

HCL Guatemala, Sociedad Anónima

Financial Statements

December 31, 2024 and 2023

(With the Independent Auditors' Report)



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Independent Auditors' Report

To the Shareholders of HCL Guatemala, S.A.:

Opinion

We have audited the financial statements of HCL Guatemala, S.A. (“the Company”), which comprise the statement of financial position as at December 31, 2024, the statements of profit of loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guatemala, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Related Parties Balances and Transactions

We draw attention to note 2.20 of the financial statements. The Company is member of a group of companies with which it has significant balances and transactions. Our opinion is not modified in respect of this matter.

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 IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continue)

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 but to do so.

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

Auditors' 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 auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(Continue)

- 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.



Licda. Liseth Ruano Perez
Colegiado No. CPA - 4700

Guatemala, March 31th, 2025



HCL GUATEMALA, SOCIEDAD ANÓNIMA
Financial Statements

For the year ended 31 December 2024 and 31 December 2023

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Statement of Financial Position as at 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 December 2024 (GTQ)	As at 31 December 2023 (GTQ)
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	3,244	6,848
Right-of-use assets	2.19	36,867	28,744
Other financial assets	2.2	1,041	536
Other assets	2.3	1,909	6,307
Total Non-current assets		43,061	42,435
Current assets			
Inventories		-	70
Trade receivables			
Billed	2.4	616	10,071
Unbilled	2.4	91,529	91,894
Cash and cash equivalents and other bank balances	2.5	88,432	94,565
Other financial assets	2.2	2,334	2,840
Current tax assets (net)		-	4,139
Other assets	2.6	25,291	26,428
Total current assets		208,202	230,007
TOTAL ASSETS		251,263	272,442
EQUITY			
Equity share capital	2.7	21,066	21,066
Other equity		138,686	112,362
TOTAL EQUITY		159,752	133,428
LIABILITIES			
Non-current liabilities			
Lease liabilities	2.19	29,162	23,895
Other financial liabilities	2.10	3	-
Provisions	2.11	12,715	13,336
Total Non-current liabilities		41,880	37,231
Current liabilities			
Borrowings	2.8	-	58,677
Lease liabilities	2.19	9,555	9,614
Trade payables			
Billed	2.9	1,294	1,864
Unbilled and accruals	2.9	3,139	2,640
Other financial liabilities	2.10	19,801	18,471
Provisions	2.11	5,126	5,982
Other liabilities	2.12	4,779	4,535
Current tax liabilities (net)		5,937	-
Total current liabilities		49,631	101,783
TOTAL EQUITY AND LIABILITIES		251,263	272,442
Material accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors
of HCL GUATEMALA, SOCIEDAD ANÓNIMA

Signed by:	Signed by:
	
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Raghu Raman Lakshmanan	Shiv Kumar Walia
Director	Director
USA	Noida

Date : 31 March 2025

Date : 31 March 2025

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HCL GUATEMALA, SOCIEDAD ANÓNIMA

Statement of Profit and loss and Comprehensive Income for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 December 2024 (GTQ)	Year ended 31 December 2023 (GTQ)
I Revenues	2.13	387,515	447,866
II Expenses			
Employee benefits expense	2.14	305,224	355,049
Outsourcing costs		1,818	1,008
Depreciation expense		14,673	27,867
Other expenses	2.15	26,185	18,747
III Operating Profit		39,615	45,195
Other (expenses) income, net	2.16	(1,196)	(4,711)
Finance cost	2.17	(2,842)	(5,298)
IV Profit before tax		35,577	35,186
V Income Tax expense	2.18	9,253	798
VI Net Profit for the year		26,324	34,388
VII Total Comprehensive Income for the year		26,324	34,388

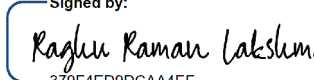
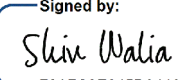
Material accounting policies

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Raghu Raman Lakshmanan	Shiv Kumar Walia
Director	Director
USA	Noida

Date : 31 March 2025

Date : 31 March 2025

HCL GUATEMALA, SOCIEDAD ANÓNIMA
Statement of Changes in Equity for the year ended 31 December 2024
 (All amounts in thousands except share data and as stated otherwise)

(Amount in GTQ)

	Equity share capital		Other Equity
	No. of shares	Share capital	
Balance as of 1 January 2023	21,066,000	21,066	77,974
Net Profit for the year	-	-	34,388
Total comprehensive income for the year	-	-	34,388
Balance as of 31 December 2023	21,066,000	21,066	112,362
Balance as of 1 January 2024	21,066,000	21,066	112,362
Net Profit for the year	-	-	26,324
Total comprehensive income for the year	-	-	26,324
Balance as of 31 December 2024	21,066,000	21,066	138,686

Material accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors
 of HCL GUATEMALA, SOCIEDAD ANÓNIMA

Signed by:  Signed by: 
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Raghu Raman Lakshmanan **Shiv Kumar Walia**
 Director Director
 USA Noida

Date : 31 March 2025

Date : 31 March 2025


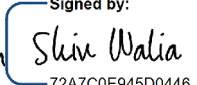
HCL GUATEMALA, SOCIEDAD ANÓNIMA
Statement of Cash flow for the year ended 31 December 2024
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 December 2024 (GTQ)	Year ended 31 December 2023 (GTQ)
A. Cash flows from operating activities		
Profit before tax	35,577	35,186
Adjustment for:		
Depreciation expense	14,673	27,867
Interest income	(1,395)	(215)
Exchange loss/(gain) on short term loans,int on loans & leases	(159)	(367)
Interest expenses	2,636	5,008
Loss on sale/disposal of property, plant and equipment	4	4
Provision for doubtful debts/Provisions no longer required written back	1	(176)
Other non cash (benefits)/charges	-	(1,764)
	51,337	65,543
Net Change in		
Trade receivables	9,819	31,749
Inventories	70	(70)
Other financial assets and other assets	5,323	5,909
Trade payables	(71)	(3,390)
Provisions, other financial liabilities and other liabilities	(240)	(4,205)
Cash generated from operations	66,238	95,536
Direct taxes paid (net of refunds)	115	(689)
Net cash flow from operating activities (A)	66,353	94,847
B. Cash flows from investing activities		
Purchase of property,plant and equipment, including capital work in progress and capital advances	(702)	(370)
Interest received	1,395	215
Net cash flow from (used in) investing activities (B)	693	(155)
C. Cash flows from financing activities		
Repayment of short term borrowings	(58,591)	-
Payment of lease liabilities (including interest)	(14,588)	(22,312)
Net cash flow used in financing activities (C)	(73,179)	(22,312)
Net(decrease) increase in cash and cash equivalents (A+B+C)	(6,133)	72,380
Cash and cash equivalents at the beginning of the year	94,565	22,185
Cash and cash equivalents at the end of the year as per note 2.5	88,432	94,565

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

**For and on behalf of the Board of Directors
of HCL GUATEMALA, SOCIEDAD ANÓNIMA**

Signed by:	Signed by:
	
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Raghu Raman Lakshmanan	Shiv Kumar Walia
Director	Director
USA	Noida

Date : 31 March 2025

Date : 31 March 2025

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

Company Overview

HCL Guatemala, Sociedad Anónima (herein after referred to as the “company”) is primarily engaged in providing a IT and business services, engineering and R&D services and modernized software products and IP-led offerings. The company is a subsidiary of HCL Bermuda Ltd. The company was incorporated in Guatemala on 22 February 2019 having its registered office at 4th Avenue 16-61, Zone 10 Due Corporativo Building North Tower, Guatemala City. The company leverages its global technology workforce and intellectual properties to deliver solutions across following verticals - Financial Services, Manufacturing, Life Sciences & Healthcare, Public Services, Retail & CPG, Technology & Services and Telecom, Media, Publishing and Entertainment.

The financial statements for the year ended 31 December 2024 were approved and authorized for issue by the Board of Directors on 31 March 2025.

1. Material Accounting Policies

a) Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS), with their interpretations, conceptual framework, conclusion foundations and application guides authorized and issued by the International Accounting Standards Board (IASB); and other legal provisions defined by surveillance entities that may differ in some aspects with those set out by other state control bodies.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

The accounting policies set out in notes have been applied in preparing the financial statements for the year ended 31 December 2024, the comparative information presented in these financial statements for the year ended 31 December 2023

All assets and liabilities have been classified as current and non-current as per the company’s normal operating cycle of 12 months. The Statement of cash flows has been prepared under indirect method.

The functional currency of the company is GTQ. All amounts are presented in thousands of 'GTQ' rounded to whole number and amounts less than GTQ 0.50 thousands are presented as "-"

b) Use of estimates

The preparation of financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management’s best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in contracts involving multiple performance obligations, refer note 1(g)
- ii. Allowance for uncollectible accounts receivables, refer note 1(k)(i)
- iii. Recognition of income and deferred taxes, refer note 1(j) and note 2.18
- iv. Useful lives of property, plant and equipment, refer note 1(d)
- v. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(c)
- vi. Provisions and contingent liabilities, refer note 1(n)

c) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in IFRS 16.

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 the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of lease liability.

The lease liability is measured at the lease commencement date 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 executed. The company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and re-measuring the carrying amount to reflect any reassessment or modification, if any.

The company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the assets as a whole.

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

Expenses on existing property, plant and equipment, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use before the year-end, are disclosed as capital work - in - progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of following assets for computing depreciation are as follows: -

Asset Description	Asset Life (in years)
Computers and networking equipment	4-5
Office equipment	5
Plant and equipment (including air conditioner and electrical installations)	10

The useful life as given above best represents the period over which the management expects to use these assets, based on technical assessment.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Impairment of non-financial assets***Property, plant and equipment***

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in- use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Impairment, if any, is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. Subsequently if there is a change in the estimates used to determine the recoverable amount, the impairment loss is reversed. Such reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined on the date of reversal, if no impairment loss had been recognized. Such impairment and any subsequent reversal is recognized under the head "Depreciation and amortization expense" in the statement of profit and loss.

f) Fair value measurement

The company records certain financial assets and liabilities at fair value on a recurring basis. The company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the company's assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with IFRS 13, assets and liabilities are to be measured based on the following valuation techniques:

- a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method
- c) Cost Approach-Replacement Cost method

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

g) Revenue Recognition*Contracts involving provision of services and material*

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

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to the right to invoice for services performed.

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of applicable taxes, discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a company is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the 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 arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract and generate or enhance resources of the company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the company is a principal to the transaction and net of costs when the company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the company is a principal or an agent, most notably being company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

The company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in the balance sheet. Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost-to-cost method of revenue recognition and right to consideration is not unconditional. Contract assets are recognized where there is excess of revenue over the billings. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

h) Other Income

Other income mainly comprises interest income on bank and other deposits, other interest income recognized using the effective interest method, and net foreign exchange gains.

i) Foreign currency and translation

Transactions in foreign currencies are initially recorded by the company at its respective functional currency spot rates at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

j) Taxation

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions. Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred income tax assets and liabilities recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. Deferred income tax assets and liabilities are recognized for those temporary differences which originate during the tax holiday period and are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first-in-first-out method.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings where it is expected that the earnings will not be distributed in the foreseeable future.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the statement of profit and loss.

The company is registered under Regime on Profit from Lucrative Profits and follows accrual basis of accounting. The company being an export-oriented IT service provider, has been granted 10 years Tax Holiday starting from November 17, 2021 by Ministry of Economy, Guatemala. This holiday extends to customs duties imposed on imports (including import VAT), total exemption from Income tax, and VAT on domestic input services procured for utilization into the final products / services meant for export to markets outside national territory.

k) Financial Instruments

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

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

i) Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit and loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in banks and investments with an original maturity of less than 3 months, which is subject to an insignificant risk of changes in values.

Financial assets at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, unbilled revenue, trade and other receivables.

Financial assets at Fair Value through Other Comprehensive Income (OCI)

A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:

- i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii. The asset's contractual cash flows represent solely payments of principal and interest.

Financial asset included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. Interest income is recognized in statement of profit and loss for debt instruments. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

Financial assets at Fair Value through Profit and Loss

Any financial asset, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial assets included at the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset.

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

Impairment of financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in statement of profit and loss.

ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Financial liabilities at fair value through profit and loss

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such that the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Changes in fair value of such liability is recognized in the statement of profit and loss.

Financial liabilities at amortized cost

The company's financial liabilities at amortized cost includes trade payables, borrowings and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

l) Inventories

Stock-in-trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock-in-trade procured for specific projects is assigned by identifying individual costs of each item. Cost of stock-in-trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

m) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

The company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

n) Retirement and other employee benefits

The employees of the company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the period in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

o) Accounting Standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the company has not early adopted the following new or amended accounting standards in preparing these financial statements.

Presentation and Disclosure in the Financial Statements (IFRS 18)

IFRS 18 will replace IAS 1 Financial Statement Presentation and will apply to annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- i. Entities are required to classify all income and expenses into five categories in the profit and loss statement, namely the categories of operations, investment, financing, discontinued operations and income tax. Institutions are also required to report a newly defined operating profit subtotal. The net profit of the entities will not change.
- ii. Management-defined performance measures (MPMs) are presented in a single note to the financial statements.
- iii. Provides improved guidance on how to group information in financial statements.

In addition, all entities are required to use the subtotal of operating profit or loss as a starting point for the statement of cash flows when presenting cash flows from operating activities under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit and loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on the way information is grouped in the financial statements, including for items currently labeled "other."

Other Accounting Standards

The following new and amended accounting standards are not expected to have a material impact on the Company's financial statements.

- i. Absence of Convertibility (Amendments to IAS 21)
- ii. Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 December 2024

	Plant and equipment	Office equipment	Computers and Networking Equipment	Total
	(GTQ)	(GTQ)	(GTQ)	(GTQ)
Gross block as at 1 January 2024	1,444	112	21,177	22,733
Additions	-	-	702	702
Deletions/ Adjustments	-	-	(24)	(24)
Gross block as at 31 December 2024	1,444	112	21,855	23,411
Accumulated depreciation as at 1 January 2024	619	12	15,254	15,885
Charge for the year	145	23	4,134	4,302
Deletions/ Adjustments	-	-	(20)	(20)
Accumulated depreciation as at 31 December 2024	764	35	19,368	20,167
Net block as at 31 December 2024	680	77	2,487	3,244

The changes in the carrying value for the year ended 31 December 2023

	Plant and equipment	Office equipment	Computers and Networking Equipment	Total
	(GTQ)	(GTQ)	(GTQ)	(GTQ)
Gross block as at 1 January 2023	1,420	6	20,949	22,375
Additions	24	106	240	370
Deletions/ Adjustments	-	-	(12)	(12)
Gross block as at 31 December 2023	1,444	112	21,177	22,733
Accumulated depreciation as at 1 January 2023	476	-	10,437	10,913
Charge for the year	143	12	4,825	4,980
Deletions/ Adjustments	-	-	(8)	(8)
Accumulated depreciation as at 31 December 2023	619	12	15,254	15,885
Net block as at 31 December 2023	825	100	5,923	6,848

2.2 Other financial assets

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Non - current		
Carried at amortized Cost		
Security deposits	1,041	536
	1,041	536
Current		
Carried at amortized Cost		
Security deposits	2,145	2,837
Interest receivable	185	-
Others	4	3
	2,334	2,840

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.3 Other non- current assets

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Capital advances	1	1
Prepaid expenses	641	31
Deferred Contract Cost	1,267	6,275
	1,909	6,307

2.4 Trade receivables

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Billed		
Trade Receivables (refer note below)	647	10,105
Loss allowance for bad and doubtful debts	(31)	(34)
	616	10,071
Unbilled recievables (refer note below)	91,529	91,894
	92,145	101,965

Note:

Includes billed trade receivables from related parties amounting to GTQ 164 as on 31 December 2024 and GTQ 8,985 as on 31 December 2023 and unbilled recievables from related parties amounting to GTQ 91,483 as on 31 December 2024 and GTQ 91,304 as on 31 December 2023.(refer note 2.20)

2.5 Cash and cash equivalents and other bank balances

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Balance with banks- in current accounts	27,382	94,565
Deposits with original maturity of less than 3 months ((including deposits with corporations and financial institutions with original maturity less than 3 months)	61,000	-
Remittances in transit	50	-
	88,432	94,565

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.6 Other current assets

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Advances to employees	1,003	63
Advances to suppliers	531	2,255
Deferred contract cost	5,022	5,000
Prepaid expenses	250	178
Duties & taxes recoverable	18,485	18,999
Less: Provision for doubtful advances	-	(67)
	25,291	26,428

2.7 Equity share capital

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Authorized 77,000,000 (31 December 2023: 77,000,000) equity shares of GTQ 1 each	77,000	77,000
Issued, subscribed and fully paid up 21,066,000 (31 December 2023: 21,066,000) equity shares of GTQ 1 each	21,066	21,066

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of GTQ 1/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at			
	31 December 2024		31 December 2023	
	No. of shares	Amount (GTQ)	No. of shares	Amount (GTQ)
Number of shares at the beginning	21,066,000	21,066	21,066,000	21,066
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	21,066,000	21,066	21,066,000	21,066

Shares held by holding/ultimate holding company and/or their subsidiaries/associates:-

Name of the shareholder	As at		As at	
	31 December 2024		31 December 2023	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of GTQ 1 each fully paid				
HCL Bermuda Ltd.	21,065,999	99.99%	21,065,999	99.99%
HCL Technologies UK Ltd.	1	0.01%	1	0.01%

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at		As at	
	31 December 2024		31 December 2023	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of GTQ 1 each fully paid				
HCL Bermuda Ltd.	21,065,999	99.99%	21,065,999	99.99%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.7 Equity share capital (continued)

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated and short term borrowings from related parties.

2.8 Borrowings

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Short term borrowings		
Unsecured		
Loan from related parties (refer note 2.20)	-	58,677
	-	58,677

Note: Loan from related parties were availed for management of working capital. This loan has been repaid during the current year

2.9 Trade payables

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Trade payables	1,246	1,417
Trade payables-related parties (refer note no. 2.20)	48	447
	1,294	1,864
Unbilled and accruals	3,087	2,457
Unbilled and accruals (refer note no. 2.20)	52	183
	3,139	2,640
	4,433	4,504

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.10 Other financial liabilities

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Non - Current		
Carried at amortized Cost		
Employee bonuses accrued	3	-
	3	-
Current		
Carried at amortized Cost		
Interest payable -related parties (refer note 2.20)	5,017	4,679
Accrued salaries and benefits		
Employee bonuses accrued	11,155	12,475
Other employee costs	3,629	1,317
	19,801	18,471

2.11 Provisions

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Non - Current		
Provision for employee benefits		
Provision for leave benefits	12,715	13,336
	12,715	13,336
Current		
Provision for employee benefits		
Provision for leave benefits	5,126	5,982
	5,126	5,982

2.12 Other liabilities

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Advances received from customers	486	65
Withholding and other statutory dues	4,293	4,470
	4,779	4,535

2.13 Revenues

	Year ended	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Sale of services	387,515	447,866
	387,515	447,866

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by contract type is as follows:

	Year ended	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Geography wise		
Europe	375,495	402,503
India	11,189	29,079
America	(440)	100
Others	1,271	16,184
	387,515	447,866

HCL GUATEMALA, SOCIEDAD ANÓNIMA**Notes to financial statements for the year ended 31 December 2024****(All amounts in thousands except share data and as stated otherwise)****2.13 Revenues (continued)****Remaining performance obligations**

As at 31 December 2024, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of IFRS 15 was 422,851 GTQ (31 December 2023, GTQ 365,858) out of which, approximately 29% is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

- a) Contracts for which we recognize revenues based on the right to invoice for services performed,
- b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or
- c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Balance as at beginning of the year	11,275	16,260
Deduction on account of cost amortised during the year	(4,985)	(4,985)
Balance as at end of the year	6,290	11,275

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.14 Employee benefits expense

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Salaries, wages and bonus	290,430	337,899
Contribution to provident fund and other employee funds	14,247	16,573
Staff welfare expenses	547	577
	305,224	355,049

2.15 Other expenses

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Repairs and maintenance	6,270	7,587
Power and fuel	2,803	3,128
Miscellaneous expenses	1,662	2,124
Communication costs	3,412	1,759
Travel and conveyance	1,212	1,280
Business promotion	767	1,291
Legal and professional charges	4,061	1,083
Rates and taxes	2,739	202
Recruitment, training and development	73	118
Insurance	241	116
Software license fee	132	59
Rent	2,554	-
Purchase of stock-in-trade	258	-
Provision for doubtful debts / bad debts written off	1	-
	26,185	18,747

2.16 Other (expenses) income, net

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Interest income		
- On bank and other deposits	1,330	164
- On Others	66	51
Exchange differences (net)	(2,588)	(5,115)
Provisions no longer required written back	-	176
Loss on disposal of property, plant & equipments	(4)	(4)
Miscellaneous income	-	17
	(1,196)	(4,711)

2.17 Finance cost

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Interest on leased liabilities	1,514	1,635
Other interest costs and bank charges	1,328	3,663
	2,842	5,298

Note : Interest on others includes interest on short term loan taken from related party amounting to GTQ 414/- (refer note 2.20)

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Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.18 Income taxes

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Income tax charged to statement of profit and loss		
Current income tax charge	11	798
Adjustment in respect of prior years	102	-
Others	9,140	-
	9,253	798

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Profit before income tax	35,577	35,186
Statutory tax rate	25%	25%
Expected tax expense	8,894	8,797
Other permanent differences	586	782
Exempted profit	(10,434)	(10,719)
Temporary Adjustment	965	1,215
Others	9,242	723
Total taxes	9,253	798
Effective income tax rate	26%	2%

The reconciliation between accounting profit and taxable profit is as follows:

	Year ended	Year ended
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Profit before income tax	35,577	35,186
Effect of Financial Items to Reconcile with Taxable Income		
-Int. income on current accounts	(163)	(165)
-Increment Provision	1,756	(649)
-Travel Provision	40	(198)
-Provision for obsolete inventory	(217)	-
-Deferred Cost Provision	4,985	4,985
Effect of financial items on taxable income	6,401	3,973
Profit from lucrative activities according to the Income Tax Law	41,978	39,160
<i>Add: Non-Deductible expenses:</i>		
-Interest on ST Loans to Foreign Affiliates	414	3,373
-Exempt income associated cost	(676)	-
-IFRS 16 adjustment	(2,703)	725
-Rates & Taxes	2,420	202
Forex incurred in foreign transactions among related parties	348	(283)
<i>Less: Export Profit</i>	(41,736)	(42,877)
Taxable profit	45	300

HCL GUATEMALA, SOCIEDAD ANÓNIMA**Notes to financial statements for the year ended 31 December 2024****(All amounts in thousands except share data and as stated otherwise)****2.19 Leases****(i) Company as a lessee**

The Company leases office spaces and accommodation for its employees under operating lease agreements.

The details of right-of-use assets held by company are as follows:

	31 December 2024	31 December 2023
	Building	Building
	GTQ	GTQ
Balance as at beginning of the year	28,744	49,374
Additions	18,495	1
Depreciation charge for the year	(10,372)	(20,631)
Balance as at end of the year	36,867	28,744

The recognition of lease liabilities is as follows:

	31 December 2024	31 December 2023
	GTQ	GTQ
Balance as at beginning of the year	33,509	53,725
Additions	18,283	-
Amount recognised in statement of profit and loss as interest	1,513	2,259
Payment of lease liabilities	(14,588)	(22,312)
Translation exchange gain/ (loss)	-	(163)
Balance as at end of the year	38,717	33,509

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 December 2024 & December 2023:

	31 December 2024	31 December 2023
	GTQ	GTQ
Within one year	11,540	10,490
One to two years	11,305	8,534
Two to three years	12,469	7,596
Three to five years	8,269	8,919
Total lease payments	43,583	35,539
Imputed interest	(4,866)	(2,030)
Total lease liabilities	38,717	33,509

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.20 Related Party Transaction

a) Related Parties where control exists

Ultimate Holding Company

HCL Technologies Limited, India

Holding Company

HCL Bermuda Ltd.

b) Related Parties with whom transactions have taken place during the year

Ultimate Holding Company

HCL Technologies Limited, India

Fellow Subsidiaries

HCL America Inc.	HCL Technologies Denmark ApS	HCL Technologies Italy S.p.A.
HCL Argentina s.a.	HCL Technologies Estonia OU	HCL Technologies Columbia SAS
HCL Technologies S.A.	HCL Technologies Lanka (Private) Limited	HCL Poland sp. z o.o
HCL Canada Inc.	HCL Technologies Malaysia SDN BHD	HCL Technologies (PTY) Limited
HCL Hong Kong SAR Limited	Axon Solutions (Shanghai) Co., Limited	HCL Technologies (Taiwan) Limited
HCL Hungary Kft	HCL Technologies Solutions GmbH	HCL Technologies Finland Oy
HCL Latin America Holding LLC	HCL Istanbul Bilisim Teknolojileri Limited sirketi	HCL Technologies France SAS
HCL Arabia LLC	HCL Technologies Germany GmbH	Filial Espanola De HCL Technoloiges, S.L.
HCL Technologies (Thailand) Limited.	HCL Technologies Corporate Services Limited	C3i Europe Eood
HCL Technologies Bulgaria EOOD	HCL (Brazil) Tecnologia Da Informacao EIRELI	HCL (New Zealand) Limited
HCL Japan Limited	HCL Technologies Romania s.r.l.	HCL Technologies Czech Republic s.r.o.
HCL Technologies UK Limited		

c) Transactions with related parties during the ordinary course of business

(GTQ)

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Consulting charges	14	601	-	-	204	212
Revenue	11,189	29,305	-	-	375,910	415,453
Interest Expense	-	-	-	-	414	3,373
Insurance Expense	95	-	-	-	-	-
Grand Total	11,298	29,906	-	-	376,528	419,038

d) Outstanding balances of related parties

(GTQ)

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	As at	As at	As at	As at	As at	As at
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Unbilled and accruals	-	183	-	-	52	-
Trade Payable	38	53	-	-	10	394
Interest Payable	-	-	-	-	5,017	4,679
Unbilled Receivables	-	11,672	-	-	91,483	79,632
Billed Receivables	-	89	-	-	164	8,896
Short Term Loans	-	-	-	-	-	58,676
Grand Total	38	11,997	-	-	96,726	152,277

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.21 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.

The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and HCL Software. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under IFRS -8 "Operating segments".

Revenue disaggregation as per geography is given in note 2.13.

2.22 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December, 2024 is as follows:

	Amortized Cost	Total Carrying Value
	GTQ	GTQ
Financial Assets		
Trade receivables (including unbilled)	92,145	92,145
Cash and cash equivalents and other bank balances	88,432	88,432
Others (refer note 2.2)	3,375	3,375
Total	183,952	183,952
Financial Liabilities		
Trade payables	4,433	4,433
Lease liabilities	38,717	38,717
Others (refer note 2.10)	19,804	19,804
Total	62,954	62,954

The carrying value of financial instruments by categories as at 31 December, 2023 is as follows:

	Amortized Cost	Total Carrying Value
	GTQ	GTQ
Financial Assets		
Trade receivables (including unbilled)	101,965	101,965
Cash and cash equivalents and other bank balances	94,565	94,565
Others (refer note 2.2)	3,376	3,376
Total	199,906	199,906
Financial Liabilities		
Borrowings	58,677	58,677
Trade payables	4,504	4,504
Lease liabilities	33,509	33,509
Others (refer note 2.10)	18,471	18,471
Total	115,161	115,161

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

HCL GUATEMALA, SOCIEDAD ANÓNIMA**Notes to financial statements for the year ended 31 December 2024****(All amounts in thousands except share data and as stated otherwise)****(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. A significant portion of the Company's revenue is in GTQ and USD while a large portion of costs are in GTQ. The fluctuation in exchange rates in respect to GTQ may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately 1,323 GTQ thousands for the year ended 31 December 2024 and by approximately GTQ 1,745 thousands for the year ended 31 December 2023.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the functional currency of the Company. The sensitivity analysis may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 December 2024 and 31 December 2023 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	GTQ	GTQ	GTQ	GTQ
BRL/GTQ	-	-	-	117
BGN/GTQ	-	-	-	70
USD/GTQ	4,156	10,569	136,379	184,838

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and unbilled revenue. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties. The customers of the Company are primarily corporations based in Guatemala and accordingly, trade receivables, unbilled receivables and finance lease receivables are concentrated in the respective countries. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, unbilled receivables and finance lease receivables. There were 3 customers of the company (Cemex Operationaes Mexico, Chevron and The Proctor and Gamble Company) which accounted for more than 10% of trade receivables, unbilled receivables and finance lease receivables

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Maturity profile of the Company financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4 - 5 and thereafter	Total
	(GTQ)	(GTQ)	(GTQ)	(GTQ)	(GTQ)
As at 31 December 2024					
Trade payables	4,433	-	-	-	4,433
Lease liabilities	11,540	11,305	12,469	8,269	43,583
Others financial liabilities	19,804	-	-	-	19,804
Total	35,777	11,305	12,469	8,269	67,820
As at 31 December 2023					
Borrowings	58,677	-	-	-	58,677
Trade payables	4,504	-	-	-	4,504
Lease liabilities	10,490	8,534	7,596	8,919	35,539
Others financial liabilities	18,471	-	-	-	18,471
Total	92,142	8,534	7,596	8,919	117,191

HCL GUATEMALA, SOCIEDAD ANÓNIMA

Notes to financial statements for the year ended 31 December 2024

(All amounts in thousands except share data and as stated otherwise)

2.23 Commitments and contingent liabilities

	As at	
	31 December 2024	31 December 2023
	(GTQ)	(GTQ)
Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	8	-
	8	-

2.24 Subsequent event

The Company has evaluated all the subsequent events through 31 March 2025, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

**For and on behalf of the Board of Directors
of HCL GUATEMALA, SOCIEDAD ANÓNIMA**

Signed by:  379F4ED9DCAA4EF...	Signed by:  72A7C0E945D0446...
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Raghu Raman Lakshmanan
Director
USA

Shiv Kumar Walia
Director
Noida

Date : 31 March 2025

Date : 31 March 2025