6,996,817	(4,409,423)
Permanent additions/exclusions – Tax effect		
Gifts, fines and other non-deductible expenses	264,713	267,471
Losses with customers	1,909,606	-
IFRS 16 effect (CPC 06 - Leases)	581,711	869,315
Rent	(482,697)	(830,368)
Effect of the additional IRPJ (corporate income tax) rate	(24,000)	(24,000)
Income tax and social contribution – current	23,751,526	18,298,701

27.2. Deferred taxes

In compliance with CPC 32 - Income Taxes, deferred tax assets and liabilities arising from temporary differences were recorded. The recognition is supported by future profit projections, prepared and based on internal assumptions and economic scenarios. Reconciliation of taxes calculated according to nominal rates are presented below:

	<u>2024</u>	<u>2023</u>
Temporary additions – Tax effect		
Non-deductible provisions	18,177,436	12,846,523
Unrealized exchange rate variation – Asset	6,087,944	7,886,760
Depreciation – IT equipment	2,209,736	3,104,810
Deferred income tax and contributions – Asset	26,475,116	23,838,093
Temporary exclusions – Tax effect		
Unrealized exchange rate variation – Liability	-	4,834,978
Income tax and social contribution – Liabilities	-	4,834,978

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	2024	2023
Current income tax and social contribution	(23,751,526)	(18,298,701)
Income tax and social contribution - deferred	7,472,002	9,596,215
	(16,279,524)	(8,702,486)
Effective rate%	-52%	-22%

28. Financial instruments

28.1 General considerations

The Company assessed its financial assets and liabilities at market value using available information and appropriate valuation methods. However, interpreting market data and selecting valuation methods require considerable judgment and estimates to calculate the most appropriate realizable value. As a result, the estimates presented do not necessarily indicate the amounts that may be realized in the current market. The use of different market assumptions and/or methodologies may have a significant effect on the estimated realizable values.

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

On December 31, 2024 and 2023, the Company's main financial instruments were:

- Cash and banks - petty cash and balances in check accounts. The market value is equal to the book value.
- Financial assets - financial investments classified as held to maturity.
- Accounts receivable - receivables arising from sales, services rendered on credit classified as held to maturity.
- Loans and financing - Loans, financing, and leasing operations.
- Suppliers - amounts payable for the purchase of goods for sale and resale.

28.1.1 Operational risk

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

28.1.2 Liquidity risk

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

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29. Insurance coverage (unaudited)

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

Insurance coverage, as of December 31, 2024, is as follows:

<u>Item</u>	<u>Type of Coverage</u>	<u>Amount insured</u>
Policy No. 087372024010310000933	Civil liability	BRL 5,179,600
Policy No. 5177202453960000178	Material Damages	BRL 148,274,282
Policy No. 087372024010351003962	Material Damages	BRL 5,556,000

30. Subsequent events

No events occurred between the end of the fiscal year and the preparation of the financial statements as of December 31, 2024, that could affect the information disclosed, as well as the economic and financial analysis.