

sinqia

EARNINGS RELEASE

4Q22 | 2022



SQIA

B3 LISTED NM

SMLL B3 IBRAB3 ITAG B3 IGC-NMB3 IGCT B3 IGPTWB3

4Q22 | 2022

HIGHLIGHTS



Annual Net Revenue

R\$ 616 million

Record of R\$ 166 million in the quarter, **59.1%** higher than 4Q21



Annual Adjusted EBITDA

R\$ 158 million

Record of R\$ 41 million in 4Q22, **2x** higher than 4Q21, with EBITDA margin of 24.9%



Software ARR

R\$ 521 million

64.8% higher than 4Q21

São Paulo, March 9, 2023. Sinqia S.A. (B3: SQIA3) (“**Company**”), a leading provider of technology for the financial system, announces its consolidated results for the fourth quarter of 2022 (“**4Q22**”) and the fiscal year ended December 31, 2022 (“**2022**”).

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
ARR	520,754	316,040	64.8%	502,462	3.6%	520,754	316,040	64.8%
Net Revenue	166,272	104,484	59.1%	159,522	4.2%	616,472	352,596	74.8%
Software	140,840	83,001	69.7%	134,845	4.4%	522,479	275,650	89.5%
Service	25,432	21,482	18.4%	24,677	3.1%	93,993	76,946	22.2%
Gross Profit	72,662	36,793	97.5%	68,610	5.9%	262,948	134,765	95.1%
Gross Margin	43.7%	35.2%	8.5 p.p.	43.0%	0.7 p.p.	42.7%	38.2%	4.4 p.p.
Adjusted EBITDA	41,473	21,816	90.1%	40,780	1.7%	157,573	70,545	123.4%
Adjusted EBITDA Margin	24.9%	20.9%	4.1 p.p.	25.6%	-0.6 p.p.	25.6%	20.0%	5.6 p.p.



SQIA3: R\$ 16.84 per share
Total shares: 87,941,972
Market cap: R\$ 1.48 billion



EARNINGS CALL

March 10, 2023 (Friday)
 11 a.m. (Brasília) / 9 a.m. (NYC) / 2 p.m. (London)
 Access the videoconference via QR code or this [link](#)



MESSAGE FROM MANAGEMENT

Today we present the results of 2022, celebrating 10 years of being listed on the stock exchange and delivering another year of record-breaking results. Crowning a robust track of consistent growth over this period, we reported 75% growth in net revenue and 123% in EBITDA compared to the previous year, and an expansion of 5.6 p.p. EBITDA margin. We further expanded our product portfolio with the closing of important transactions, such as the full acquisition of NewCon and Mercer Seguridade, and the control of LOTE45, in addition to successfully consolidating the acquisitions made in 2021, strengthening our position as the most complete technology ecosystem for the financial sector in Brazil. Certainly, 2022 was an excellent year for Sinqia, and we affirm with great conviction that 2023 will be even better.

We began last year with the challenge of integrating the acquisitions made throughout 2021 into our ecosystem, while at the same time announcing the closure of three new transformative transactions for the Company.

In this sense, we highlight the acquisitions of NewCon and LOTE45, which strengthened our product offerings in the Consortium and Funds business units and placed us definitively as one of the most relevant technology providers for these segments. The capture of synergies from each of the other acquired companies contributed significantly to the strong revenue growth and robust margin gains we presented last year, and there is still plenty of room to advance in commercial and technological integrations in the coming years.

We ended the year well capitalized, with a cash position of R\$ 190 million, resulting from the positive effect of operational cash generation throughout 2022 and the integration of R\$100 million referring to the second tranche of debentures issued in 2021, without considering the R\$ 38 million pledged in guarantee in the acquisition of ISP. This level of liquidity allows us to take advantage of opportunities that arise from our M&A pipeline and others that may emerge in 2023, while maintaining the contribution of inorganic growth to the expansion of the Company's business.

Besides the inorganic agenda, in 2022 we also dedicated ourselves to exploring another front of business expansion: organic growth. Our clients spend billions a year on software applications, and our share of participation in this spending is still far short of our potential. Thus, with more than 720 clients and over 100 products in our portfolio, we began to explore cross-selling opportunities in a more structured way from the second half of 2022, leveraging this agenda that has everything to gain traction in 2023, contributing to increasing our revenue consistently.

Also in 2022, we started to explore internal opportunities for efficiency gains through the integration of products and services. We leveraged our experience and knowledge in financial sector business and technology to improve our operational margins and offer more efficiency, quality, and performance to our clients with a more modern and sophisticated range of solutions. We remain committed to our goal of becoming the one-stop shop for all our clients' technology needs, increasingly placing them at the center of our operations.

To support this new growth cycle, in 2022 we brought reinforcements to our strategic and executive teams. We elected three new members to the Board of Directors – Carolina Strobel, Gustavo Roxo, and

Carlos Furlan – appointed three Executive Vice Presidents – Claudio Prado, João Bologna, and Thiago Rocha – and hired several other directors to strengthen our business units and corporate areas. Since its IPO in 2013, Sinqia has grown robustly and consistently, well-structured to remain firm on this path.

In 2022 Torq Ventures, our innovation hub and CVC program, consolidated itself as one of the leading players in the national venture capital universe, becoming one of the leaders in the fintech segment. Last year, innovation hubs were inaugurated in Florianópolis and Belo Horizonte, workshops on artificial intelligence, open finance, ESG, and Web 3.0 were held, a new acceleration program was added in partnership with Fenabac and two innovations challenges were conducted, one for the open finance area and another for pension portability solutions. Torq ended 2022 with 110 startups in the portfolio, generating recurring revenue for Sinqia already in its second year of operation, and with direct investments in Celcoin, Cashway, and Data Rudder showing strong growth in an extremely challenging year for the sector.

On the corporate agenda, focusing on the longevity and sustainability of business, we are working to increasingly align our strategy of action with ESG material topics, generating positive impact on the environment and society and creating value for our stakeholders. In this context, we are happy to have received GPTW (Great Place to Work) certification for the fourth consecutive time in 2022, achieving the highest score since we began participating in the survey in 2019. We will continue to work to make our work environment increasingly attractive and welcoming to our employees, our greatest asset.

Regarding our financial results, as previously mentioned, since our IPO in 2013, we have consistently delivered another year of record-breaking results. We ended 2022 with a Software ARR of R\$520.7 million, an addition of R\$203.9 million and growth of 64.4% compared to the end of 2021. In the annual comparison, our net revenue was R\$ 616.4 million in 2022 (+74.8%), with a gross profit of R\$ 262.9 million (+95.1%) and adjusted EBITDA of R\$157.5 million (+123.4%). In addition to the growth mentioned above, we presented a gross margin of 42.7% and an EBITDA margin of 25.6% in 2022, respectively 3.7 p.p. and 5.6 p.p. higher than registered in 2021.

We will continue to work to integrate and expand our portfolio of products and services, focused on the constant pursuit of customer satisfaction, attracting and retaining the best talents to always have the best team of professionals in financial technology, making new strategic acquisitions for the business and continuing to deliver record results.

We reaffirm that 2022 was an excellent year for Sinqia and that 2023 has everything to be even better, focusing on three major strategic lines of action: revenue growth through cross-selling, margin increase through operational efficiency gains, and maintenance of the inorganic growth agenda.

It is with pride and satisfaction that we celebrate the results of 2022 and trust what we will deliver in 2023: a Sinqia that is increasingly larger and more relevant, making the financial market pulse!

RECENT EVENTS

Acquisition of Compliasset. On February 7th, the Company acquired 60% of the share capital of Compliasset, a reference in technological solutions for managing regulatory compliance programs for asset managers, closed pension funds, and other participants in the capital market. Its systems are SaaS and made available to over 230 recurring clients. The company recorded net revenue of R\$6.1 million and EBITDA of R\$3.1 million in the twelve months ended February 28, 2023. Compliasset will complement the Singia solution ecosystem, increase the customer base, improve margins, and leverage cross-selling between business units.

Corporate Incorporation. In the continuous pursuit of optimizing the Company's tax structure, in December 2022, the process of incorporating the last acquisitions made this year, whose 100% control of the share capital belongs to Singia, was concluded. With these incorporations, both Mercer Seguridade - incorporated in Oct/22 - and NewCon - incorporated in Dec/22 - will operate under the real profit regime, with only the companies consolidated in Singia's results whose participation is less than 100% (FEPWeb, QuiteJá, and LOTE45) remaining in the presumed regime. In addition to the tax efficiency generated in the calculation of the consolidated tax, the Company will also benefit from goodwill generated from these transactions, which totaled R\$ 236.4 million at the end of 2022, to be amortized over 5 years.

Restatement of accounting balances. As previously disclosed in the respective Relevant Facts and Notice to the Market and reflected in the Reference Form, Singia began accounting for the potential purchase of the remaining stakes in FEPWeb (40%), LOTE45 (48%), and QuiteJá (49%) on the balance sheet as of December 31, 2022 and restated the comparative balances as of December 31, 2021. As a result, the Income Statement is impacted by the revaluation of options in the lines of Financial Revenue and Expense and Deferred Tax, but without any cash effect. This change has no material impact on the operational performance and financial capacity of the Company. For more information, please refer to Note 1.5 of the Financial Statements.

OPERATIONAL PERFORMANCE

Software ARR¹

In 4Q22, Software ARR hit an all-time high of R\$ 520.8 million, up by 64.8% YOY, accounting for a total addition of R\$ 204.7 million.

The accumulated addition in the period was R\$ 74.5 million, representing an organic growth of the contract portfolio of 25.3% compared to 4Q21. Net sales² accounted for 9.8% of the observed growth and were mainly driven by the good commercial performance of the Funds business unit, while inflation and volume correction accounted for 15.5% of the total, confirming both the Company's ability to pass on prices in an inflationary scenario, as well as maintaining revenue through contracts linked to the volume transacted by customers, especially in the Digital, Pension, and Funds business unit, which have SaaS operations.

The inorganic portion of the contract portfolio, in turn, consolidated the acquisitions made in recent quarters, namely QuiteJá, NewCon, LOTE45, and Mercer Seguridade.

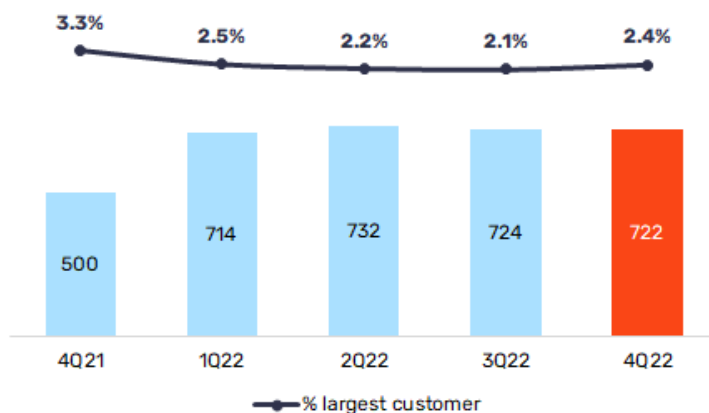


Number of Customers

The Company ended the year with 722 customers in the portfolio, an increase of 222 customers over December 2021, as a result of the addition of customers coming from the latest acquisitions and new sales. In 4Q22, the largest customer accounted for 2.4% of net revenue, a drop of 0.9 p.p. over 4Q21, reflecting the portfolio dilution with the entry of new customers.

¹ Annualized executed contracts, deployed or not, that will generate recurring revenues after the deployment is completed. ² Resulting from the sum of sales, contract cancellations, and contractual and volume adjustments. ³ Inorganic ARR includes acquisitions made in the 4 quarters prior to the current earnings disclosure, including those occurring in the reporting period. In 4Q22, the results of QuiteJá, NewCon, LOTE45, and Mercer Seguridade were recorded as inorganic.

Number of Customers



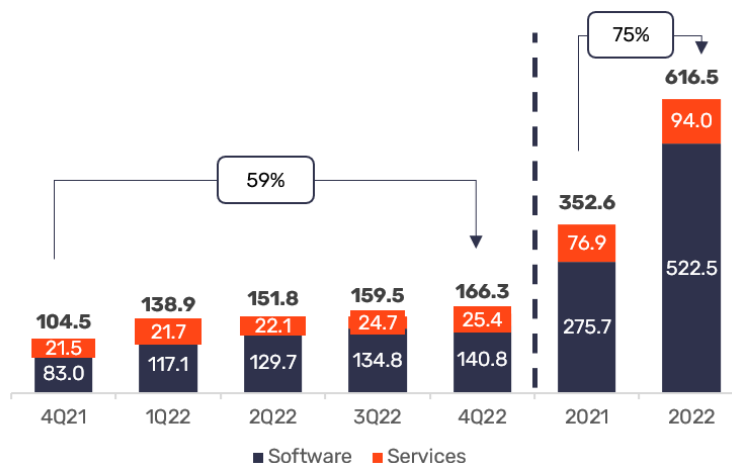
FINANCIAL PERFORMANCE

Net Revenue

Net revenue hit an all-time high of R\$166.3 million, a rise of 59.1% YOY, driven by the 69.7% increase in Software, which totaled R\$140.8 million, and by the 18.5% increase in Services, which totaled R\$ 25.4 million in the period.

In the year, net revenue hit an all-time high of R\$ 616.5 million, up by 74.8% over 2021. This performance was due to the 89.5% increase in revenue from the Software unit (amounting to R\$ 522.5 million), and the 22.2% rise in revenue from Services (amounting to R\$ 94.0 million).

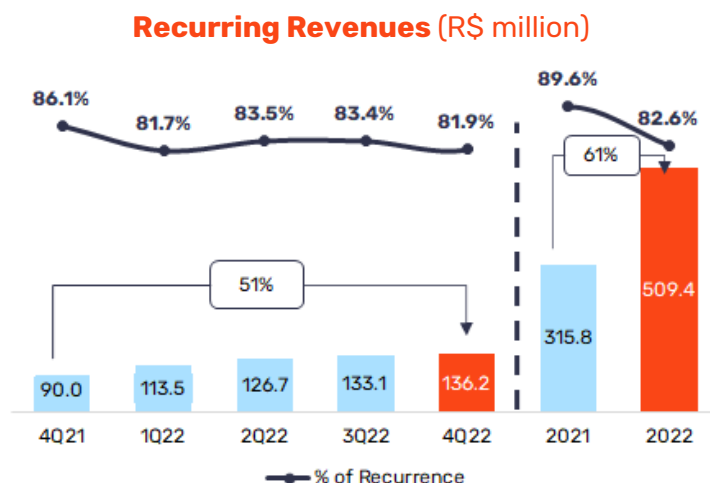
Net Revenues (R\$ million)



Organic revenue totaled R\$114.0 million in the quarter (up by 12.5% over 4Q21) and R\$ 426.3 million in the year (up by 22.0% over 2021). The inorganic portion, in turn, totaled R\$52.2 million in the quarter and R\$ 203.5 million in the year, corresponding in both cases to the consolidated results of QuiteJá, NewCon, LOTE45, and Mercer Seguridade.

Recurring Revenue

Recurring revenue hit an all-time high of R\$ 136.2 million in 4Q22 (up by 51.3% over 4Q21) and R\$ 509.4 million in 2022 (up by 61.3% over 2021). Recurring revenue over total net revenue was 81.9% in the quarter (4.3 p.p. lower than in the same period of the previous year) and 82.6% in the year (compared to the 89.6% reported in 2021). Despite the absolute growth of recurring revenue quarter on quarter and year on year, the recurrence level was impacted by the higher volume of variable revenues linked to the deployment and customization of projects in all business units.



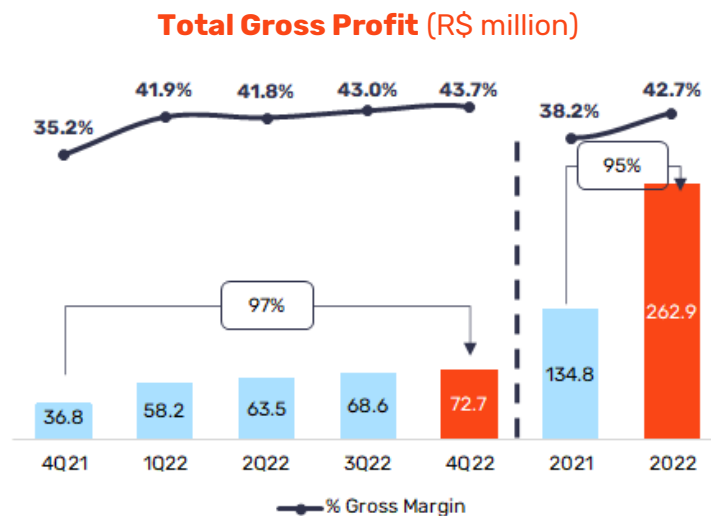
Costs

Fourth-quarter costs totaled R\$ 93.6 million, 38.3% higher than in 4Q21, R\$ 22.4 million of which inorganic, arising from the consolidation of results from the latest acquisitions. Excluding this effect, this line would have grown by 9.1%, chiefly due to the stronger headcount in the period to support the operational growth.

In 2022, costs amounted to R\$ 353.5 million, 62.3% higher than in 2021, mainly due to higher acquisition costs, of R\$ 83.4 million, in the period. Excluding this effect, this line would have grown by 25.4% compared to 2021.

Gross Profit and Gross Margin

Fourth-quarter gross profit hit an all-time high of R\$ 72.7 million, 97.5% higher than in the same period of last year, with a gross margin of 43.7%, up by 8.5 p.p. over 4Q21. In the year, gross profit came to R\$ 262.9 million, up by 95.1% vs. 2021, with a margin of 42.7%, 4.4 p.p. higher than in the previous year. The growth observed in both analyses mainly reflects the consolidation of results from the latest acquisitions, which have higher margins than the Company's historical organic average.



Software Unit

Net Revenues from Software

Net revenues from Software hit an all-time high of R\$ 140.8 million in 4Q22, up by 69.7% year on year, mainly driven by the consolidation of the results from acquisitions made in recent quarters, totaling R\$ 52.2 million in the quarter.

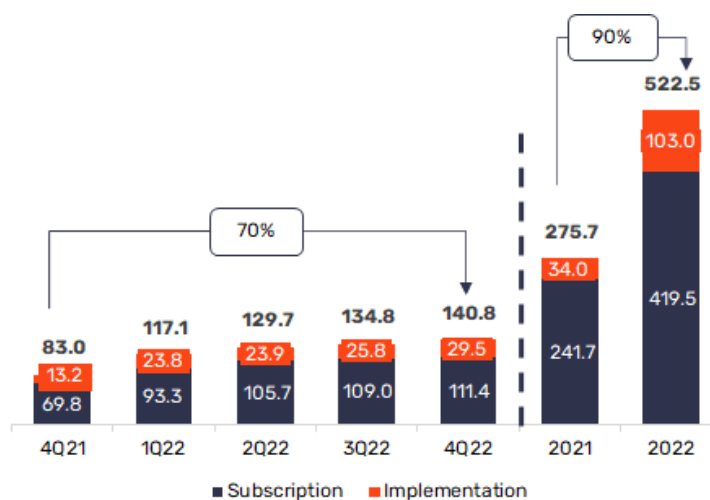
Net subscription revenue was R\$ 111.4 million, 59.5% higher than in 4Q21, due to the good performance of all business units, especially the Funds unit. Deployment and customization revenues came to R\$ 29.5 million, up by 123.4% compared to the same period of last year, mainly due to the higher volume of projects from the Consortium unit.

Net revenue from Software reached an all-time high of R\$ 522.5 million in 2022, 89.5% higher than in the previous year, reflecting both the good organic performance in the period, with increased revenue in all business units, and the consolidation of the results of QuiteJá, NewCon, LOTE45, and Mercer Seguridade, in the amount of R\$ 190.2 million, showing once more the Company's ability to carry out transactions that create value for its ecosystem.

Net subscription revenue totaled R\$ 419.5 million in 2022, up by 73.6% over 2021, and net revenue from deployment and customization reached R\$ 103.0 million, up by 203.4% over 2021, mostly reflecting the higher volume of new projects from the Consortium unit.

Subscription-based sales – in which we exempt customers from the implementation fee but charge a higher monthly fee from the moment the contract is signed – continue to reinforce subscription revenue and facilitate new sales, as switching costs perceived by customers are reduced.

Net Revenues from Software (R\$ million)



Organic revenue totaled R\$ 88.6 million in the quarter (up by 11.0% over 4Q21) and hit an all-time high of R\$ 332.3 million in the year (up by 22.0% over 2021), reflecting - in both comparisons - a higher sales conversion via cross-selling and upselling, both with new customers and those existing in our base, in addition to contractual adjustments.

It is worth mentioning that 4Q22 was impacted by some extraordinary events, such as the World Cup, which caused fewer working days and partly contributed to the postponement of some important negotiations to the beginning of 2023, leading to a slight slowdown in organic growth compared to previous quarters.

Net Revenues from Software (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Net Revenues from Software	140,840	83,001	69.7%	134,845	4.4%	522,479	275,650	89.5%
Organic	88,603	79,842	11.0%	82,470	7.4%	332,326	272,490	22.0%
Inorganic	52,237	3,160	1553.2%	52,375	-0.3%	190,154	3,160	5918.1%

Software Costs

Software costs totaled R\$ 74.7 million, 48.8% higher than those reported in 4Q21, R\$ 22.4 million of which inorganic, linked to the latest acquisitions made by the Company. Excluding this effect, this line would have grown by 4.39.5%, chiefly due to the stronger Funds team to support the operational growth. In the year, software costs totaled R\$ 279.7 million, up by 76.9% over 2021, R\$ 83.4 million of which inorganic. Excluding this effect, this line would have grown by 26.0%, reflecting both the increase in headcount and the hiring of outsourced labor to support operational growth in virtually all business units throughout the year.

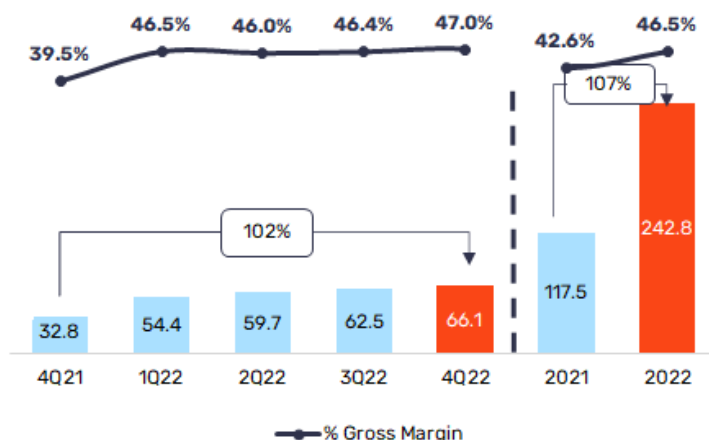
Depreciation and amortization costs totaled R\$ 2.3 million in the quarter and R\$ 8.4 million in the year.

Gross Profit and Gross Margin from Software

Gross profit hit an all-time high of R\$ 66.1 million in the quarter, 101.6% higher than in 4Q21. The gross margin reached 47.0% in the period, up by 7.4 p.p. compared to the same period of the previous year. In the year, gross profit came to R\$ 242.8 million, up by 106.6% vs. 2021, with a margin of 46.5%, 3.8 p.p. higher than in the previous year.

In both comparisons, the performance mainly reflected the consolidation of results from the latest acquisitions, which largely present higher margins than the organic average.

Gross Profit from Software (R\$ million)



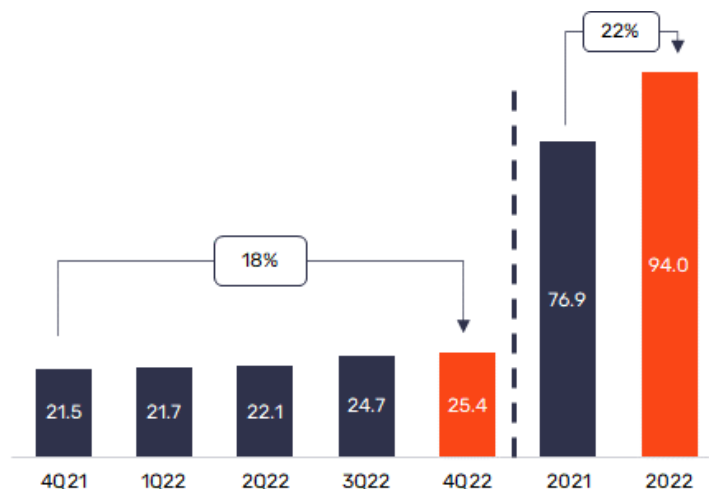
Services Unit

Net Revenues from Services

Net revenues from Services hit an all-time high of R\$ 25.4 million in 4Q22, up by 18.4% over 4Q21.

In 2022, these revenues reached a record R\$ 94.0 million, 22.2% higher than in 2021, reflecting the increase of operations in customers from the base and the addition of new customers through the year.

Net Revenues from Services (R\$ million)



Service Costs

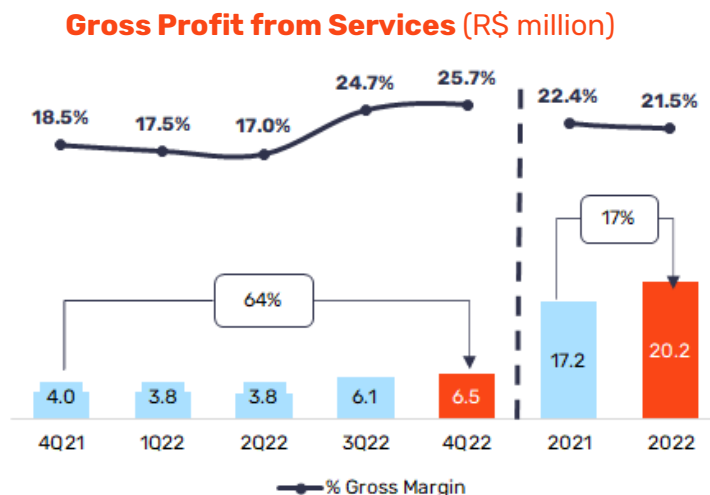
In the quarter, service costs totaled R\$ 18.9 million, 8.0% higher than the costs reported in 4Q21. This performance reflects the increase in the hiring of professionals to support new sales. In 2022, service costs were R\$ 73.8 million, up by 23.7% over 2021, due to the expansion in headcount through the year to support operations.

Depreciation and amortization costs totaled R\$ 1.0 million in 4Q22 and R\$3.6 million in the year.

Gross Profit and Gross Margin from Services

In 4Q22, gross profit from Services reached R\$ 6.5 million, up by 63.8% over the same period of last year, while the gross margin was 25.7%, 7.1 p.p. higher than in 4Q21, mostly reflecting the expansion of operations into customers from the base.

In the year, gross profit came to R\$20.2 million, 17.0% higher than in 2021. At the end of the year, gross margin was 21.5%, down by 1.0 p.p. compared to the same period of last year. This performance was impacted by higher turnover, increased expenses to replace headcount, and extended sales conversion period. These effects were heavily felt in the first half of the year, putting pressure on the unit's margin.



Operating Expenses

Selling, General and Administrative Expenses

Selling, general and administrative expenses totaled R\$ 34.5 million in the quarter, up by 88.4% over 4Q21, and include the consolidation of inorganic expenses arising from the latest acquisitions, in the amount of R\$ 11.0 million, distributed among several lines.

Organic expenses amounted to R\$ 23.5 million in the quarter, being mostly impacted by higher administrative expenses resulting from the expansion in headcount and the senior management, as well as higher bonus provision in other expenses.

In the year, expenses totaled R\$ 118.7 million, 66.7% higher than in 2021, R\$ 41.8 million of which related to consolidated expenses from the latest acquisitions, distributed among several lines. Excluding the effect of the inorganic portion, these expenses would have totaled R\$ 76.9 million, mainly impacted by the increase in the selling and administrative expenses lines, reflecting both the expanded commercial structure to support the project pipeline growth throughout the year, such as the reinforcement in the Company's headcount and senior management in 2022. Additionally, the other expenses line was impacted by the Company's higher bonus provision, given the superior performance of targets set for the year. It is worth noting that despite higher expenses, mostly with personnel, at the close of the year, said expenses accounted for 19.3% of the total revenue (0.9 p.p. lower than in 2021), reflecting economies of scale provided by recent acquisitions.

General and Administrative Expenses (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
SG&A Expenses	(34,496)	(18,306)	88.4%	(31,509)	9.5%	(118,700)	(71,223)	66.7%
<i>% of Revenue</i>	20.7%	17.5%	2.0 p.p.	19.8%	1.0 p.p.	19.3%	20.2%	2.8 p.p.
Commercial	(7,032)	(4,626)	52.0%	(8,282)	-15.1%	27,350	14,672	86.4%
Marketing	(1,613)	(762)	111.6%	(1,250)	29.1%	4,979	2,293	117.2%
Administrative	(10,947)	(5,072)	115.8%	(9,087)	20.5%	35,211	19,948	76.5%
IT and Facilities	(5,449)	(2,509)	117.2%	(5,607)	-2.8%	19,289	13,529	42.6%
M&A	(469)	(812)	-42.3%	(310)	51.1%	2,480	4,683	-47.0%
RD&I	(1,520)	(2,543)	-40.2%	(1,015)	49.8%	5,806	7,043	-9.8%
Other expenses	(7,466)	(1,981)	276.9%	(5,958)	25.3%	21,267	7,089	200.0%

Depreciation and Amortization

As disclosed in Note 1.5 of the Financial Statements, during this quarter, the Company began consolidating in its balance sheet the goodwill corresponding to the participation of minority shareholders, as it had previously only consolidated the portion of intangible assets corresponding to its own stake, namely FEPWeb (60%) and QuiteJá (51%) - occurred in 2021 -, and LOTE45 (52%) - occurred in 2022. This recognition, which impacted the amortization line, amounted to R\$ 2.3 million in 2021 (restated for comparability purposes) and R\$ 7.2 million in 2022, and was credited against the non-controlling shareholders' equity, without affecting the profit attributable to Sinqia's shareholders in either period.

In 4Q22, the total depreciation and amortization line, which includes both the portion that is recognized as costs and expenses, amounted to R\$ 31.6 million, an increase of 86.3% compared to 4Q21. Depreciation of fixed assets amounted to R\$ 4.4 million, a decrease of 10.6% compared to 4Q21, mainly due to a reduction in the real estate lease line. Amortization, on the other hand, was R\$ 27.2 million, 126.5% higher than the same period of the previous year, mainly due to the amortization of intangible assets generated from the Company's acquisitions, which amounted to R\$ 19.6 million in the quarter.

For the year, this line amounted to R\$ 95.1 million, a growth of 93.4% versus 2021. Depreciation of fixed assets reached R\$ 15.1 million, an increase of 31.1%, mainly due to the higher variation of the depreciated balances related to the Company's offices facilities, computers, and peripherals. Amortization amounted to R\$ 80.1 million, an increase of 112.5%, mainly due to (i) the amortization of intangible assets generated from acquisitions made by the Company, in the amount of R\$ 52.5 million; and (ii) the increase in the line of leasing of servers and third-party software, resulting from the expansion of the operation.

Depreciation and Amortization (R\$ thousand)

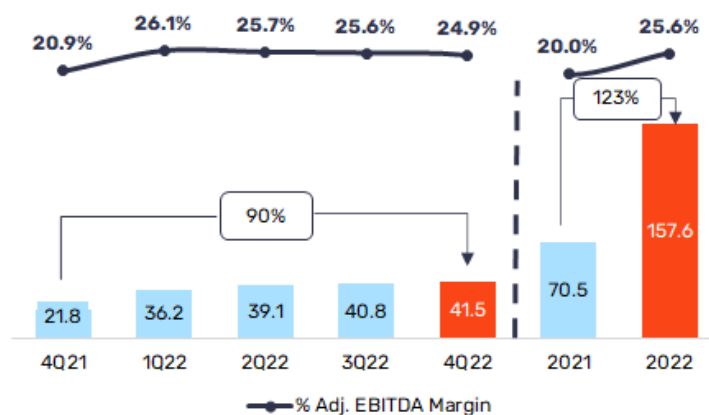
(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Depreciation and Amortization	31,636	16,981	86.3%	27,585	14.7%	95,129	49,176	93.4%
Depreciation	4,445	4,974	-10.6%	4,380	1.5%	15,075	11,498	31.1%
Amortization	27,189	12,005	126.5%	23,205	17.2%	80,051	37,675	112.5%
Amortization of acquisitions (Singia)	12,402	5,148	140.9%	15,757	-21.3%	45,297	20,165	124.6%
Amortization of acquisitions (minority interests)	7,197	2,315	210.9%	-	0.0%	7,197	2,315	210.9%
Other amortizations	7,591	4,542	67.1%	7,448	1.9%	27,558	15,195	81.4%

EBITDA and Adjusted EBITDA

Adjusted EBITDA reached an all-time high of R\$ 41.5 million in the quarter, up 90.1% year on year. The EBITDA margin, in turn, was 24.9%, 4.1 p.p higher than that reported in 4Q21. In 2022, Adjusted EBITDA reached R\$ 157.6 million, rising 123.4% year on year. The EBITDA margin reached 25.6% in 2022, compared to 20.0% in 2021, up by 5.6 p.p. in the annual comparison.

The performance observed in both periods analyzed is mainly due to the consolidation of results from the acquisitions made in recent quarters and the economies of scale achieved in the period.

Adjusted EBITDA (R\$ million)



Reconciliation of EBITDA² and Adjusted EBITDA³ (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
EBITDA	41,474	20,593	101.4%	40,671	2.0%	156,229	69,183	125.8%
(+) Extraordinary expenses - earnout	-	1,223	n.a	109	n.a	649	1,361	-52.3%
(+) Extraordinary costs - integration	-	-	n.a	-	n.a	696	-	n.a
Adjusted EBITDA	41,474	21,816	90.1%	40,780	1.7%	157,574	70,545	123.4%
<i>Adj. EBITDA Margin</i>	<i>24.9%</i>	<i>20.9%</i>	<i>4.1 p.p.</i>	<i>25.6%</i>	<i>-0.6 p.p.</i>	<i>25.6%</i>	<i>20.0%</i>	<i>5.6 p.p.</i>

² EBITDA is a non-accounting measurement prepared by the Company, according to CVM Instruction 527/12, that consists of the net result for the period plus taxes on income, financial result and depreciation and amortization.

³ Adjusted EBITDA, in turn, corresponds to EBITDA, plus one-off effects with acquisitions and non-recurring events.

Financial Result

As disclosed in Note 1.5 of the Financial Statements, due to the accounting of the call and put options for the remaining portions of the share capital of the partial acquisitions made by the Company, as highlighted in the "Representation of accounting balances" section, the financial result is now impacted by the present value adjustment of the options, but without impact on cash. In 2022, the net impact was negative at R\$ 2.7 million.

The financial result for the quarter was negative at R\$ 5.7 million. Financial revenues totaled R\$ 36.4 million, up 135.9% compared to the same period last year, mainly impacted by the fair value adjustment of the purchase option, as mentioned above, with no cash impact, in the amount of R\$ 26.6 million. It is worth noting that in 4Q21, due to bond and stock issuances carried out in 2021, the cash position was higher than reported in 4Q22, and most of these resources were used in the acquisitions made in 2022. Financial expenses totaled R\$ 42.1 million in 4Q22, impacted by the adjustment of the put option price, in the amount of R\$ 26.9 million. Additionally, a quarterly comparison showed an increase in financial expenses with interest and loans caused by the bond issuance carried out in July 2022 and the increase in the interest rate that applies to the Company's debt.

The financial result was negative at R\$ 28.0 million in 2022, compared to a positive result of R\$ 2.7 million in 2021. Financial income amounted to R\$ 50.9 million, impacted by the recognition of R\$ 26.6 million of the present value of purchase options, without cash impact, while financial expenses accumulated R\$ 78.9 million, compared to R\$ 22.6 million in 2021, reflecting the accounting of selling options, in the amount of R\$ 26.9 million, and the increase in the interest on loans line, given the integration in Jul/22 of R\$ 100 million of the second tranche of debentures issued in 2021, and the increase in the interest rate that affects the debt balance in the period.

Financial Result (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Financial Result	(5,731)	8,212	-169.8%	(8,669)	-33.9%	(27,968)	2,653	-1154.3%
Financial revenues	36,398	15,427	135.9%	6,946	424.1%	50,931	25,205	102.1%
Financial expenses	(42,130)	(7,215)	483.9%	(15,614)	169.8%	(78,899)	(22,552)	249.9%

Income Tax and Social Contribution

Income tax and social contribution was negative by R\$ 6.3 million in 4Q22. Current tax totaled R\$ 5.1 million, as a result of improvement in the Company's results in the quarter and the consolidation of the results of companies acquired under the presumptive profit regime. Deferred tax was positive by R\$ 1.2 million with no cash impact. In this quarter, the tax benefit generated by the amortization of goodwill was R\$ 3.2 million

In the year, this line was by R\$ 15.6 million. Current income tax and social contribution amounted to R\$ 24.2 million, while deferred income tax and social contribution were positive by R\$ 10,8 million. with no cash

impact, mainly generated by the calculated tax loss in the period. The tax benefit generated by goodwill amortization was R\$ 12.0 million in 2022.

Income Tax and Social Contribution (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Income Tax and Social Contribution	(6,313)	(1,709)	269.3%	167	-3880.2%	(15,575)	(2,446)	536.8%
Current	(7,268)	(6,354)	14.4%	(7,188)	1.1%	(26,375)	(21,850)	20.7%
Deferred	955	4,645	-79.4%	7,355	-100.0%	10,798	19,404	-44.3%

Net Income

Net income attributed to Singia shareholders was R\$ 2.7 million in 4Q22, due to the following variations: (i) an improvement of R\$ 20.9 million in EBITDA; (ii) a R\$ 9.8 million deterioration in the Depreciation and Amortization line; (iii) a R\$ 13.9 million drop in the financial result; (iv) a R\$ 4.6 million deterioration in income tax and social contribution; and (v) reduction of R\$ 4.9 million in non-controlling interest, related to the portion of results from FEPWeb, QuiteJá, and LOTE45 held by the other partners.

In the year, net profit totaled R\$ 16.8 million, R\$ 3.4 million lower than reported in 2021, reflecting mainly the recognition of R\$ 3.5 million in deferred tax recognition.

Adjusted Net Income (R\$ thousand)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Net income (attributable to shareholders)	2,713	11,622	-76.7%	2,709	0.1%	16,786	20,179	-16.8%
(+) Extraordinary effects	-	1,223	n.a	109	n.a	1,345	1,361	-1.2%
(+) Intangible Amortization from acquisitions	8,185	3,398	140.9%	10,400	-21.3%	29,896	13,309	124.6%
(+) Recognition of put options (non-cash impact)	(1,789)	-	-	-	-	(1,789)	-	-
Adjusted net income	9,109	16,243	-43.9%	13,218	-31.1%	46,238	34,849	32.7%
(+) Def. income tax/Social Contr. (goodwill on acquisitions)	2,099	1,951	7.5%	1,951	7.5%	7,952	4,216	88.6%

Note: amounts net of tax calculated at a rate of 34% on the deductible portion.

Excluding the items highlighted in the table above - related to the amortization of intangible assets generated from acquisitions, excluding the portion of minority shareholders in the amount of R\$ 7.2 million, and the recognition of the put options - the net income would have reached R\$ 10.9 million. In the year, adjusted net income totaled R\$ 48.0 million.

Additionally, it is possible to verify in the table above the breakdown of the tax benefit of R\$ 2.1 million resulting from the amortization of goodwill generated from the incorporation of the acquired companies into the Company in the quarter and R\$ 8.0 million in the year.

FINANCIAL POSITION

Gross Cash

We ended the period with a total gross cash position of R\$ 189.7 million, R\$ 5.3 million higher than the R\$ 184.4 million reported at the end of 3Q22. The increase in cash was the result of the positive operating cash generation in the period.

Adding to the gross cash the amount of R\$ 38.6 million pledged as collateral for the acquisition of ISP and the issuance of debentures, and the balance of R\$ 58.2 million related to Treasury stock, the Company ends the quarter with an adjusted gross cash of R\$ 286.4 million.

Gross Debt and Adjusted Gross Debt

At the end of the year, we had R\$ 427.4 million in gross debt, R\$ 5.7 million less than the R\$ 433.0 million recorded at the end of 3Q22. This variation was mainly due to the payment of interest and amortization of the debentures issued.

It is worth mentioning that for the purpose of calculating gross debt, the balances related to the recognition of call options on the remaining capital stock of the partial acquisitions made by the Company, namely FEPWeb, QuiteJá, and LOTE45, were not considered. Adjusting gross debt for the recognition of put options, Adjusted Gross Debt would be R\$ 569.7 million.

Net Debt and Adjusted Net Debt

We ended 4Q22 with net debt of R\$ 237.7 million, R\$ 11.0 million lower than the R\$ 248.7 million recorded at the end of 3Q22, representing a debt of 1.5x adjusted EBITDA for 2022.

Including the cash and gross debt adjustments mentioned above, we closed the period with an adjusted net debt of R\$ 283.2 million, representing a leverage of 1.8x adjusted EBITDA for 2022.

CAPITAL MARKET

Stock Performance

Singia shares (NM: SQIA3) closed the year at R\$ 15.03 per share, 19.2% lower than last quarter's price of R\$ 18.60. In the annual comparison, the Company's shares were 8.4% lower than the price of R\$ 16.41 registered at the end of 2021.

Market Cap

At the end of 2022, the Company reached a market cap of R\$ 1.32 billion, 8.4% lower than reported at the end of 2021.

Average Daily Trading Volume (ADTV)

Our shares' liquidity declined in 4Q22. The average daily trading volume was R\$ 10.0 million, compared to the R\$ 20.2 million reported in the previous quarter.

Shareholder Base

The shareholder base closed the quarter with 77 thousand shareholders, 8.3% lower than the 84 thousand reported at the end of the previous year.

Free Float

We ended 2022 with 81.6% of our shares in free float, the same level of the previous quarter.

Buyback Program

In Jan/22, the Company ended the Sixth Share Repurchase Program ("6th Program") and opened the Seventh Share Repurchase Program ("7th Program"), which authorizes the acquisition of up to 7,496,631 ordinary shares until 07/21/2023. Throughout 2022, the Company acquired 1.4 million shares of its own issuance, equivalent to 1.9% of the shares in circulation at the beginning of the year, at an average price of R\$ 17.29, totaling R\$ 24.5 million. Due to the fall in share prices in 4Q22, in Nov/22 and Dec/22, the Company executed the repurchase of 441,500 shares, approaching the limit allowed by legal reserves.

Statement from the Executive Board. The Executive Board of Sinqia S.A., according to the provisions of items V and VI of Article 25 of CVM Instruction 480/09, hereby declares that it has reviewed, discussed and agreed on (i) the opinions expressed in the independent auditors' report and (ii) the Financial Statements for the period ended December 31, 2022.

EXHIBIT – FINANCIAL STATEMENTS

Exhibit I – Income Statement (Consolidated)

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
Gross Revenues	184,072	117,069	57.2%	176,043	4.6%	681,494	395,792	72.2%
Software	155,505	92,914	67.4%	148,358	4.8%	575,901	309,304	86.2%
Subscription	123,569	78,064	58.3%	120,475	2.6%	464,023	270,780	71.4%
Implementation	31,937	14,850	115.1%	27,883	14.5%	111,878	38,524	190.4%
Services	28,567	24,155	18.3%	27,685	3.2%	105,593	86,488	22.1%
Outsourcing	27,867	22,754	22.5%	26,993	3.2%	101,103	83,308	21.4%
Projects	700	1,401	-50.0%	692	1.2%	4,490	3,180	41.2%
Sales taxes	(17,800)	(12,586)	41.4%	(16,521)	7.7%	(65,022)	(43,197)	50.5%
Software	(14,663)	(9,913)	47.9%	(13,513)	8.5%	(53,419)	(33,655)	58.7%
Subscription	(12,203)	(8,259)	47.8%	(11,438)	6.7%	(44,552)	(29,087)	53.2%
Implementation	(2,460)	(1,654)	48.7%	(2,075)	18.5%	(8,867)	(4,567)	94.2%
Services	(3,137)	(2,673)	17.4%	(3,008)	4.3%	(11,602)	(9,542)	21.6%
Outsourcing	(3,068)	(2,548)	20.4%	(2,939)	4.4%	(11,158)	(9,214)	21.1%
Projects	(67)	(125)	-46.8%	(69)	-2.8%	(443)	(328)	35.1%
Net Revenues	166,272	104,483	59.1%	159,522	4.2%	616,472	352,595	74.8%
Software	140,842	83,000	69.7%	134,845	4.4%	522,481	275,649	89.5%
Subscription	111,365	69,805	59.5%	109,037	2.1%	419,471	241,693	73.6%
Implementation	29,477	13,197	123.4%	25,808	14.2%	103,010	33,957	203.4%
Services	25,430	21,482	18.4%	24,677	3.0%	93,991	76,946	22.2%
Outsourcing	24,798	20,206	22.7%	24,053	3.1%	89,945	74,094	21.4%
Projects	633	1,276	-50.3%	624	1.6%	4,047	2,852	41.9%
Net Revenues	166,272	104,483	59.1%	159,522	4.2%	616,472	352,595	74.8%
Recurring	136,162	90,011	51.3%	133,090	2.3%	509,415	315,787	61.3%
Variable	30,109	14,472	108.0%	26,432	13.9%	107,057	36,809	190.8%
% of Recurrence	81.9%	86.1%	-4.3 p.p.	83.4%	-1.5 p.p.	82.6%	89.6%	-6.9 p.p.
Costs	(93,610)	(67,689)	38.3%	(90,912)	3.0%	(353,524)	(217,832)	62.3%
Software	(74,704)	(50,191)	48.8%	(72,319)	3.3%	(279,701)	(158,130)	76.9%
Services	(18,906)	(17,498)	8.0%	(18,593)	1.7%	(73,823)	(59,703)	23.7%
Outsourcing	(18,379)	(16,996)	8.1%	(17,934)	2.5%	(70,100)	(57,826)	21.2%
Projects	(527)	(502)	5.1%	(659)	-20.0%	(3,724)	(1,876)	98.5%
Gross profit	72,662	36,793	97.5%	68,610	5.9%	262,949	134,763	95.1%
Gross margin	43.7%	35.2%	8.5 p.p.	43.0%	0.7 p.p.	42.7%	38.2%	4.4 p.p.
Software	66,136	32,809	101.6%	62,526	5.8%	242,778	117,520	106.6%
Software gross mg.	47.0%	39.5%	7.4 p.p.	46.4%	0.6 p.p.	46.5%	42.6%	3.8 p.p.
Services	6,526	3,984	63.8%	6,084	7.3%	20,169	17,243	17.0%
Services gross mg.	25.7%	18.5%	7.1 p.p.	24.7%	1.0 p.p.	21.5%	22.4%	-1.0 p.p.
Outsourcing	6,420	3,210	100.0%	6,119	4.9%	19,846	16,267	22.0%
Outsourcing gross mg.	25.9%	15.9%	10.0 p.p.	25.4%	0.4 p.p.	22.1%	22.0%	0.1 p.p.
Projects	106	774	-86.3%	(35)	n.a.	324	976	-66.8%
Projects gross mg.	16.8%	60.7%	-0.7 p.p.	-5.7%	22.4 p.p.	8.0%	34.2%	-0.8 p.p.
Expenses	(62,825)	(33,180)	89.3%	(55,524)	13.1%	(201,847)	(114,759)	75.9%
% of net revenues	37.8%	31.8%	6.0 p.p.	34.8%	3.0 p.p.	32.7%	32.5%	0.2 p.p.
General/administrative	(34,496)	(18,306)	88.4%	(31,509)	9.5%	(118,700)	(71,223)	66.7%
% of net revenues	20.7%	17.5%	3.2 p.p.	19.8%	1.0 p.p.	19.3%	20.2%	-0.9 p.p.
Depreciation/amort.	(28,329)	(14,875)	90.5%	(24,015)	18.0%	(83,147)	(43,534)	91.0%
% of net revenues	17.0%	14.2%	2.8 p.p.	15.1%	2.0 p.p.	13.5%	12.3%	0.1 p.p.
EBIT	9,837	3,613	172.3%	13,086	-24.8%	61,101	20,006	205.4%
Financial result	(5,731)	8,212	n.a.	(8,669)	-33.9%	(27,968)	2,653	n.a.
Financial income	36,398	15,427	135.9%	6,946	424.1%	50,931	25,205	102.1%
Financial expenses	(42,130)	(7,215)	483.9%	(15,614)	169.8%	(78,899)	(22,552)	249.9%
EBT	4,106	11,824	-65.3%	4,417	-7.1%	33,133	22,659	46.2%
Income tax/social contribution	(6,313)	(1,709)	269.3%	167	n.a.	(15,575)	(2,446)	536.8%
Current	(7,268)	(6,354)	14.4%	(7,188)	1.1%	(26,375)	(21,850)	20.7%
Deferred	955	4,645	-79.4%	7,355	-87.0%	10,798	19,404	-44.3%
Results after IT and SC	(2,207)	10,115	n.a.	4,584	n.a.	17,556	20,213	-13.1%
Net margin	-1.3%	9.7%	-11.0 p.p.	2.9%	-4.2 p.p.	2.8%	5.7%	-2.9 p.p.
Assigned to:								
Singia's shareholders	2,712	11,622	-76.7%	2,709	0.1%	16,785	20,179	-16.8%
Net margin	1.6%	11.1%	-9.5 p.p.	1.7%	-0.1 p.p.	2.7%	5.7%	-3.0 p.p.
Minority interest	(4,919)	(1,507)	226.4%	1,875	n.a.	771	34	2167.5%

(R\$ '000)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22	2022	2021	2022 x 2021
EBITDA	41,473	20,593	101.4%	40,671	2.0%	156,228	69,183	125.8%
EBITDA margin	24.9%	19.7%	5.2 p.p.	25.5%	-0.6 p.p.	25.3%	19.6%	5.7 p.p.
(+) Extraordinary expenses	-	1,223	n.a	109	n.a	649	1,361	n.a
(+) Extraordinary costs	-	-	n.a	-	n.a	696	-	n.a
Adjusted EBITDA	41,473	21,816	90.1%	40,780	1.7%	157,573	70,545	123.4%
Adj. EBITDA Margin	24.9%	20.9%	4.1 p.p.	25.6%	-0.6 p.p.	25.6%	20.0%	5.6 p.p.

Net income (attributable to shareholders)	2,712	11,622	-76.7%	2,709	0.1%	16,785	20,179	-16.8%
(+) Extraordinary effects	-	1,223	n.a	109	n.a	1,345	1,361	-1.2%
(+) Intangible Amortization from acquisitions	8,185	3,398	140.9%	10,400	-21.3%	29,896	13,309	124.6%
Adjusted Net Income	10,897	16,243	-32.9%	13,218	-17.6%	48,026	34,849	37.8%
(+) Def. income tax/Social Contr. (goodwill on ac	2,099	1,951	7.5%	1,951	7.5%	7,952	4,216	88.6%

Note: amounts net of tax calculated at a rate of 34% on the deductible portion.

Exhibit II – Balance Sheet (Consolidated)

	31.12.2022	30.09.2022	Var.	31.12.2021	Var. YoY
ASSETS	1,555,313	1,534,180	1%	1,277,917	22%
Current	251,050	250,964	0%	608,967	-59%
Cash and cash equivalents	37,941	36,876	3%	24,192	57%
Financial Investments	151,766	147,502	3%	537,000	-72%
Receivables	40,881	40,048	2%	34,510	18%
Advanced expenses	1,761	2,346	-25%	3,452	-49%
Taxes and contributions recoverable	15,840	16,564	-4%	7,261	118%
Other receivables	2,861	7,628	-62%	2,552	12%
Non-current	1,304,263	1,283,216	2%	668,950	95%
Taxes and contributions recoverable	1,321	4,159	-68%	3,765	-65%
Securities	99,267	94,655	5%	80,701	23%
Deposits in court	197	184	7%	174	13%
Deferred income tax and social contrib.	78,625	79,811	-1%	47,596	65%
Property and equipment	46,740	49,433	-5%	47,831	-2%
Intangible assets	1,078,113	1,054,974	2%	488,883	121%
LIABILITIES AND EQUITY	1,555,313	1,534,180	1%	1,277,917	22%
Current	278,582	250,924	11%	130,381	114%
Loans and financing	74,500	74,500	0%	27,300	173%
Leasing	24,334	24,787	-2%	16,660	46%
Trade payables	4,724	5,648	-16%	2,323	103%
Advances from customers	19,363	10,394	86%	10,110	92%
Labor liabilities	62,234	59,875	4%	41,230	51%
Tax liabilities	6,115	7,560	-19%	3,993	53%
Liabilities arising from invest. acquisition	79,101	67,744	17%	22,294	255%
Undistributed dividends	7,720	-	-	6,471	19%
Other obligations	491	416	18%	-	-
Non-current	606,358	636,730	-5%	407,004	49%
Loans and financing	162,156	180,781	-10%	146,339	11%
Leasing	47,439	51,286	-8%	62,810	-24%
Advances from customers	2,990	3,738	-20%	-	-
Provisions for legal proceedings	139,866	128,488	9%	63,945	119%
Liabilities arising from invest. acquisition	111,637	110,020	1%	71,524	56%
Non-controlling interest put option	142,270	162,417	-12%	62,386	128%
Equity	670,373	646,526	4%	740,532	-9%
Share capital	813,303	813,303	0%	813,303	0%
Treasury shares	(58,174)	(53,724)	8%	(40,896)	42%
Shares issue expenses	(48,890)	(48,890)	0%	(48,890)	0%
Transactions with minority shareholders	(126,810)	(126,810)	-	(61,208)	107%
Capital reserve	11,867	11,950	-1%	12,227	-3%
Earnings reserve	59,010	46,915	26%	46,915	26%
Retained Earnings	-	(4,048)	-	-	-
Total Equity of controlling shareholders	650,306	638,696	2%	721,451	-10%
Non-controlling interests	20,067	7,830	156%	19,081	5%

Sinqia S.A.
Individual and Consolidated
Financial Statements as of December 31, 2022
and Independent Auditor's Report

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MESSAGE FROM MANAGEMENT

Dear Shareholders and other Stakeholders,

In compliance with legal provisions, Sinqia S.A., a provider of technology for the finance industry, hereby submits for the appreciation of its shareholders and other stakeholders the Management Report and corresponding individual and consolidated Financial Statements, accompanied by the independent auditor's report, relating to the year ended December 31, 2022, prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

RELATIONSHIP WITH THE INDEPENDENT AUDITORS

The Company's policy when engaging independent auditors to provide services not related to external audits is based on principles that safeguard their independence. These principles consist of the internationally accepted standards: (a) the auditor must not audit their own work, (b) the auditor must not perform managerial functions at their client, and (c) the auditor's interests must not conflict with the clients' interests.

Procedures adopted by the Company, pursuant to item III, Article 2 of CVM Instruction No. 381/03: before engaging professional services other than those related to external audits, the Company and its subsidiaries adopt the formal procedure of consulting the independent auditors and the Board of Directors, in order to ensure that the provision of these other services will not affect the independence and objectivity required for performance of audit services, and requesting authorization from the Board of Directors.

Sinqia S.A.

Individual and Consolidated
Financial Statements for the
Year Ended December 31, 2022 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and the Executive Board of
Singia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Singia S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2022, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Singia S.A. as at December 31, 2022, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and 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 "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other 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 audit opinion.

Key audit matter

Key audit matter ("KAM") is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Business combinations

Why is it a KAM

As disclosed in notes 27 and 29.9 to the individual and consolidated financial statements, in 2022, the Company acquired three companies, namely: Newcon Software S.A., Mercer Seguridade Ltda. and Lote45 Participações S.A. (Lote 45) for the amounts of R\$421,372 thousand, R\$37,874 thousand and R\$116,176 thousand, respectively, accounting for these transactions in accordance with accounting pronouncement CPC 15 - Business Combinations. The considerations transferred were allocated to the assets acquired and liabilities assumed, based on their respective fair value, which included identified intangible assets, as well as the identification of goodwill based on future earnings, and finally, the call and put options of the remaining interest of Lote45 were recorded, involving significant judgments by the Executive Board.

These business combinations were considered a key audit matter, as: (i) the amounts involved are significant; (ii) involved significant judgment by the Executive Board in determining the assumptions for estimating the fair value of the identified intangible assets, goodwill based on future earnings, liabilities assumed and measurement of the call and put options of the remaining interest (the latter applicable only to Lote45) to carry out the respective accounting records; and (iii) this matter required a high level of judgment from the independent auditor and an increase in the extent of our procedures for assessing the reasonableness of the assumptions used by the Executive Board, which included the need for the involvement of our fair value specialists.

How the matter was conducted in our audit

Our audit procedures included, among others: (i) reading the equity interest purchase and sale agreements, as well as the call and put option agreements (ii) involving fair value specialists to assist in assessing whether the methodology used was suitable for estimating the fair value of the intangible assets acquired, in accordance with the criteria established in accounting pronouncement CPC 15 - Business Combinations; (iii) assessing the reasonableness of the discount rate used to estimate the fair value of the intangible assets acquired and liabilities assumed; (iv) assessing the reasonableness of the main operating (i.e. the projected revenue growth) and accounting assumptions used in estimating the fair value, (v) testing the mathematical accuracy of the calculation model used to estimate the fair value of the identified intangible assets and liabilities, (vi) testing the methodology and mathematical accuracy in measuring the call and put options of the remaining stake in Lote 45 and (vii) assessing the adequacy of the disclosures on this matter included in notes 27 and 29.9 to the individual and consolidated financial statements.

As a result of the audit procedures performed, we identified significant internal control deficiencies in the business combination process, which led us to change our audit approach and expand the nature of our planned substantive procedures to obtain sufficient and appropriate audit evidence, and we identified audit adjustments for the year ended December 31, 2022. Those adjustments considered material were recorded by the Company.

Emphasis of matter

Restatement of the corresponding figures for the year ended December 31, 2021

As mentioned in note 1.5 to the financial statements, the corresponding figures for the year ended December 31, 2021, presented for purposes of comparison, were adjusted and are being restated as provided for in technical pronouncement CPC 23 - Accounting Practices, Changes in Accounting Estimates and Errors. Our opinion is not qualified relating to this matter.

Other matters

Statements of value added

The individual and consolidated statements of value added (“DVA”) for the year ended December 31, 2022, prepared under the responsibility of the Company’s Executive Board and disclosed as supplemental information for purposes of the IFRSs, were subject to audit procedures performed together with the audit of the Company’s financial statements. In forming our opinion, we evaluated whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Executive Board is responsible for the other information. The other information comprises the Management Report.

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

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

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

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRS, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board 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 the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board'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 ability of the Company and its subsidiaries 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 individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries 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 individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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

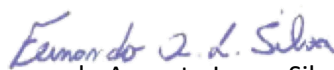
From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 09, 2023



DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.



Fernando Augusto Lopes Silva
Engagement Partner

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(All amounts in thousands of *Reais*, unless otherwise stated)

SINQIA S.A.
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021
(In thousands of *Reais*, unless otherwise stated)

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents (Note 6)	11,769	10,354	37,941	24,192
Financial investments (Note 6)	98,369	537,000	151,766	537,000
Trade receivables (Note 7)	19,335	25,784	40,881	34,510
Prepaid expenses	611	2,333	1,761	3,452
Taxes and contributions recoverable (Note 8)	11,743	4,594	15,840	7,261
Other receivables	1,009	261	2,861	2,552
Total current assets	142,836	580,326	251,050	608,967
Noncurrent assets				
Receivables from related parties (Note 9)	3,393	4,277	-	-
Taxes and contributions recoverable (Note 8)	945	2,868	1,321	3,765
Financial assets (Note 6)	52,972	43,626	99,267	80,701
Court deposits (Note 16)	187	163	197	174
Deferred income tax and social contribution (Note 22)	25,606	37,561	78,625	47,596
Investments (Note 5)	628,688	198,011	-	-
Property and equipment (Note 10)	17,410	22,397	46,740	47,831
Intangible assets (Note 11)	256,929	268,092	1,078,113	488,883
Total noncurrent assets	986,130	576,995	1,304,263	668,950
Total assets	1,128,966	1,157,321	1,555,313	1,277,917

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

SINQIA S.A.
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021
(In thousands of *Reais*, unless otherwise stated)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2022</u>	<u>12/31/2021</u> (Restated)	<u>12/31/2022</u>	<u>12/31/2021</u> (Restated)
LIABILITIES				
Current liabilities				
Loans and financing (Note 12)	74,500	27,300	74,500	27,300
Leases (Note 24)	18,937	13,121	24,334	16,660
Suppliers and service providers	3,313	1,804	4,724	2,323
Advances from customers	7,945	7,214	19,363	10,110
Labor liabilities (Note 13)	38,619	28,332	62,234	41,230
Earnings to be distributed	4,690	5,638	7,720	6,471
Tax liabilities (Note 14)	1,065	1,985	6,115	3,993
Payables for investment acquisition (Note 15)	14,384	12,003	79,101	22,294
Other payables	61	-	491	-
Total current liabilities	163,514	97,397	278,582	130,381
Noncurrent liabilities				
Loans and financing (Note 12)	162,156	146,339	162,156	146,339
Leases (Note 24)	29,684	41,651	47,439	62,810
Provision for contingencies (Note 16)	36,607	37,553	139,866	63,945
Advances from customers	-	-	2,990	-
Payables for investment acquisition (Note 15)	35,918	50,544	111,637	71,524
Put option over non-controlling interests (Note 25)	50,781	62,386	142,270	62,386
Total noncurrent liabilities	315,146	338,473	606,358	407,004
Equity (Note 17)				
Capital stock	813,303	813,303	813,303	813,303
Treasury shares	(58,174)	(40,896)	(58,174)	(40,896)
Share issue costs	(48,890)	(48,890)	(48,890)	(48,890)
Transactions with non-controlling interests	(126,810)	(61,208)	(126,810)	(61,208)
Capital reserve	11,867	12,227	11,867	12,227
Revenue reserves	59,010	46,915	59,010	46,915
Total equity attributable to controlling shareholders	650,306	721,451	650,306	721,451
Non-controlling interests	-	-	20,067	19,081
Total equity	650,306	721,451	670,373	740,532
Total liabilities	1,128,966	1,157,321	1,555,313	1,277,917

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

SINQIA S.A.
STATEMENT OF PROFIT OR LOSS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of *Reais*, unless otherwise stated)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021 (Restated)
Net operating income (Note 18)	288,697	148,436	616,472	352,596
Cost of services provided (Note 19)	(170,198)	(98,186)	(353,524)	(217,831)
Gross profit	118,499	50,250	262,948	134,765
General, administrative and selling expenses (Note 20)	(88,577)	(74,668)	(201,847)	(114,759)
Equity pick-up (Note 5)	6,769	35,940	-	-
Operating profit before financial result	36,691	11,522	61,101	20,006
Financial income (expenses), net (Note 21)	(10,092)	(684)	(27,968)	2,653
Profit before tax	26,599	10,838	33,133	22,659
Current income tax and social contribution (Note 22)	-	(5,626)	(26,375)	(21,850)
Deferred income tax and social contribution (Note 22)	(9,814)	14,967	10,798	19,404
Net income for the year	16,785	20,179	17,556	20,213
Attributable to:				
Equity holders of the parent	16,785	20,179	16,785	20,179
Non-controlling interest			771	34
Earnings per share attributed to Sinqia's shareholders (Note 23)				
Basic earnings per share (in <i>Reais</i>)	0.198	0.266	0.198	0.266
Diluted earnings per share (in <i>Reais</i>)	0.196	0.264	0.196	0.264

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

SINQIA S.A.
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022
AND 2021
(In thousands of *Reais*, unless otherwise stated)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2021</u> (Restated)
Profit for the year	16,785	20,179	17,556	20,213
Items that will be subsequently reclassified to profit or loss	-	-	-	-
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income for the year	16,785	20,179	17,556	20,213
Attributable to:				
Equity holders of the parent	16,785	20,179	16,785	20,179
Non-controlling interest			771	34

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

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(In thousands of *Reais*, unless otherwise stated)

SINQIA S.A.
STATEMENT OF CHANGES IN EQUITY
(In thousands of *Reais*, unless otherwise stated)

	Capital stock	Capital reserve	Treasury shares	Share issue costs	Transactions with non-controlling interests	Retained earnings reserve		Income for the year	Equity	Non-controlling interests	Consolidated equity
						Legal reserve	Profit retention				
Balances as of December 31, 2020	413,261	15,497	(1,689)	(23,915)	-	2,533	29,841	-	435,528	-	435,528
Net income for the year	-	-	-	-	-	-	-	20,179	20,179	34	20,213
Put option over non-controlling interests	-	-	-	-	(61,208)	-	-	-	(61,208)	-	(61,208)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	19,047	19,047
Capital increase (Note 17)	400,042	-	-	-	-	-	-	-	400,042	-	400,042
Share-based compensation (Note 17)	-	331	-	-	-	-	-	-	331	-	331
Stock option exercise	-	(1,043)	1,746	-	-	-	-	-	703	-	703
Legal reserve (Note 17)	-	-	-	-	-	1,009	-	(1,009)	-	-	-
Retained earnings reserve	-	-	-	-	-	-	13,532	(13,532)	-	-	-
Earnings distribution (Note 17)	-	-	-	-	-	-	-	(5,638)	(5,638)	-	(5,638)
Share issue costs	-	-	-	(24,975)	-	-	-	-	(24,975)	-	(24,975)
Purchase of treasury shares (Note 17)	-	-	(99,620)	-	-	-	-	-	(99,620)	-	(99,620)
Shares delivered as consideration for business acquisition (Note 17)	-	(2,558)	58,667	-	-	-	-	-	56,109	-	56,109
Balances as of December 31, 2021 (Restated)	813,303	12,227	(40,896)	(48,890)	(61,208)	3,542	43,373	-	721,451	19,081	740,532
Net income for the year	-	-	-	-	-	-	-	16,785	16,785	771	17,556
Put option over non-controlling interests	-	-	-	-	(65,602)	-	-	-	(65,602)	-	(65,602)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	9,565	9,565
Share-based compensation (Note 17)	-	878	-	-	-	-	-	-	878	-	878
Stock option exercise	-	(1,238)	4,380	-	-	-	-	-	3,142	-	3,142
Legal reserve (Note 17)	-	-	-	-	-	839	-	(839)	-	-	-
Retained earnings reserve	-	-	-	-	-	-	11,256	(11,256)	-	-	-
Earnings distribution (Note 17)	-	-	-	-	-	-	-	(4,690)	(4,690)	(9,350)	(14,040)
Purchase of treasury shares (Note 17)	-	-	(21,658)	-	-	-	-	-	(21,658)	-	(21,658)
Balances as of December 31, 2022	813,303	11,867	(58,174)	(48,890)	(126,810)	4,381	54,629	-	650,306	20,067	670,373

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

SINQIA S.A.
CASH FLOW STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of *Reais*, unless otherwise stated)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>12/31/2022</u>	<u>12/31/2021</u> (Restated)	<u>12/31/2022</u>	<u>12/31/2021</u> (Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the year	16,785	20,179	17,556	20,213
Adjustments for:				
Equity pick-up	(6,769)	(35,940)	-	-
Share-based compensation plan	878	331	878	331
Depreciation and amortization	48,547	28,654	95,129	49,175
Gain on write-off/sale of property and equipment	7	5	6	10
Provision for impairment of trade receivables	(201)	1,153	(144)	2,165
Provision for (reversal of) contingencies	420	(210)	(2,358)	(4,549)
Provision for bonuses and profit sharing	17,788	6,466	24,106	8,117
Incurred interest and present value adjustments	40,101	16,868	51,352	21,457
Remeasurement of call and put options	(14,456)	-	(2,710)	-
Current and deferred income tax and social contribution	9,814	(9,341)	15,577	2,446
Changes in operating assets and liabilities				
Trade receivables	6,650	(13,194)	4,417	(13,178)
Court deposits	(24)	1	(23)	65
Taxes and contributions recoverable	(1,334)	(989)	(4,379)	(2,784)
Other receivables	799	11,168	(25)	(10,032)
Suppliers and service providers	1,570	(205)	1,861	(1,057)
Labor liabilities	(4,359)	4,101	(6,826)	7,342
Tax liabilities	(920)	(3,246)	(1,983)	(2,476)
Settlement of lawsuits	(2,331)	(645)	(2,364)	(1,669)
Advances from customers	731	3,183	4,111	327
Receivables from (payables to) related parties	884	(5,747)	-	-
CASH FROM OPERATIONS	114,580	22,592	198,247	75,903
Income tax and social contribution paid	(1,751)	-	(26,844)	(14,846)
Interest paid	(38,121)	(8,823)	(41,441)	(10,942)
NET CASH PROVIDED BY OPERATIONS	74,708	13,769	125,896	50,115
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of property and equipment and intangible assets	(16,863)	(15,993)	(23,002)	(16,462)
Business acquisition, net of cash acquired	-	(110,132)	(437,647)	(103,202)
Settlement of payables for investment acquisition	-	(7,247)	-	(15,351)
Capital contribution in subsidiaries	(498,535)	(36,723)	-	-
Cash received from merger	-	42,508	-	-
Redeemed (new) financial investments	438,631	(537,000)	385,234	(537,000)
Investments in securities	(6,495)	(27,823)	(13,172)	(64,900)
Dividends received	4,333	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(78,929)	(692,410)	(88,587)	(736,915)

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(In thousands of *Reais*, unless otherwise stated)

CASH FLOW FROM FINANCING ACTIVITIES

Repayments of loans and financing	(37,558)	(13,737)	(37,558)	(13,737)
Lease payments	(15,305)	(9,631)	(19,326)	(12,804)
Proceeds from loans and financing	100,990	144,472	100,990	144,472
Acquisition of treasury shares	(21,658)	(99,620)	(21,658)	(99,620)
Settlement of payables for investment acquisition	(15,195)	-	(33,217)	-
Dividends paid	(5,638)	(1,385)	(12,791)	(1,385)
Capital increase	-	400,042	-	400,042
Share issue costs	-	(27,974)	-	(27,039)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	5,636	392,167	(23,560)	389,929
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,415	(286,474)	13,749	(296,871)
Cash and cash equivalents at the beginning of the year	10,354	296,828	24,192	321,063
Cash and cash equivalents at the end of the year	11,769	10,354	37,941	24,192
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,415	(286,474)	13,749	(296,871)

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

SINQIA S.A.
STATEMENT OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of *Reais*, unless otherwise stated)

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
1 - REVENUES	324,260	165,574	681,638	393,627
1.1 - Sales of products and services	324,059	166,727	681,494	395,792
1.2 - Estimated impairment of trade receivables - Reversal (Recognition)	201	(1,153)	144	(2,165)
2 - INPUTS ACQUIRED FROM THIRD PARTIES (ICMS, IPI, PIS, and COFINS)	(34,694)	(31,096)	(76,207)	(59,924)
2.1 - Cost of sales and services	(27,965)	(14,180)	(52,015)	(32,314)
2.2 - Materials, electricity, outsourced services and other	(6,729)	(16,916)	(24,192)	(27,610)
3 - GROSS VALUE ADDED (1-2)	289,566	134,478	605,431	333,703
4 - DEPRECIATION AND AMORTIZATION	(45,398)	(23,418)	(91,187)	(43,535)
5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3-4)	244,169	111,060	514,244	290,168
6 - VALUE ADDED RECEIVED THROUGH TRANSFER	23,379	52,517	22,315	25,205
6.1 - Equity pick-up	6,769	35,940	-	-
6.2 - Financial income	16,610	16,557	22,315	25,205
7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	267,547	163,577	536,559	315,373
8 - DISTRIBUTION OF VALUE ADDED	(267,547)	(163,577)	(536,559)	(315,373)
8.1 - Personnel	(178,179)	(116,479)	(385,113)	(225,606)
8.1.1 - Direct compensation	(143,827)	(93,782)	(315,245)	(184,950)
8.1.2. - Benefits	(25,855)	(16,808)	(51,901)	(28,882)
8.1.3 – Severance Pay Fund (FGTS)	(8,497)	(5,889)	(17,967)	(11,774)
8.2. - Taxes, fees and contributions	(46,044)	(9,893)	(81,706)	(47,048)
8.2.1. - Federal	(37,005)	(5,274)	(62,212)	(34,945)
8.2.2. - Municipal	(9,039)	(4,619)	(19,494)	(12,103)
8.3 – Return on third-party capital remuneration	(26,539)	(17,026)	(52,184)	(22,506)
8.3.1. - Interest	(20,208)	(12,931)	(41,240)	(15,443)
8.3.2. - Rents	(6,331)	(4,095)	(10,944)	(7,063)
8.4 - Return on won capital	(16,785)	(20,179)	(17,556)	(20,213)
8.4.1 - Retained earnings for the year	(12,095)	(14,541)	(12,095)	(14,541)
8.4.2 - Interest on equity	(4,690)	(5,638)	(4,690)	(5,638)
8.4.3 - Non-controlling share of retained earnings	-	-	(771)	(34)

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

**NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2022**

Section A - General information

1.1 Operations

Sinqia S.A. (“Company”) is a publicly traded company headquartered at Rua Bela Cintra, 755 – 7th floor, in the City and State of São Paulo, listed in the *Novo Mercado* segment of B3 – Brazil, Bolsa, Balcão.

The Company was incorporated in 1996, with the main purpose of providing technology products and services for the finance industry.

The Company is the parent of Sinqia Tecnologia Ltda., Torq Inovação Digital Ltda., Homie do Brasil Informática Ltda, Rosk Software S.A., and an indirect subsidiary of Lote45 Participações S.A., companies whose business activities complement those of the Company.

The issue of these financial statements was authorized by the Board of Directors on March 8, 2023.

1.2 Basis of preparation and statement of compliance

The individual financial statements have been prepared in accordance with accounting practices adopted in Brazil, issued by the Accounting Pronouncements Committee (CPC), and are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). They are disclosed together with the consolidated financial statements.

The presentation of the individual and consolidated Statement of Value Added (DVA) is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies, and it has been prepared in accordance with the criteria set out in Technical Pronouncement CPC 09 - “Statement of Value Added”. Under IFRS, the presentation of the DVA is not required and considered supplementary information rather than part of the required set of financial statements.

As there is no difference between consolidated equity and consolidated net income attributable to equity owners of the parent included in the consolidated financial statements prepared under IFRS and the accounting practices adopted in Brazil, and equity and net income included in the individual financial statements prepared under IFRS and the accounting practices adopted in Brazil, the Company has elected to disclose the individual and consolidated financial statements as a single set, side by side.

All significant information related to the individual and consolidated financial statements, and only such information, is being disclosed and corresponds to the information used by Management in the performance of its duties.

The individual and consolidated financial statements are presented in thousands of *Reais*, and all amounts have been rounded to the nearest thousand, unless otherwise indicated.

1.3 Consolidation

The Company consolidates all entities that it controls, i.e., when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct its relevant activities.

The subsidiaries included in the consolidation are described in Note 5.

1.4 New standards, amendments to and interpretations of accounting pronouncements effective as of January 1, 2022 and 2023

In preparing these financial statements, the Company's management considered, where applicable, new amendments to and interpretations of the IFRS and the following technical pronouncements issued by IASB and CPC, respectively, which are effective for annual periods beginning on or after January 1, 2022.

Pronouncement	Description
CPC 06 (R2)/ IFRS 16: Benefits relating to COVID-19, granted to lessees in lease agreements subsequent to June 30, 2021	In May 2020, the IASB issued the document "Covid-19-Related Rent Concessions," which amended IFRS 16 – Leases. This amendment allows lessees to use a practical convenience: they can consider the rent benefits granted, and that occurred during this year as a direct consequence of the Covid-19 pandemic, as contractual changes in the lease.
CPC 25/ IAS 37: Onerous agreements – costs for performing an agreement	In May 2020, the IASB amended IAS 37 – Provisions, contingent liabilities and contingent assets. The IASB proposed these amendments to clarify that, for purposes of assessing whether an agreement is onerous, the cost to perform the agreement includes the incremental costs relating to its performance, as well as the allocation of other costs directed related to the performance of the agreement.
Annual Improvements to the 2018-2020 IFRSs Cycle	Improvements in the following standards: a) IFRS 1/CPC 37 – Initial Adoption of the International Accounting Standards; b) IFRS 9/CPC 48 – Financial Instruments; c) IFRS 16/CPC 06 (R2) – Leases; d) IAS 41/CPC 29 – Agriculture.
CPC 27/ IAS 16: Property and equipment – revenues before the intended use	In May 2020, the IASB changed the pronouncement relating to property and equipment (IAS 16). These changes prohibit an entity from deducting from property and equipment costs, the amounts received from the sale of items produced during the preparation of the asset for its intended use. These revenues and related costs must be recorded in profit or loss.
CPC 15/ IFRS 3: Reference to the conceptual structure	Change issued in May 2020 regarding the use of IFRS 3, and to replace a reference to a previous version of the conceptual structure by a reference to a more recent version.
IFRS 10 and IAS 28: Sale or contribution of assets by an investor to an affiliated business or jointly-controlled venture.	Specifically, the gains and losses from the loss of control in a subsidiary that does not contain a business in a transaction with an affiliated or joint venture that is recorded using the equity pick-up method, are recognized in the parent company's income only in proportion to the interests of investors not relating to this affiliate or joint venture.

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In preparing these financial statements, the Company's Management considered, when applicable, new revisions and interpretations of the IFRSs and technical pronouncements below, issued by the IASB and CPC respectively, and that have become mandatory for accounting periods as from January 1, 2023.

Pronouncement	Description
IFRS 17 - Insurance Agreements	In May 2017, the IASB issued IFRS 17 - Insurance Agreements (CPC 50 - Insurance Agreements, which superseded CPC 11 - Insurance Agreements). The overall objective of IFRS 17 is to provide insurers with a more useful and consistent accounting model for insurance agreements.
Amendments to CPC 26/IAS 1: Classification of liabilities as current or noncurrent	In January 2020, the IASB amended paragraphs 69 and 76 of IAS 1, which relates to CPC 26, so as to specify the requirements for classification of liabilities as current or noncurrent. These amendments are effective for periods starting as from January 1, 2023, and they should be used retrospectively. Currently, the Group is not expecting to be impacted by this standard.
Amendments to CPC 23/IAS 8: Definition of accounting estimates	In February 2021, the IASB amended IAS 8 (which relates to CPC 23) to introduce the definition of "accounting estimate." The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and correction of errors. They also clarify how the entities should use measurement techniques and inputs to develop the accounting estimates.
Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies	In February 2021, the IASB amended IAS 1 (which relates to CPC 26 (R1)) and IFRS Practice Statement 2 - Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements in the disclosure of the accounting policies.
Amendments to CPC 32/IAS 12: Deferred tax relating to assets and liabilities arising from one single transaction.	In February 2021, IASB amended IAS 12 (which relates to CPC 32) to require the recognition by entities of deferred taxes on certain transactions (for example, leases and deactivation liabilities) that may give rise to equal amounts of taxable temporary differences deductible from the initial recognition.

The Company has not identified any material impacts as a result of the standards and interpretations issued.

1.5 Restatement of comparative balances

The Company's management is restating the financial statements for the year ended December 31, 2021 due to adjustments relating to: (i) the recognition of call options regarding business combinations of companies Homie do Brasil Informática Ltda. and Rosk Software S.A.; (ii) the measurement and inclusion of the value attributable to non-controlling shareholders of the companies Homie do Brasil Informática Ltda. and Rosk Software S.A. and the impacts thereof on the intangible assets and assumed liabilities, (iii) the reclassification of a goodwill balance in the parent company financial statements regarding the amounts of the following companies: Intellectual Capital Ltda., incorporated in 2008; Att/ps Informática Ltda., incorporated in 2019; Controlpart Consultoria e Participações Ltda. and Consult Brasil Ltda., incorporated on January 1, 2020; Sinqia Administração Previdenciária Ltda., Dendron Tecnologia Ltda. and Simply Sistemas S.A., incorporated on October 1, 2021.

The mentioned adjustments do not have a material impact on the performance of operations, although they do have a material effect on the equity position of the Company and its subsidiaries previously presented in the financial statements for the year ended December 31, 2021. This said, the Management believes that the adjustments in the equity position and performance of operations might result in distortions in the understanding of the Company's results, as laid down in the technical pronouncement IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. For this reason, such adjustments were carried out retrospectively. There are no impacts on equity as of the beginning of the previous period presented. For this reason, the Company is restating just the column for 12/31/21.

The tables below summarize the corresponding impacts on the Company's prior fiscal year:

Statement of Financial Position

	12/31/2021					
	Parent company			Consolidated		
	Original amount	Adjustment	Restated amount	Original amount	Adjustment	Restated amount
ASSETS						
Noncurrent assets						
Financial assets	33,144	10,482	43,626	70,219	10,482	80,701
Investments	350,733	(152,722)	198,011	-	-	-
Intangible assets	124,674	143,418	268,092	476,305	12,578	488,883
Total noncurrent assets	575,817	1,178	576,995	645,890	23,060	668,950
Total assets	1,156,143	1,178	1,157,321	1,254,857	23,060	1,277,917
LIABILITIES						
Noncurrent liabilities						
Provision for contingencies	37,553	-	37,553	58,347	5,598	63,945
Put option over non-controlling interests	-	62,386	62,386	-	62,386	62,386
Total noncurrent liabilities	276,087	62,386	338,473	339,020	67,984	407,004
Equity						
Transactions with non-controlling interests	-	(61,208)	(61,208)	-	(61,208)	(61,208)
Equity attributable to:						
Non-controlling shareholders of subsidiaries	-	-	-	2,797	16,284	19,081
Total equity	782,659	(61,208)	721,451	785,456	(44,924)	740,532
Total liabilities and equity	1,156,143	1,178	1,157,321	1,254,857	23,060	1,277,917

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Statement of Profit or Loss

	Consolidated		
	Original amount	Adjustment	Restated amount
General, administrative and selling expenses (*)	(112,443)	(2,316)	(114,759)
Net income for the year	22,529	(2,316)	20,213
Profit attributable to:			
Sinqia shareholders	20,179	-	20,179
Non-controlling shareholders of subsidiaries	2,350	(2,316)	34
Earnings per share of total capital stock (weighted average for the year) - R\$			
Basic	0.266	-	0.266
Diluted	0.264	-	0.264

(*) The change in “General, administrative and selling expenses” relates to amortization of intangible assets, resulting from revaluation surplus on non-controlling interests. These amounts have no impact on the net income attributable to the Company’s shareholders.

Statement of Comprehensive Income

	Consolidated		
	Original Amount	Adjustment	Restated Amount
Income for the year	22,529	(2,316)	20,213
Net income for the year	22,529	(2,316)	20,213
Income attributable to:			
Non-controlling interests in subsidiaries	2,350	(2,316)	34

Statement of Changes in Equity

	Consolidated		
	Original Amount	Adjustment	Restated Amount
Net income for the year	22,529	(2,316)	20,213
Put option over non-controlling interests	-	(61,208)	(61,208)
Acquisition of non-controlling interests	447	18,600	19,047
Balances as of December 31, 2021	785,456	(44,924)	740,532

Statement of Cash Flow

	Consolidated		
	Original Amount	Adjustment	Restated Amount
Net income for the year	22,529	(2,316)	20,213
Depreciation and amortization	22,529	(2,316)	20,213

Statement of Value Added

	Consolidated		
	Original Amount	Adjustment	Restated Amount
4 - DEPRECIATION AND AMORTIZATION	(41,219)	(2,316)	(43,545)
5 – NET VALUE ADDED PRODUCED BY THE ENTITY (3-4)	292,484	(2,316)	290,168
7 – TOTAL VALUE ADDED TO BE DISTRIBUTED (5+6)	317,689	(2,316)	315,373
8 – DISTRIBUTION OF VALUE ADDED	317,689	(2,316)	315,373
8.4 – Earnings on own capital	22,529	(2,316)	20,213
8.4.3 – Share of non-controlling interests in retained earnings	2,350	(2,316)	34

Section B - Risks

2 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances.

2.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its subsidiaries make estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Goodwill impairment testing

The Company and its subsidiaries annually test whether goodwill has suffered impairment, in accordance with the accounting policy presented in Note 29. The recoverable amount of the Cash-Generating Units (CGUs) is determined based on value-in-use calculations, which require the use of estimates.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the interest rate representing the cost of funding. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the income statement.

All cash flows and discount rates have been projected on a nominal basis. Key assumptions used for value-in-use estimations are as follows:

- Revenues – the projections cover the period between 2023 and 2032, considering growth in the customer base (organic growth only),
- Operating costs and expenses – projected in line with the Company's historical performance, as well as the historical growth in revenues and efficiency gains,
- CAPEX – estimated considering the current technological infrastructure required to enable the provision of services, based on the Company's history and projected growth,
- The estimated future cash flows were discounted at a discount rate of 13.53% p.a. in 2022 (12.28% p.a. in 2021),
- Perpetuity – perpetuity growth was estimated at 2%, based on the long-term GDP obtained from the Focus report released by the Central Bank of Brazil.

Key assumptions were based on the Company's historical performance and well-grounded and reasonable macroeconomic assumptions based on financial market projections, documented and approved by the Company's management.

(b) Income tax, social contribution and other taxes

The Company and its subsidiaries recognize deferred tax assets and liabilities based on differences between the carrying amounts presented in the financial statements and the tax bases of assets and liabilities using the tax rates currently in effect. The Company and its subsidiaries also recognize provisions as a result of situations in which it is likely that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, the differences will affect current and deferred tax assets and liabilities in the year in which such determination is made.

The Company regularly reviews deferred tax assets for their recoverability, considering the history of profits and projections of future taxable income, in accordance with technical feasibility studies.

(c) Revenue recognition

The Company earns revenues primarily from software licensing, including licensing fees, maintenance and product support services, customization services, consulting and permanent assistance.

Revenues are recognized as the Company satisfies its performance obligations, i.e., when it transfers the agreed-upon service to the customer. A service is considered transferred when the customer obtains control of it. For long-term contracts, the Company obtains formal evidence of acceptance of the service by the customer.

Revenues from software licensing are recognized after the software is made available to the customer, its value can be reliably measured (according to the terms of the contract), and it is probable that future economic benefits will be generated in favor of the Company.

Revenues from customization and consulting services are recognized as the services are provided, in accordance with the respective contracts. Cases where the service has been performed but not yet billed are recorded as unbilled services under "Trade receivables" in current assets.

Revenues from services provided are recognized in profit or loss as the services are completed. Revenue is not recognized when there is significant uncertainty as to its realization.

(d) Put option over non-controlling interests

Put options of non-controlling interests are recorded at the gross obligation according to prices expected for future years, discounted at present value ("redemption amount") on the acquisition date, subsequently measured with effects on results.

To calculate the put option, we use the expected future revenue and EBITDA margin, which is periodically reviewed, and apply the multiples of EV/Net Revenue, as foreseen in the Shareholder Purchase Agreement.

Key assumptions were based on the historical performance of the purchased company, as well as in reasonable macroeconomic assumptions based on financial market.

3 Financial risk management

3.1 Financial risk factors

The Company has a financial executive board charged with risk management, overseen by the Board of Directors, which is responsible for defining the policy, managing risks and financial instruments through control systems, which establish limits for interest rates and define the allocation of funds to financial institutions. The positions of all financial instruments, as well as the results obtained in relation to the objectives proposed, are monthly presented to and assessed by the financial executive board and submitted to the Board of Directors.

(a) Liquidity risk

Liquidity risk is the risk of the Company and its subsidiaries not having sufficient funds to meet their financial obligations due to a mismatch between receivables and payables in terms of timing and volume.

The liquidity and cash flow of the Company and its subsidiaries are monitored on a daily basis by the Company's management, so that the cash from operations and early funding, when necessary, are sufficient to comply with the payment schedule, thus not posing liquidity risks to the Company and its subsidiaries.

(b) Credit risk

Credit risk arises from any potential difficulty in collecting trade receivables from services provided and sales of licenses to customers.

The Company and its subsidiaries are also exposed to credit risk arising from their financial investments.

The credit risk related to services provided and licenses sold is minimized through strict control over the customer base and active management of default levels, through clear policies addressing the provision of services and sales of licenses. There is no concentration of transactions with specific customers, and the historical level of default is very low.

With respect to credit risk associated with financial institutions, the Company and its subsidiaries operate in a manner that spreads this exposure across top-tier financial institutions.

(c) Market risk

Interest rate and inflation risk: Interest rate risk arises from the portion of debt and financial investments indexed to the Interbank Deposit Certificate (CDI) rate, which may adversely impact financial income and expenses in the event of an unfavorable trend in interest and inflation rates.

(d) Sensitivity analysis

The primary risk associated with the Company's operations arises from the CDI variation for loans and financing.

The Company's financial instruments, comprising cash and cash equivalents, securities and financial assets, trade receivables, trade payables, loans, financing, and put options on non-controlling interests, are stated at cost, plus accrued earnings or incurred charges, and approximated their market values as of December 31, 2022 and 2021.

The main risks arising from financial investments relate to variations in the rates of return on assets, such as investments in Certificates of Deposit (CDBs) and repurchase agreements, with average

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interest ranging from 85.10% to 103.50% of the CDI rate.

Financing refers to debentures issued in 2019 and 2021. Under these conditions, the amount recognized is that which most closely approximates the fair market value of these financial instruments.

In order to assess the sensitivity of the index in the financial investments to which the Company was exposed as of December 31, 2022, three different scenarios were established. As of December 31, 2022, the scenarios were projected based on the average CDI rate for the year, calculating our financial income in a scenario marked by a decline in the CDI rate of 25% (scenario 2) and 50% (scenario 3).

For each scenario “gross financial income” was calculated, without considering the taxes levied on the investment returns. The base date used for the portfolio was December 31, 2022, with projections covering a time horizon of one year and verification of the sensitivity of the CDI in each scenario.

<u>Transaction</u>	<u>As of 12/31/2022 - Consolidated</u>	<u>Risk</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Financial investments	187,564	CDI	12.45%	9.34%	6.23%
Equivalent average interest – CDI (85% and 103%)		101% of CDI	12.58%	9.43%	6.29%
Financial income			20,081	15,061	10,041

The Company is a party to loan and financing agreements containing covenants applicable to transactions of this type, which require compliance with economic and financial ratios, cash generation, among other aspects. These covenants were met and do not limit the Company’s ability to conduct its normal operations.

Most of our debt arises from debentures bearing interest indexed to the CDI rate plus a fixed rate per year. As of December 31, 2022, we projected scenarios based on the average CDI rate for the year, calculating our financial income in a scenario marked by an increase in the CDI rate of 25% (scenario 2) and 50% (scenario 3).

<u>Transaction</u>	<u>As of 12/31/2022 - Consolidated</u>	<u>Risk</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Debentures	236,656	CDI	12.45%	15.57%	18.68%
Equivalent average interest (14.70%)		CDI+2.25%	14.70%	18.38%	22.05%
Financial expenses			30,035	37,544	45,053

3.2 Capital management

The Company's aim when managing capital is to ensure a strong credit rating before institutions, as well as an optimal capital structure, in order to support its business and maximize shareholder value.

The Company's net debt is made up of loans and financing and payables for investment acquisition less cash and cash equivalents.

In 2022 and 2021, the Company's net debt (cash) position was as follows:

	Consolidated	
	2022	2021 (Restated)
Total loans and financing (Note 12)	236,656	173,639
Payables for investment acquisition (Note 15)	190,738	93,818
Financial investments (Note 6)	(151,766)	(537,000)
Cash and cash equivalents (Note 6)	(37,941)	(24,192)
Net debt (net cash)	237,687	(293,735)
Put option over non-controlling interests (Note 25)	142,270	62,386
Net debt + Put Option over non-controlling interests	379,957	(231,349)
Total equity	650,306	721,451

3.3 Fair value estimation

As determined by CPC46 - Fair Value Measurement, the Company must classify its financial instruments at fair value according to the following hierarchy of valuation techniques:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3 - techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the Company's assets and liabilities measured at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Consolidated Total balance
Assets				
Fixed-income securities in local currency	187,564	-	-	187,564
Marketable securities	38,563	44,828	-	83,391
Derivatives	-	15,876	-	15,876
Total assets	226,127	60,704	-	286,831

3.4. Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, where there is a legal right to offset the recognized amounts and an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

(a) Financial instruments by category

	Consolidated			
	At fair value through other comprehensive income	At fair value through profit or loss	At amortized cost	Total
December 31, 2022				
Assets as per statement of financial position				
Trade receivables	-	-	40,881	40,881
Cash and banks	-	-	2,143	2,143
Fixed-income securities in local currency	-	187,564	-	187,564
Marketable securities	-	83,391	-	83,391
Derivatives	-	15,876	-	15,876
	-	286,831	44,103	330,934

	Consolidated			
	At fair value through other comprehensive income	At fair value through profit or loss	At amortized cost	Total
December 31, 2022				
Liabilities as per statement of financial position				
Loans and financing	-	-	236,656	236,656
Payables for investment acquisition	-	-	190,738	190,738
Trade payables	-	-	4,724	4,724
Put option on non-controlling interests	-	-	142,270	142,270
			574,388	574,388

Section C - Segment reporting

4 Segment reporting

The Company's business purpose is to provide technology products and services for the finance industry. Although its products are aimed at financial institutions from various segments, they are not controlled and managed as independent segments, as the Company's results are monitored and assessed by management in an integrated manner.

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Section D - Group Structure

5 Investments

(a) Changes in investments

	Senior Solution Serviços em Informática Ltda.	Sinqia Tecnologia Ltda.	Torq Inovação Digital Ltda.	Sinqia Administração Previdenciária Ltda.	Dendron Tecnologia S.A.	Simply Sistemas S.A.	Homie do Brasil Informática Ltda.	Rosk Software S.A.	Total
Balance as of December 31, 2020	14,017	89,080	857	-	-	-	-	-	103,954
Capital increase	-	8,000	28,721	-	-	-	-	-	36,721
Investment acquisition	-	-	-	56,340	25,287	32,364	41,704	32,784	188,479
Dividend distribution	-	-	-	-	-	-	(3,759)	-	(3,759)
Equity pick-up	10,041	(5,711)	4,535	17,057	714	5,748	3,627	(71)	35,940
Corporate restructuring (i)	(24,058)	-	-	(73,397)	(26,001)	(38,112)	-	-	(161,568)
Amortization (iii)	-	-	-	-	-	-	(1,756)	-	(1,756)
Balance as of December 31, 2021 (Restated)	-	91,369	34,113	-	-	-	39,816	32,713	198,011
Capital increase (ii)	-	491,198	7,337	-	-	-	-	-	498,535
Investment acquisition	-	-	-	-	-	-	-	1,438	1,438
Dividend distribution	-	-	-	-	-	-	(4,333)	-	(4,333)
Equity pick-up	-	3,053	87	-	-	-	4,333	(704)	6,769
Put option over non-controlling interests	-	(65,602)	-	-	-	-	-	-	(65,602)
Amortization (iii)	-	-	-	-	-	-	(2,342)	(3,788)	(6,130)
Balance as of December 31, 2022	-	520,018	41,537	-	-	-	37,474	29,659	628,688

(i) On October 1, 2021, Sinqia Administração Previdenciária Ltda., Dendron Tecnologia S.A., Senior Solution Serviços em Informática Ltda., and Simply Sistemas S.A. were merged into Sinqia S.A. (parent company).

(ii) The capital increase in Sinqia Tecnologia Ltda. and Torq Ltda. was effected to enable the acquisitions mentioned in Note 27 and the investments described in Note 6c.

(iii) Amortization of value added resulting from the business combination, attributed to non-controlling interests.

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Direct investment	Equity	Stake (%)	Revaluation surplus on goodwill	Amortization	Profit or loss for the year	Total investment		Equity pick-up	
						12/31/2022	12/31/2021 Restated amount	12/31/2022	12/31/2021
Senior Solution Serviços em Informática Ltda.	N/A	N/A	N/A	N/A	N/A	-	-	-	10,041
Sinqia Tecnologia Ltda.	520,018	100%	-	-	3,053	520,018	91,369	3,053	(5,711)
Torq Inovação Digital Ltda.	41,537	100%	-	-	87	41,537	34,113	87	4,535
Sinqia Administração Previdenciária Ltda.	N/A	N/A	N/A	N/A	N/A	-	-	-	17,057
Dendron Tecnologia S.A.	N/A	N/A	N/A	N/A	N/A	-	-	-	714
Simply Sistemas S.A.	N/A	N/A	N/A	N/A	N/A	-	-	-	5,748
Homie do Brasil Informática Ltda.	12	60%	41,566	(4,099)	7,222	37,474	39,816	4,333	3,627
Rosk Software S.A.	1,201	51%	32,834	(3,788)	(1,381)	29,659	32,713	(704)	(71)
						628,688	198,011	6,769	35,940

(b) Information on subsidiaries

Indirect investment	Equity	Stake (%)	Profit or loss for the year	Total investment		Equity pick-up	
				12/31/2022	12/31/2021	12/31/2022	12/31/2021
Sinqia Seguridade Ltda. (i)	N/A	N/A	10,117	-	-	10,117	-
Lote 45 Participações S.A.	3,307	52%	11,990	1,720	-	6,235	-
Newcon Software S.A. (i)	N/A	N/A	21,751	-	-	21,751	-
Newcon Tecnologia e Serviços Ltda. (i)	N/A	N/A	4,541	-	-	4,541	-
				1,720	-	42,644	-

(i) On October 1, 2022, Sinqia Seguridade Ltda. was merged into Sinqia Tecnologia Ltda. On December 31, 2022, Newcon Software S.A. and Newcon Tecnologia e Serviços Ltda. were merged into Sinqia Tecnologia Ltda.

Section E – Significant Notes Selected

6 CASH AND CASH EQUIVALENTS, FINANCIAL INVESTMENTS AND FINANCIAL ASSETS

a) Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
Banks	332	2,287	2,143	5,135
Fixed-income securities in local currency (i)	11,437	8,067	35,798	19,057
	11,769	10,354	37,941	24,192

(i) The Company has financial investment policies that require concentration on low-risk securities with a return corresponding substantially to a percentage of the Interbank Deposit Certificate (CDI) variation. Therefore, investments comprise holdings in fixed-income funds and Certificates of Deposit (CDBs), with an average return ranging from 85.10% to 103.50% of the CDI as of December 31, 2022 (95.10% to 112.57% of the CDI as of December 31, 2021) which are redeemable at any time.

b) Financial investments

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
Fixed-income securities in local currency	98,369	537,000	151,766	537,000
	98,369	537,000	151,766	537,000

The amount recognized under “Financial investments” refers to cash earmarked for investing activities, including future business combinations. The Company has financial investment policies that require concentration on low-risk securities with a return corresponding substantially to a percentage of the CDI variation. Therefore, investments comprise holdings in fixed-income funds and Certificates of Deposit (CDBs) and have an average rate of return ranging from 85.10% to 103.50% of the CDI as of December 31, 2022 (95.10% to 112.57% of the CDI as of December 31, 2021) and are redeemable at any time.

c) Financial assets

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
Amounts pledged as collateral (ii)	38,563	32,069	38,563	32,069
Investments in private entities (iii)	1,075	1,075	44,828	38,150
Derivatives (iv)	13,334	10,482	15,876	10,482
	52,972	43,626	99,267	80,701

(ii) These amounts consist mainly of investments in fixed-income investment funds with average interest rates ranging from 106.59% to 115.20% of CDI, and held by the Company to serve as collateral for payables for investment acquisition and debentures issued.

(iii) These amounts correspond to the fair value of preferred shares held in Celcoin Pagamentos S.A., holdings in private equity funds, and loans convertible into shares.

(iv) These amounts refer to call options over non-controlling interests in connection with the

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subsidiaries Homie do Brasil Informática Ltda., Rosk Software S.A. and Lote45 Participações S.A.

7 TRADE RECEIVABLES

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Billed amounts	16,114	21,835	34,449	30,672
Unbilled services (i)	3,763	5,381	7,511	6,416
(-) Estimated impairment of trade receivables (ii)	(542)	(1,432)	(1,079)	(2,578)
	19,335	25,784	40,881	34,510

(i) Unbilled services comprise revenues from services already provided to customers but not yet billed by the reporting date.

(ii) Changes in the provision for impairment of trade receivables are presented below:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balances as of December 31, 2021 and 2020	(1,432)	(410)	(2,578)	(685)
Additions due to business acquisition (i)	-	(684)	-	(543)
Additions	(311)	(2,113)	(1,053)	(3,204)
Actual losses	689	815	1,355	815
Reversals	512	960	1,197	1,039
Balances as of December 31, 2022 and 2021	(542)	(1,432)	(1,079)	(2,578)

(i) This balance refers to the acquisition and merger of Itaú Administração Previdenciária Ltda.

The aging analysis of trade receivables is presented below:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Unbilled services	3,763	5,381	7,511	6,416
Not yet due	15,087	18,916	29,869	23,626
1 to 90 days overdue	485	1,386	3,481	3,838
91 to 180 days overdue	6	149	248	966
181 to 270 days overdue	2	440	33	473
271 to 360 days overdue	6	303	20	677
Over 360 days overdue	528	641	798	1,092
	19,877	27,216	41,960	37,088

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8 TAXES AND CONTRIBUTIONS RECOVERABLE

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
IRRF and IRPJ/CSLL to be offset (i)	12,671	7,427	17,046	10,935
PIS, COFINS and CS withheld at source	-	19	47	36
Other	17	16	68	55
Total	12,688	7,462	17,161	11,026
Current	11,743	4,594	15,840	7,261
Noncurrent	945	2,868	1,321	3,765

(i) Refers to income tax withheld at source and income tax and social contribution prepayments.

9 RELATED PARTIES

a) INFORMATION ON RELATED PARTIES

The table below presents information on outstanding balances between the parent company, its subsidiaries and members of management as of December 31, 2022 and 2021:

Related parties	Parent company	
	Receivables from related parties (assets)	Receivables from related parties (assets)
	12/31/2022	12/31/2021
Sinqia Tecnologia Ltda.	3,067	4,277
Homie do Brasil Informática Ltda.	326	-
Noncurrent assets	3,393	4,277
	12/31/2022	
Related parties	Expense recovery	Expenses
Sinqia S.A.	33,575	-
Sinqia Tecnologia Ltda	-	11,558
Newcon Software S.A.	-	22,017
Total	33,575	33,575

transactions consist of the sharing of cash and expenses, mainly administrative expenses, and are carried out based on agreements entered into between the parties. There are no sales and purchases of products or services between Group companies. In 2021 there was no sharing expenses between group companies and the transactions refer mainly to cash management, with no impact on the result.

b) MANAGEMENT COMPENSATION

The Company does not have any additional post-employment obligations and neither provides other long-term benefits, such as paid leave of absence and other benefits for length of service. Members of senior management are not provided with any severance benefits other than those required by the

Brazilian labor legislation in force.

Short-term benefits

Short-term benefits include salaries, management fees, payroll charges, and variable bonuses. Disbursements related to the compensation of key management personnel of the Company and its subsidiaries are summarized below:

	Parent Company and Consolidated	
	12/31/2022	12/31/2021
Salaries, management fees and payroll charges	6,173	4,550
Benefits	747	324
Variable bonuses and share-based payments	3,658	1,237
	10,578	6,111

c) SHARE-BASED COMPENSATION PLAN

SHARE-BASED COMPENSATION PLAN The purpose of the Share-Based Compensation Plan ("Plan") is to offer top executives of the Company the opportunity to multiply the value of their annual financial bonus ("Annual Bonus"), by assigning additional resources ("Additional Bonus"), by the Company, which must be used by eligible executive officers ("Beneficiary") to acquire shares of the Company ("Shares"). The Plan establishes that the Additional Bonus will be calculated by applying a multiplier to the Annual Bonus, which is granted by the Company under the Profit-Sharing Program ("PPLR").

The Additional Bonus under this Plan will be calculated by applying a multiplier on the Annual Bonus. The multiplier ranges from 50% to 80% depending on the role performed in the Company.

The number of shares to be acquired by each beneficiary will be calculated based on the average market value of the shares in a certain period.

The shares acquired will vest as follows: 40% of the total shares acquired, after twelve (12) months from acquisition; 30% of the total, after twenty-four (24) months from acquisition; and the remaining 30%, after thirty-six (36) months from acquisition. The acquisition date will be considered as that on which the Company receives from the beneficiary the amounts related to the sale, and the share purchase agreement is signed.

The number of shares available for the year in this plan is 56.773 shares.

d) STOCK OPTIONS PLAN

Under the Stock Options Plan (the "Plan") employees are granted options to purchase or subscribe shares of the Company's capital stock ("Stock options"). The Plan's aims are to (a) attract, retain and engage key personnel to run the Company ("Beneficiaries"); (b) align the interests of Beneficiaries with those of the Company and its shareholders from a long-term perspective; and (c) motivate the Beneficiaries to contribute to the achievement of good results for the Company.

Number of Shares Included in the Plan: The options granted under the Plan, including both exercised and unexercised options, and discounting options forfeited due to termination, death, permanent disability or retirement, entitle the Beneficiaries to acquire common shares representing up to 3% (three per cent) of the Company's capital stock as of the date of approval of the Plan.

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Exercise of Options: The options granted may be exercised provided that the terms and conditions set forth under the present Plan and by the Board of Directors, as well as the terms and conditions established in the respective Stock Option Agreements, are fulfilled. The Beneficiary may exercise all or part of the Vested Options. However, in the case of partial exercises, the Beneficiary must exercise at least 25% of the vested options to which they are entitled. The exercise of a portion of the vested options by the Beneficiary will not impede the exercise of the remaining vested Options.

The fair market value of the stock options granted is estimated on the grant date using the Black-Scholes option pricing model.

The main events concerning the plans in effect, the variables used and the results of the calculations are presented below:

Date	Grants			Fair value assumptions		
	Number of options/shares	Strike price in <i>Reais</i>	Fair value of the shares in <i>Reais</i>	Volatility	Risk-free rate	Vesting period
8/1/2018	177,716	7.12	5.94	35.18%	6.50%	5 years
9/30/2019	98,646	22.08	18.70	47.82%	9.75%	4 years
3/31/2021	200,424	17.24	25.50	48.26%	6.00%	4 years
5/31/2021	86,382	29.56	22.46	47.82%	7.00%	4 years
9/2/2021	70,044	30.03	23.10	47.82%	7.00%	4 years
4/30/2022	273,008	14.90	19.08	47.82%	9.38%	4 years

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10 PROPERTY AND EQUIPMENT

a) Breakdown of property and equipment

	Useful life (in years)	Cost	Accumulated depreciation	Parent company	
				12/31/2022	12/31/2021
				Net	Net
Facilities and improvements	9 - 10	8,152	(4,860)	3,292	5,056
Appliances and electrical materials	9 - 12	1,862	(1,668)	194	270
Furniture and fixtures	9 - 12	3,430	(2,613)	817	1,499
Lease right-of-use assets	2 - 10	7,090	(2,304)	4,786	4,472
Computers and peripherals	4 - 5	18,829	(10,508)	8,321	11,100
		39,363	(21,953)	17,410	22,397

	Useful life (In years)	Cost	Accumulated depreciation	Consolidated	
				12/31/2022	12/31/2021
				Net	Net
Facilities and improvements	9 - 10	10,866	(7,313)	3,553	5,561
Appliances and electrical materials	9 - 12	2,276	(2,005)	271	328
Furniture and fixtures	9 - 12	6,029	(4,553)	1,476	1,806
Lease right-of-use assets	2 - 10	38,207	(11,642)	26,565	28,384
Computers and peripherals	4 - 5	27,750	(15,760)	11,990	11,752
Vehicles	5	380	(175)	205	-
Buildings	25	3,900	(1,220)	2,680	-
		89,408	(42,668)	46,740	47,831

b) Changes in property and equipment - Parent Company

	Facilities and improvements	Appliances and electrical materials	Furniture and fixtures	Lease right-of-use assets	Computers and peripherals	Total
Balances as of December 31, 2020	5,404	345	1,696	3,413	5,701	16,559
Additions	90	-	99	-	7,382	7,571
Additions - right-of-use assets	-	-	-	2,386	-	2,386
Transfer between branches	5	25	5	-	-	35
Write-offs	-	-	-	-	(5)	(5)
Depreciation and amortization	(443)	(99)	(301)	(1,327)	(1,979)	(4,149)
Balances as of December 31, 2021	5,056	271	1,499	4,472	11,099	22,397

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	Facilities and improvements	Appliances and electrical materials	Furniture and fixtures	Lease right-of-use assets	Computers and peripherals	Total
Balances as of December 31, 2021	5,056	271	1,499	4,472	11,099	22,397
Additions	780	5	220	-	1,165	2,170
Additions - right-of-use assets (i)	-	-	-	1,090	-	1,090
Write-offs	-	-	-	-	(7)	(7)
Depreciation and amortization	(2,544)	(82)	(902)	(776)	(3,936)	(8,240)
Balances as of December 31, 2022	3,292	194	817	4,786	8,321	17,410

(i) The additions related to CPC 06 (R2) consist of the recognition of right-of-use assets arising from new property lease agreements.

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c) Changes in property and equipment - Consolidated

	Facilities and improvements	Appliances and electrical materials	Furniture and fixtures	Lease right-of-use assets	Computers and peripherals	Vehicles	Total
Balances as of December 31, 2020	6,701	451	2,057	22,235	6,670	24	38,138
Additions	98	2	99	-	7,381	-	7,580
Additions related to CPC 06 (R2) (i)	-	-	-	13,096	-	-	13,096
Additions due to business acquisitions	-	198	135	-	192	-	525
Write-offs	-	-	-	-	(10)	-	(10)
Depreciation	(1,238)	(322)	(484)	(6,947)	(2,483)	(24)	(11,498)
Balances as of December 31, 2021	5,561	329	1,807	28,384	11,750	-	47,831

	Facilities and improvements	Appliances and electrical materials	Furniture and fixtures	Lease right-of-use assets	Computers and peripherals	Vehicles	Buildings	Total
Balances as of December 31, 2021	5,561	329	1,807	28,384	11,750	-	-	47,831
Additions	1,044	5	350	-	4,805	-	-	6,204
Additions related to CPC 06 (R2) (i)	-	-	-	3,517	-	-	-	3,517
Additions due to business acquisitions (ii)	170	74	540	-	368	268	2,849	4,269
Write-offs	-	-	-	-	(6)	-	-	(6)
Depreciation	(3,222)	(137)	(1,221)	(5,336)	(4,927)	(63)	(169)	(15,075)
Balances as of December 31, 2022	3,553	271	1,476	26,565	11,990	205	2,680	46,740

(i) The additions related to CPC 06 (R2) consist of the recognition of right-of-use assets arising from new property lease agreements.

(ii) Increase in assets arising from the business combination of Newcon Software S.A., Sinqia Seguridade Ltda. and Lote45 Participações S.A.

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11 INTANGIBLE ASSETS

a) Breakdown

	Useful life (in years)	Cost	Accumulated amortization and/or impairment (i)	Parent company	
				12/31/2022	12/31/2021 (Restated)
				Net	Net
Goodwill on acquisition of subsidiaries	-	160,829	(2,860)	157,969	157,969
Software licenses	1-5	30,402	(24,877)	5,525	4,955
Trademarks and patents	5-10	2,278	(2,278)	-	595
Acquired software	5	21,983	(11,448)	10,535	12,961
Customer portfolio	10	52,655	(14,003)	38,652	43,206
Non-competition agreement	5	4,575	(4,575)	-	-
Development of new products	5	9,902	(6,301)	3,601	-
Rights to use servers	1-3	64,058	(23,411)	40,647	48,406
		346,682	(89,753)	256,929	268,092

	Useful life (in years)	Cost	Accumulated amortization and/or impairment (i)	Consolidated	
				12/31/2022	12/31/2021 (Restated)
				Net	Net
Goodwill on acquisition of subsidiaries	-	633,456	(2,860)	630,596	285,286
Software licenses	1-5	40,829	(31,841)	8,988	5,054
Trademarks and patents	5-10	61,909	(10,865)	51,044	19,729
Acquired software	5	100,644	(35,492)	65,152	38,648
Customer portfolio	10	331,428	(55,125)	276,303	89,844
Non-competition agreement	5	9,068	(7,947)	1,121	1,916
Development of new products	5	10,563	(6,301)	4,262	-
Rights to use servers	1-3	64,057	(23,410)	40,647	48,406
		1,251,954	(173,841)	1,078,113	488,883

- (i) The key assumptions used for the impairment testing of goodwill on acquisition of subsidiaries are disclosed in Note 2.a. No impairment losses were recognized or reversed in 2022 and 2021.

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b) Changes in intangible assets - Parent company

	Goodwill on acquisition of subsidiaries (ii)	Software licenses	Trademarks and patents	Acquired software	Customer portfolio	Development of new products	Lease right-of-use assets	Total
Balances as of December 31, 2020	-	1,670	912	1,601	15,093	1,210	13,802	34,288
Additions	-	8,423	-	-	-	-	-	8,423
Additions due to corporate restructuring	157,969	-	-	16,034	33,084	-	-	207,087
Additions - right-of-use assets	-	-	-	-	-	-	42,800	42,800
Amortization	-	(5,138)	(317)	(4,674)	(4,971)	(1,210)	(8,196)	(24,506)
Balances as of December 31, 2021 (Restated)	157,969	4,955	595	12,961	43,206	-	48,406	268,092

	Goodwill on acquisition of subsidiaries (ii)	Software licenses	Trademarks and patents	Acquired software	Customer portfolio	Development of new products	Lease right-of-use assets	Total
Balances as of December 31, 2021 (Restated)	157,969	4,955	595	12,961	43,206	-	48,406	268,092
Additions	-	11,093	-	-	-	3,600	-	14,693
Additions - right-of-use assets (ii)	-	-	-	-	-	-	8,320	8,320
Amortization	-	(10,523)	(595)	(2,425)	(4,554)	-	(16,079)	(34,176)
Balances as of December 31, 2022	157,969	5,525	0	10,536	38,652	3,600	40,647	256,929

(i) The additions related to CPC 06 (R2) consist of the recognition of right-of-use assets arising from cloud server lease agreements.

(ii) The total goodwill balance recognized is allocated to the Company's single cash-generating unit.

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c) Changes in intangible assets - Consolidated

	Goodwill on acquisition of subsidiaries (iii)	Software licenses	Trademarks and patents	Acquired software	Customer portfolio	Non-competition agreement	Development of new products	Rights to use servers	Total
Balances as of December 31, 2020	134,902	4,238	5,210	12,714	47,757	2,877	1,210	13,802	222,710
Additions	-	8,882	-	-	-	-	-	-	8,882
Additions arising from business acquisition	150,427	-	15,176	34,319	52,242	-	-	-	252,164
Additions - right-of-use assets	-	-	-	-	-	-	-	42,802	42,802
Transfer	(43)	36	-	-	7	-	-	-	-
Amortization	-	(8,102)	(657)	(8,385)	(10,162)	(961)	(1,210)	(8,198)	(37,675)
Balances as of December 31, 2021 (Restated)	285,286	5,054	19,729	38,648	89,844	1,916	-	48,406	488,883
	Goodwill on acquisition of subsidiaries (iii)	Software licenses	Trademarks and patents	Acquired software	Customer portfolio	Non-competition agreement	Development of new products	Lease right-of-use assets	Total
Balances as of December 31, 2021 (Restated)	285,286	5,054	19,729	38,648	89,844	1,916	-	48,406	488,883
Additions	-	12,536	-	-	-	-	4,262	-	16,798
Additions due to business acquisition (i)	345,310	2,876	39,610	39,607	216,757	-	-	-	644,160
Additions - right-of-use assets (ii)	-	-	-	-	-	-	-	8,323	8,323
Amortization	-	(11,478)	(8,295)	(13,103)	(30,298)	(795)	-	(16,082)	(80,051)
Balances as of December 31, 2022	630,596	8,988	51,044	65,152	276,303	1,121	4,262	40,647	1,078,113

(i) Increase in assets arising from the business combination of Newcon Software S.A., Sinqia Seguridade Ltda. and Lote45 Participações S.A.

(ii) The additions related to CPC 06 (R2) consist of the recognition of right-of-use assets arising from new cloud server lease agreements.

(iii) The total goodwill balance recognized is allocated to the Company's single cash-generating unit.

12 LOANS AND FINANCING

	Charges	Maturity date	Parent Company and Consolidated	
			12/31/2022	12/31/2021
1st Issue of Debentures (i)	CDI + 1.50%	2/22/2024	14,634	27,161
2nd Issue of Debentures (ii)	CDI + 2.30%	7/15/2026	222,022	146,478
Total			236,656	173,639
Current			74,500	27,300
Noncurrent			162,156	146,339

- (i) The first issue of simple, non-convertible debentures is secured by trade receivables. In addition, the Company is required to maintain a deposit of R\$3,000, which was recognized under “Marketable securities” in noncurrent assets.
- (ii) The second issue of simple, non-convertible debentures is secured by checking accounts linked to the transaction, and the funds deposited therein, consisting of trade receivables from contracts entered into between the Company and its customers.

The movement in loans and financing during the year was as follows:

	Parent Company and Consolidated
Balance as of December 31, 2021	173,639
Funding	100,990
Incurred interest	31,420
Paid interest	(31,835)
Amortization	(37,558)
Balance as of December 31, 2022	236,656

The expected repayment schedule of loans and financing is as follows:

	Parent Company and Consolidated
2023	74,500
2024	64,050
2025	61,959
2026	36,147
Total	236,656

(a) **COVENANTS**

The debentures are subject to covenants that must be calculated as of December 31. The Net Debt/EBITDA ratio must be lower than or equal to 3 in 2022, and lower than or equal to 2.75 from 2023 to 2026.

Gross Bank Debt means the sum of short- and long-term loans and financing, including (i) Notes discounted with recourse and prepaid receivables; (ii) leases, except agreements related to the lease of properties for operations and contracts related to server right-of-use assets; (iii) non-convertible fixed-income securities offered publicly or privately, in the local and international markets; (iv) liabilities arising from derivatives; (v) financial debts of investees, provided that the equity interest held is greater than fifty percent (50%) of the subsidiary's share capital and consolidation has not occurred yet; (vi) convertible debt and securities; and (vii) loan liabilities net of loan assets, duly reflected in the issuer's consolidated statement of financial position, under "Loans and Financing" in the consolidated quarterly financial information or consolidated annual financial statements.

In 2022, the Company was in compliance with all covenants. As of the reporting date, the Company expected to be able to comply with all covenants in 2023.

13 LABOR LIABILITIES

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
INSS/FGTS contributions	5,021	2,898	10,172	6,466
Withholding income tax on payroll	4,516	3,482	7,256	5,306
Vacation pay	15,045	13,982	26,655	20,958
Bonuses, commissions and profit sharing (i)	13,943	7,701	17,320	8,001
Other	94	269	831	499
	38,619	28,332	62,234	41,230

INSS: National Institute of Social Security
FGTS: Severance Pay Fund

- (i) The provision for bonuses and profit sharing is recognized on a monthly basis and depends on the achievement of company-wide and individual targets by the employees. These amounts are paid out in April of the subsequent year.

14 TAX OBLIGATIONS

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income tax and social contribution	16	517	3,252	1,550
Service Tax (ISS)	801	839	1,907	1,365
PIS and COFINS	190	407	769	779
Other taxes payable	58	222	187	299
Total	1,065	1,985	6,115	3,993

15 PAYABLES FOR INVESTMENT ACQUISITION

These consist of installments payable for the acquisition of investments by the Company and its subsidiaries. In the case of agreements not subject to market interest rates, an adjustment to present value is made (using an average rate between 4.5% and 11%, reflecting the rate of third-party capital for the acquisition period). These amounts are recognized in current and noncurrent liabilities as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
Acquisition of Atena	-	-	4,082	4,727
Acquisition of ADSPrev	-	-	1,070	1,481
Acquisition of SoftPar	-	-	6,230	7,589
Acquisition of Stock&Info	-	-	965	236
Acquisition of Tree Solution	-	-	3,203	5,444
Acquisition of Fromtis	-	-	7,516	11,794
Acquisition of ISP	42,372	50,776	42,372	50,775
Acquisition of Dendron	3,568	5,294	3,568	5,294
Acquisition of Simply	4,362	6,477	4,361	6,478
Acquisition of Lote45	-	-	26,833	-
Acquisition of Mercer	-	-	7,316	-
Acquisition of Newcon	-	-	83,222	-
Total	50,302	62,547	190,738	93,818
Current	14,384	12,003	79,101	22,294
Noncurrent	35,918	50,544	111,637	71,524

The movement in payables for investment acquisition is presented below:

	Parent company	Consolidated
Balance as of December 31, 2021 (Restated)	62,547	93,818
Incurring interest	2,089	10,903
Additions due to business acquisition	1,438	120,864
Paid interest	(577)	(1,630)
Amortization	(15,195)	(33,217)
Balance as of December 31, 2022	50,302	190,738

Payables for investment acquisition are expected to be settled as follows:

	Parent company	Consolidated
2023	14,384	79,101
2024	14,562	45,030
2025	10,717	29,624
2026	10,639	23,860
2027	-	13,123
Total	50,302	190,738

16 PROVISION FOR CONTINGENCIES

In the normal course of its activities, the Company is subject to tax, civil and labor lawsuits. Management, supported by the opinion of its legal advisors, assesses the expected outcome of the lawsuits in progress and determines the need for recognizing provisions for contingencies at amounts deemed sufficient to cover expected losses as of the reporting date.

The table below presents the provisions for probable losses as of December 31, 2022 and 2021:

	Parent company		Consolidated	
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)
Civil contingencies	9,223	10,024	11,784	10,025
Labor contingencies	13,915	12,005	46,982	28,345
Tax contingencies	13,469	15,524	81,100	25,575
	36,607	37,553	139,866	63,945

The following table presents the movement in the provision for contingencies during the year:

	Parent company	Consolidated
Balance as of December 31, 2021 (Restated)	37,553	63,945
Additions (i)	10,927	14,204
Additions due to business acquisition (ii)	-	79,548
Reversals	(10,507)	(16,560)
Incurred interest	965	1,094
Payments	(2,331)	(2,365)
Balance as of December 31, 2022	36,607	139,866

(i) Additions comprise new lawsuits and changes to amounts in controversy in the lawsuits already provisioned for.

(ii) These consist of amounts related to tax, civil and labor lawsuits arising from the acquisitions of Newcon Software S.A., Sinqia Seguridade Ltda. and Lote45 Participações S.A.

The Company and its subsidiaries are also parties to labor and tax lawsuits in which the risk of an unfavorable outcome is regarded as possible, according to their legal advisors and the Company's management, for which no provision has been recognized. As of December 31, 2022, the inflation-adjusted amount in controversy in those lawsuits totaled R\$33,030 in the individual financial statements (R\$26,945 as of December 31, 2021) and R\$35,082 in the consolidated financial statements (R\$30,281 as of December 31, 2021). In addition, as of December 31, 2022, the Company had court deposits totaling R\$187 in the individual financial statements (R\$163 as of December 31, 2021) and R\$197 in the consolidated financial statements (R\$174 as of December 31, 2021).

a) Labor contingencies

Labor lawsuits generally relate to overtime, hazardous duty pay, salary equalization, vacation pay, compensation for pain and suffering following occupational accidents and diseases, vicarious liability involving service providers etc.

b) Tax contingencies

Tax lawsuits relate to legal disputes involving federal and municipal taxes, particularly declined requests for offsetting and/or refund, as well as to tax risks identified in acquisition processes.

c) Civil contingencies

Civil lawsuits mainly relate to claims filed under the allegation of problems in the provision of services and refunds of amounts.

17 EQUITY

17.1 Capital stock

At a meeting held on August 26, 2021, the Board of Directors approved an increase in the Company's capital stock, within the limit of authorized capital, pursuant to Article 5 of the Bylaws, totaling R\$400,042, through the issue of seventeen million, three hundred ninety-three thousand, one hundred sixty (17,393,160) common shares.

The Company's capital stock totals R\$813,303 and is currently represented by 87,941,972 registered common shares with no par value. Holders of common shares are entitled to one vote per share at general meetings.

The table below presents the ownership interests (in number of shares) of holders of 5% or more of the Company's shares of common stock, in addition to treasury shares.

Shareholders	12/31/2022		12/31/2021	
	Shares	%	Shares	%
HIX Investimentos Ltda.	9,588,025	10.90%	6,295,047	7.16%
Antonio Luciano de Camargo Filho	6,483,752	7.37%	6,078,979	6.91%
Bernardo Francisco Pereira Gomes	5,689,450	6.47%	5,970,180	6.79%
SFA Investimentos Ltda.	5,404,400	6.15%	5,739,900	6.53%
SK Tarpon	4,405,877	5.01%	-	-
Treasury shares	3,362,360	3.82%	2,191,561	2.49%
Other shareholders	53,008,108	60.28%	61,666,305	70.12%
Total	87,941,972	100%	87,941,972	100%

17.2 Retained earnings reserve

The retained earnings reserve comprises the legal reserve and the profit retention reserve arising from allocations of capital budgets approved at the Annual General Meetings.

a) Legal reserve

As of December 31, 2022 and 2021, the legal reserve totaled R\$839 and R\$1,009, respectively.

b) Dividends and interest on equity

As of December 31, 2022 and 2021, the dividend payout amounted to R\$4,690 and R\$5,638, respectively. The mandatory minimum dividend is equivalent to 25% of adjusted net income.

	12/31/2022	12/31/2021
Basis of calculation for interest on equity/dividend	16,785	20,179
Legal reserve (5%)	839	1,009
Basis of calculation for the minimum dividend	15,946	19,170
Interest on equity (25%)	3,986	4,793
Additional interest on equity	704	846
Earnings to be distributed	4.690	5.638
Earnings per share	0.055	0.074

17.3. Capital reserve

As of December 31, 2022 and 2021, the balance of the capital reserve comprised the effects of the share-based compensation plan and variations in the purchase and sale prices of treasury shares.

In 2022, a movement of R\$878 was recognized (R\$331 in 2021), relating to the share-based compensation plans. In 2022, there was a variation of R\$1,238 in the capital reserve (R\$3,601 in 2021) due to a mismatch between the purchase and sale prices of treasury shares in the acquisitions and under the share-based compensation plan.

17.4 Treasury shares

A Board of Directors' Meeting held on March 10, 2021 approved the repurchase of up to 5,241,054 shares, representing 8.9% of the Company's free float, under the 6th Share Buyback Program.

In 2021, share repurchases amounted to R\$99,777, and part of these shares, totaling R\$56,109, was used as consideration for the acquisitions of Simply Sistemas S.A., Dendron Tecnologia S.A., Homie do Brasil Informática Ltda. and Rosk Software S.A.

In 2022, share repurchases amounted to R\$21,658, of which a total of R\$4,380 was sold, leaving a balance in the treasury shares line item of R\$58,174 (R\$40,896 in 2021).

17.5 Share issue costs

The share issue costs line item reflects changes in equity arising from the issue of new shares. In 2021, expenses of R\$24,975 were recognized, relating to the increase in the Company's capital stock, within the limit of authorized capital, pursuant to Article 5 of the Bylaws.

17.6 Non-controlling interests

Non-controlling interests comprise the equity interests held by the shareholders of Homie do Brasil Informática Ltda., Rosk Software S.A. and Lote45 Participações Ltda., which together amounted to R\$20,067 in 2022 (R\$19,081 in 2021).

17.7 Transactions with non-controlling shareholders

Transactions with non-controlling shareholders refer to put options on the remaining installments for non-controlling shareholders. Put options were recorded according to the expectations of gross prices in future years, discounted at present value. The price of exercise of the options will be measured based on a revenues multiple, to be determined based on the EBITDA margin on a future date. This amount corresponds to R\$126,810 in 2022 (R\$61,208 in 2021).

18 NET OPERATING REVENUE

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Software	221,840	125,987	575,901	309,304
Services	102,278	40,739	105,593	86,488
Gross operating revenue	324,118	166,726	681,494	395,792
Service Tax (ISS)	(9,097)	(4,619)	(19,494)	(12,103)
PIS and COFINS	(11,785)	(6,112)	(24,530)	(16,743)
INSS due by the employer	(14,539)	(7,559)	(20,998)	(14,350)
Taxes on sales	(35,421)	(18,290)	(65,022)	(43,196)
Software	196,796	111,952	522,479	275,650
Services	91,901	36,484	93,993	76,946
Net operating revenue	288,697	148,436	616,472	352,596

The average tax rate levied on sales during the year was 9.45% in the Consolidated (10.91% as of December 31, 2021), comprising PIS/PASEP, COFINS, Tax on Services of Any Nature (ISSQN) and the INSS due by the employer.

19 COST OF SERVICES PROVIDED

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Outsourced services	19,638	8,725	39,499	24,261
Personnel, payroll charges and benefits	128,423	78,985	274,727	180,834
Depreciation and amortization	11,189	5,237	11,982	5,641
Other costs	10,948	5,239	27,316	7,095
	170,198	98,186	353,524	217,831

20 GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Outsourced services	445	3,427	7,180	11,272
Personnel, payroll charges and benefits	24,932	27,691	69,354	37,377
Commissions	3,997	3,297	4,510	3,499
Rents, insurance, condo fees and other	702	1,195	2,980	2,736
Increase in the provision for bonuses and profit sharing	17,788	6,466	24,106	8,117
Reversal of provision for contingencies	420	(210)	(2,356)	(4,549)
Increase in the provision for impairment of trade receivables	(201)	1,153	(144)	2,165
Electricity, communication and other	459	959	2,069	1,305
Consultants, lawyers and auditors	653	1,654	2,615	2,465
Publicity and advertising	661	773	2,450	860
Travel and lodging expenses	256	40	824	42
Other expenses (income)	1,107	4,806	5,112	5,935
Depreciation and amortization	37,358	23,417	83,147	43,535
	88,577	74,668	201,847	114,759

21 NET FINANCIAL RESULT

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Financial expenses:				
Interest on investment acquisition	(2,089)	(5,057)	(10,903)	(7,569)
Interest on loans	(31,420)	(7,874)	(31,417)	(7,874)
Bank expenses	(87)	(150)	(280)	(355)
Present value adjustments to leases	(5,627)	(2,804)	(7,936)	(4,231)
Present value adjustments to put option	(14,971)	-	(26,874)	-
Tax on Financial Transactions (IOF)	(94)	(133)	(139)	(181)
Interest and indexation of lawsuits	(965)	(1,133)	(1,094)	(1,783)
Other financial expenses	(102)	(22)	(256)	(397)
Installment payments	-	(88)	-	(162)
Financial income:				
Return on financial investment	14,948	16,533	20,081	17,092
Change in the value of the put option (i)	26,576	-	26,576	-
Fair value adjustment to financial instruments (ii)	2,851	-	3,008	7,844
Interest received	888	-	1,266	-
Other financial income	-	44	-	269
	(10,092)	(684)	(27,968)	2,653

(i) The amount refers to the impact caused by the remeasurement of base estimates for calculation of the put option over non-controlling interests of Rosk Software S.A.

(ii) This amount refers to financial income recognized due to a change in the fair value of the assets disclosed in Note 6c.

22 PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION

Current income tax and social contribution are calculated at the prevailing tax rates, and deferred income tax and social contribution are calculated on temporary differences and accumulated tax loss carryforwards.

a) Current and deferred income tax

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

	Parent company	
	12/31/2022	12/31/2021
Profit before taxation	26,599	10,838
Expense) at the official combined tax rate (34%)	(9,044)	(3,685)
Adjustments to calculate the effective rate:		
Equity pick-up	2,301	12,220
Non-deductible bonuses	(5,456)	(1,922)
Interest on equity	1,917	470
<i>Lei do Bem</i> tax incentive and recognized credits	1,644	1,956
Other permanent differences (i)	(1,176)	302
Credit (expense) at the effective rate	(9,814)	9,341
Current income tax and social contribution	-	(5,626)
Deferred income tax and social contribution	(9,814)	14,967
	Consolidated	
	12/31/2022	12/31/2021
Profit before tax	33,133	22,659
Expense at the official combined tax rate (34%)	(11,265)	(7,703)
Adjustments to calculate the effective rate:		
Deemed income in subsidiaries (ii)	416	3,928
Non-deductible bonuses	(5,709)	(2,351)
Interest on capital	1,917	470
<i>Lei do Bem</i> tax incentive and recognized credits	1,644	2,559
Other permanent differences (i)	(2,580)	651
Expense at the effective rate	(15,577)	(2,446)
Current income tax and social contribution	(26,375)	(21,850)
Deferred income tax and social contribution	10,798	19,404

(i) "Other permanent differences" mainly comprise non-deductible expenses, tax rate differences, and the Workers' Food Program (PAT).

(ii) Difference relating to Group companies that calculate income tax and social contribution under the deemed income regime.

b) Deferred income tax and social contribution assets

Deferred income tax and social contribution are broken down as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Noncurrent assets				
Tax loss carryforwards	28,882	29,398	49,070	41,339
Provision for impairment of trade receivables	184	487	367	877
Provision for profit sharing	328	279	443	365
Provision for contingencies	10,202	10,524	42,081	17,594
Amortization of tax goodwill on business combination	(11,413)	(8,301)	(12,575)	(17,089)
Other provisions	1,254	408	1,424	450
Change in the fair value of financial assets	(4,915)	-	(3,736)	(2,667)
Leases	1,084	4,766	1,551	6,727
	25,606	37,561	78,625	47,596

Deferred income tax and social contribution have been recognized based on studies prepared by Management regarding the generation of future taxable income that will enable the full realization of these amounts over the next years, as well as on the expected realization of deductible or taxable temporary differences, as shown below:

	Parent company	Consolidated
2023	4,140	5,382
2024	5,673	7,779
2025	6,374	9,316
2026	7,664	11,370
2027	7,084	9,445
2028	6,084	10,519
2029	-	18,686
2030	-	18,703
Total deferred tax assets	37,019	91,200
Tax benefit of goodwill	(11,413)	(12,575)
Net deferred tax assets	25,606	78,625

23 EARNINGS PER SHARE

The calculation of basic earnings per share is performed by dividing net income for the year attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing net income for the year attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued on the conversion of all dilutive potential common shares into common shares.

The table below presents information on the results and shares used to calculate basic and diluted earnings per share:

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(In thousands of *Reais*, unless otherwise stated)

	Parent Company and Consolidated	
	12/31/2022	12/31/2021
Basic earnings per share		
Numerator		
Net income for the year attributable to the Company's shareholders	16,785	20,179
Denominator		
Weighted average number of common shares outstanding	84,838,175	75,889,647
Basic earnings per share (in <i>Reais</i>)	0.198	0.266

	Parent Company and Consolidated	
	12/31/2022	12/31/2021
Diluted earnings per share		
Numerator		
Net income for the year attributable to the Company's shareholders	16,785	20,179
Denominator		
Weighted average number of common shares outstanding	84,838,175	75,889,647
Potential increase in common shares due to the stock option plan and restricted shares	906,220	434,913
Diluted earnings per share (in <i>Reais</i>)	0.196	0.264

24 LEASES

Lease liabilities were recognized in compliance with IFRS 16/ CPC 06 (R2), which requires the Company to recognize a lease liability and right-of-use asset for all agreements that fall within the scope of this standard. For current leases, the average discount rate used was 7.38%.

	Final maturity	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Belo Horizonte Office	12/31/2028	5,761	5,246	5,761	5,246
São Paulo Office	7/1/2028	-	-	22,535	24,193
Curitiba Office	8/31/2023	-	-	617	505
Oracle do Brasil (Servers)	12/31/2022	-	229	-	229
Solo Network (Servers)	7/30/2025	40,759	46,612	40,759	46,612
Claranet (Servers)	9/30/2026	2,101	2,685	2,101	2,685
Total		48,621	54,772	71,773	79,470
Current		18,937	13,121	24,334	16,660
Noncurrent		29,684	41,651	47,439	62,810

Pursuant to OFFICIAL LETTER/CVM/SNC/SEP/02/2019, the Company adopted as an accounting policy the requirements of CPC06 (R2) to measure and remeasure its right-of-use assets, using the discounted cash flow technique without considering inflation (real flow discounted at a nominal rate). Management assessed the use of nominal flows and concluded that they do not create any significant distortions in the information presented.

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(In thousands of *Reais*, unless otherwise stated)

In order to ensure the faithful presentation of the information with respect to the requirements of CPC06 (R2), as well as to comply with the technical guidelines issued by the Brazilian Securities Commission (CVM), the non-inflation adjusted liability balances accounted for (real flow vs. nominal rate), as well as the estimate of the inflation-adjusted balances in the comparative periods (nominal flow vs. nominal rate) are provided.

Other assumptions, such as the maturity schedule of the liabilities and interest rates used in the calculation, are disclosed in other items of this Note. The inflation rates are those observable in the market so that nominal flows can be prepared by users of the financial statements.

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Real flow discounted at a nominal rate				
Lease liabilities	55,240	63,051	83,193	93,863
Present value adjustment	(6,619)	(8,279)	(11,420)	(14,393)
	48,621	54,772	71,773	79,470
Nominal flow discounted at a nominal rate				
Lease liabilities	57,286	64,770	86,326	95,002
Present value adjustment	(6,773)	(9,856)	(11,761)	(14,457)
	50,513	54,914	74,565	80,545

Changes in leases were as follows:

	Parent company	Consolidated
	Balance as of December 31, 2021	54,772
Additions	9,236	11,670
Incurring interest	5,627	7,935
Paid interest	(5,709)	(7,976)
Amortization	(15,305)	(19,326)
Balance as of December 31, 2022	48,621	71,773

(i) Amount related to the transfer of lease agreements from the Company to the subsidiary Senior Solution Consultoria em Informática Ltda.

25 PUT OPTION OVER NON-CONTROLLING INTERESTS

As part of the business combinations where only part of the share capital of the investees was acquired, the Company issued a put option over non-controlling interests. The put option was recognized at the expected future exercise price, discounted to present value. The exercise price of the option will be measured based on a revenue multiple to be determined based on the EBITDA margin on a future date.

At the reporting date, the following options had been issued:

Exercise date	Parent company		Consolidated		
	12/31/2022	12/31/2021 (Restated)	12/31/2022	12/31/2021 (Restated)	
Homie do Brasil Informática Ltda.	7/31/2025	17,982	13,315	17,982	13,315
Rosk Software S.A.	4/30/2025 and 4/30/2026	32,799	49,071	32,799	49,071
Lote45 Participações S.A.	4/30/2027	-	-	91,489	-
Total		50,781	62,386	142,270	62,386

26 NON-CASH TRANSACTIONS

Investing and financing transactions that do not involve the use of cash or cash equivalents are not included in the cash flow statement. As of December 31, 2022 and 2021, the Company carried out the following non-cash investing and financing activities:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Recognition of lease assets	9,236	45,855	11,670	53,030
Recognition of lease liabilities	(9,236)	(45,855)	(11,670)	(53,030)
Recognition of purchase options	-	(10,482)	(2,386)	(10,482)
Recognition of put options	65,602	61,208	65,602	61,208
Amount withheld as payment for investment acquisition	-	-	110,041	(60,379)
Assets acquired through business combinations	-	233,826	309,877	233,826
Liabilities assumed through business combinations	-	(233,826)	(309,877)	(233,826)

27 BUSINESS COMBINATION (Restated)

The acquisition of Fepweb and Quitejá, carried out in 2021, are being restated, since the goodwill and consideration were recalculated considering the call and put options, calculated at fair value on the acquisition date. In addition, the fair value of assets acquired and liabilities assumed were not updated, but are now presented in its entirety and no longer by the percentage that Sinqia hold in the companies, and on the other hand, we are presenting the value of non-controlling interest.

In 2022, there was an update to the balances of the business combination of Quitejá, due to the change in the price allocation report, causing an increase of R\$ 3,030 in the goodwill item on the acquisition of subsidiaries.

SINQIA S.A. AND SUBSIDIARIES
December 31, 2022
(In thousands of *Reais*, unless otherwise stated)

During 2022, the Company concluded the acquisition of three companies: (i) Newcon Software S.A., (ii) Mercer Seguridade Ltda., and (iii) Lote45 Participações Ltda.

The goodwill calculated in these acquisition, totaling R\$341,854, corresponds to the value of future economic benefits (goodwill) that will be obtained from the synergies provided by the acquisitions, which are in line with the Company's strategy to strengthen its market share in the Consortium (Newcon), Pension (Mercer) and Fund (LOTE45) segments.

Since the Company does not have 100% ownership of the investees Fepweb, QuiteJá and Lote45, the fair value of non-controlling interests was calculated by applying the actual shareholding percentage of minority shareholders to the equity of the subsidiaries measured at fair value.

a) Homie do Brasil Informática Ltda. (Restated)

On April 8, 2021, the Company concluded the acquisition of a 60% stake in Homie do Brasil Informática Ltda. ("Fepweb"), through its subsidiary Sinqia Tecnologia. The transaction involved a payment comprised of R\$23,400 in cash and R\$15,868 in shares on demand, and an estimated price adjustment of R\$1,285 on the acquisition date. Additionally, the transaction provides for a call option on the part of the Company and a put option on the part of the seller over the remaining share capital, at an exercise price linked to Fepweb's net revenue and EBITDA margin for 2024.

a.1) Fair value of the consideration transferred on the acquisition date:

Payment in cash	23,400
Payment in shares	15,868
Price adjustment	1,285
Call and Put options	<u>(1,377)</u>
Total consideration	<u>39,176</u>

a.2) Goodwill on acquisition of stake:

Estimated price	39,176
(-) Fair value of the assets acquired:	
Software	(10,127)
Customer portfolio	(17,053)
(+) Fair value of the liabilities assumed:	
Contingencies	4,218
(-) Net book equity on the acquisition date	233
(-) Non-controlling interests	(9,277)
Goodwill	<u>25,258</u>
Goodwill expected to be deductible for tax purposes	24,244

A contingent liability of R\$4,218 was recognized due to labor and social security risks totaling R\$2,590, and tax risks totaling R\$1,628, relating to the period of risk. As of December 31, 2022, there were no changes in the amounts recognized since the acquisition date with respect to the liability, the ranges of expected values, or the assumptions used to make the estimate.

b) Rosk Software S.A. (Restated)

On October 22, 2021, the Company concluded the acquisition of a 51% stake in Rosk Software S.A.

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(“QuiteJá”). The transaction involved a payment comprised of R\$19,125 in cash and R\$17,516 in shares, on demand, and an estimated price adjustment of R\$1,438 on the acquisition date. Additionally, the transaction provides call options and a put option over the remaining share capital, at an exercise price linked to Quite Já’s net revenue and EBITDA margin. Each call option has a different exercise date and grants the Company the right to acquire 24.5% of the investee’s share capital. The first option is linked to the net revenue and EBITDA margin that will be reported for 2024, and the second one to the same metrics for 2025.

b.1) Fair value of the consideration transferred on the acquisition date:

Payment in cash	19,125
Payment in shares	17,516
Price adjustment	1,438
Call and Put options	<u>(7,927)</u>
Total consideration	<u>30,152</u>

b.2) Goodwill on acquisition of stake:

Estimated price	30,152
(-) Fair value of the assets acquired:	
Software	(9,071)
Customer portfolio	(2,951)
Trademark	(15,176)
(+) Fair value of the liabilities assumed:	
Contingencies	7,980
(-) Net book equity on the acquisition date	(2,719)
(-) Non-controlling interest	(10,751)
Goodwill	<u>18,966</u>
Goodwill expected to be deductible for tax purposes	24,209

A contingent liability of R\$7,980 was recognized due to labor and social security risks totaling R\$5,839, and tax risks totaling R\$2,141, relating to the period of risk. As of December 31, 2022, there were no changes in the amounts recognized since the acquisition date with respect to the liability, the ranges of expected values, or the assumptions used to make the estimate.

c) Newcon Software S.A.

On January 6, 2022, the Company concluded the acquisition of a 100% stake in the share capital of Newcon Software S.A. (“Newcon”), through its subsidiary Sinqia Tecnologia. The transaction involved a down payment of R\$338,872 in cash on the acquisition date, as well as another R\$82,500, to be settled in five annual installments, as follows: two installments of R\$18,750, one installment of R\$15,000 and two installments of R\$11,250, in addition to two additional installments of R\$3,750, falling due in June 2022 and January 2023.

Newcon is one of the main suppliers of technology for the financial system in Brazil, specializing in software used by consortium administrators linked to the main financial conglomerates and auto makers, as well as independent ones.

Sinqia Tecnologia operates in the consortium market and aims to achieve the following objectives after

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the completion of this acquisition: (i) to strengthen its position as a leading technology provider for the financial system, with a comprehensive product portfolio and robust customer base; and (ii) to expand the avenues of growth for digital solutions, accelerating the penetration of digital onboarding, signature and collection solutions into the consortium market.

Newcon contributed a net revenue of R\$93,681 and a net income of R\$26,293 to the consolidated financial statements for the year ended December 31, 2022.

c.1) Fair value of the consideration transferred on the acquisition date:

Down payment in cash	338,872
Installment payment	<u>82,500</u>
Total consideration	<u>421,372</u>

c.2) Assets and liabilities recognized at fair value on the acquisition date:

INVESTEE'S STATEMENT OF FINANCIAL POSITION

	<u>1/6/2022</u>		<u>1/6/2022</u>
Current assets		Current liabilities	
Cash and cash equivalents	3,590	Loans and financing	4,066
Trade receivables	2,708	Advances from customers	4,715
Taxes recoverable	758	Trade payables	66
Advances to employees	118	Tax liabilities	2,773
Advances to suppliers	79	Labor liabilities	2,957
Prepaid expenses	7	Payables	107
Other assets	2,251		
Total current assets	<u>9,511</u>	Total current liabilities	<u>14,684</u>
Noncurrent assets		Noncurrent liabilities	
Property and equipment	3,788	Provision for contingencies	63,340
Intangible assets	242,212		
Deferred income tax on contingencies	21,536		
Total noncurrent assets	<u>267,536</u>	Total noncurrent liabilities	<u>63,340</u>
		Total equity	199,023
Total assets	<u>277,047</u>	Total liabilities	<u>277,047</u>

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c.3) Goodwill on acquisition

Estimated price	421,372
(-) Fair value of the assets acquired:	
Software	(16,730)
Customer portfolio	(195,893)
Trademark	(26,765)
Deferred tax assets	(21,536)
(+) Fair value of the liabilities assumed:	
Contingencies	63,340
(-) Net book equity on the acquisition date	1,439
Goodwill on expected future profitability	<u>222,349</u>
Goodwill expected to be deductible for tax purposes	181,986

A contingent liability of R\$63,340 was recognized due to labor risks totaling R\$11,777, and tax risks totaling R\$51,563, relating to the period of risk. As of December 31, 2022, there were no changes in the amounts recognized since the acquisition date with respect to the liability, the ranges of expected values, or the assumptions used to make the estimate.

The following table presents the acquired intangible assets which were not initially recorded in the investee's accounting books, as well as their estimated useful lives and amortization method:

<u>Intangible assets</u>	<u>Amount</u>	<u>Useful life</u>	<u>Amortization method</u>
Software	16,730	10 years	Straight-line
Customer portfolio	195,893	15 years	Straight-line
Trademark	26,765	8 years	Straight-line

d) Mercer Seguridade Ltda.

On February 1, 2022, the Company concluded the acquisition of a 100% stake in Mercer Seguridade Ltda., through its subsidiary Sinqia Tecnologia. The transaction involved a down payment of R\$25,754 in cash on the acquisition date, and another R\$7,000, to be settled in five annual installments of R\$1,400, as well as a price adjustment of R\$5,120.

Mercer provides services aimed at entities that manage closed-end private pension funds, in the customer service, accounting, treasury, risk and pension areas.

Sinqia Tecnologia operates in the private pension market and aims to achieve the following objectives after the completion of this acquisition: (i) to strengthen Sinqia's position as a leading provider of technology for the financial system, with a comprehensive product portfolio and robust customer base; and (ii) to reinforce Sinqia's installed participant base in the closed-end private pension industry.

Since the aforementioned acquisition date, Mercer contributed a net revenue of R\$25,603 and a net income of R\$10,118 to the consolidated financial statements for the year ended December 31, 2022.

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d.1) Fair value of the consideration transferred on the acquisition date:

Down payment in cash	25,754
Installment payment	7,000
Price adjustment	5,120
Total consideration	<u>37,874</u>

d.2) Assets and liabilities recognized at fair value on the acquisition date:

INVESTEE'S STATEMENT OF FINANCIAL POSITION

	<u>2/1/2022</u>		<u>2/1/2022</u>
Current assets		Current liabilities	
Cash and cash equivalents	344	Suppliers and service providers	1
Trade receivables	3,475	Advances from customers	374
		Tax liabilities	587
		Labor liabilities	2,247
Total current assets	<u>3,819</u>	Total current liabilities	<u>3,209</u>
Noncurrent assets		Noncurrent liabilities	
Deferred income tax	837	Contingencies	2,462
Intangible assets	24,750		
Total noncurrent assets	<u>25,587</u>	Total noncurrent liabilities	<u>2,462</u>
		Total equity	23,735
Total assets	<u>29,406</u>	Total liabilities	<u>29,406</u>

d.3) Goodwill on acquisition

Estimated price	37,874
(-) Fair value of the assets acquired:	
Software	(11,617)
Customer portfolio	(13,133)
Deferred tax assets	(837)
(+) Fair value of the liabilities assumed:	
Contingencies	2,462
Labor liabilities	2,246
(-) Net book equity on the acquisition date	2,857
Goodwill on expected future profitability	<u>14,138</u>
Goodwill expected to be deductible for tax purposes	13,123

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A contingent liability of R\$2,462 was recognized due to labor risks totaling R\$328 and tax risks totaling R\$2,134. As of December 31, 2022, there were no changes in the amounts recognized since the acquisition date with respect to the liability, the ranges of expected values, or the assumptions used to make the estimate.

The following table presents the acquired intangible assets which were not initially recorded in the investee's accounting books, as well as their estimated useful lives and amortization method:

<u>Intangible assets</u>	<u>Useful life</u>	<u>Amortization method</u>
Software	12.5 years	Straight-line
Customer portfolio	13 years	Straight-line

e) Lote45 Participações S.A.

On January 18, 2022, the Company concluded the acquisition of a 52% stake in Lote45 Participações Ltda. ("Lote45"), through its subsidiary Sinqia Tecnologia. The transaction involved an initial cash payment of R\$79,773, plus a price supplement payable in 2023 contingent on the net revenue reported for 2022, estimated at R\$24,805 on the acquisition date. Additionally, the transaction provides for a call option and a put option over the remaining share capital, at an exercise price linked to Lote45's net revenue and EBITDA margin for 2026.

Lote45 specializes in risk management software used by more than 100 clients in the investment fund industry, mainly family-run offices and asset managers.

Sinqia Tecnologia operates in the investment fund industry and aims to achieve the following objectives after the completion of this acquisition: (i) to strengthen its position as a leading technology provider for the financial system, with a comprehensive product portfolio and robust customer base; and (ii) to establish a complete and integrated suite for all players of the investment fund industry (administrators, custodians, distributors, managers etc.).

Since the aforementioned acquisition date, Lote45 contributed a net revenue of R\$38,414 and a net income of R\$11,991 to the consolidated financial statements for the year ended December 31, 2022.

e.1) Fair value of the consideration transferred on the acquisition date:

Cash payment	79,773
Contingent price supplement	24,805
Call and Put options	11,598
Total consideration	<u>116,176</u>

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e.2) Assets and liabilities recognized at fair value on the acquisition date:

INVESTEE'S STATEMENT OF FINANCIAL POSITION

	<u>1/18/2022</u>		<u>1/18/2022</u>
Current assets		Current liabilities	
Cash and cash equivalents	2,818	Suppliers and service providers	167
Trade receivables	1,471	Advances from customers	53
Taxes recoverable	7	Tax liabilities	745
Advances to employees	21	Labor liabilities	1,662
Advances to suppliers	1	Payables	375
Prepaid expenses	13		
Other assets	342		
Total current assets	<u>4,673</u>	Total current liabilities	<u>3,002</u>
Noncurrent assets		Noncurrent liabilities	
Property and equipment	479	Contingencies	13,728
Intangible assets	31,855	Other payables	315
Total noncurrent assets	<u>32,334</u>	Total noncurrent liabilities	<u>14,043</u>
		Total equity	19,962
Total assets	<u>37,007</u>	Total liabilities	<u>37,007</u>

e.3) Goodwill on acquisition of stake:

Estimated price	116,176
(-) Fair value of the assets acquired:	
Software	(11,279)
Trademark	(12,845)
Customer portfolio	(7,732)
(+) Fair value of the liabilities assumed:	
Contingencies	13,728
(-) Net book equity on the acquisition date	1,853
(-) Non-controlling interest	(9,600)
Goodwill on expected future profitability	<u>105,795</u>
Goodwill expected to be deductible for tax purposes	88,022

A contingent liability of R\$13,728 was recognized due to labor and social security risks totaling R\$8,043, tax risks totaling R\$5,721 and risks of other nature totaling R\$258, relating to the period of risk, there were no changes in the amounts recognized since the acquisition date with respect to the liability, the ranges of expected values, or the assumptions used to make the estimate.

The following table presents the acquired intangible assets which were not initially recorded in the investee's accounting books, as well as their estimated useful lives and amortization method:

<u>Intangible assets</u>	<u>Useful life</u>	<u>Amortization method</u>
Software	7.5 years	Straight-line
Trademark	6.7 years	Straight-line
Customer portfolio	2.1 years	Straight-line

28 EVENTS AFTER THE REPORTING PERIOD

a) Acquisition of Compliasset Software e Soluções Digitais S.A.

On March 7, 2023, the Company completed the acquisition of a 60% equity interest in Compliasset Software e Soluções Digitais S.A.

Through its subsidiary Sinqia Tecnologia LTDA, the transaction involved (i) Initial amount of R\$ 18,000 in cash, (ii) Price adjustment to be estimated 120 days after the acquisition date, (iii) Variable portion conditioned to net revenue for the period from August 1, 2023 to July 31, 2024. Additionally, the transaction provides a call and put option of the remaining portion at an exercise price linked to Compliasset's 2026 net revenue and adjusted EBITDA margin.

Compliasset was created in 2016 bases on the legal experience of one of its founders in capital market compliance. It has more than 230 clients in the capital markets and a technological solution that supports compliance and privacy programs in a holistic way.

Over time, it expanded its operations to other markets, such as Closed Complementary Welfare Entities, having a strong partnership with Brazilian Association of Closed Complementary Welfare Entities (Abrapp).

The acquisition further expands Sinqia's offer of solutions and reinforces the company's strategy to build a complete ecosystem to serve the Financial System. With the addition of Compliasset to its portfolio, Sinqia accelerates its position as a one-stop-shop for customers, bringing yet another Software as a Service (SaaS), Plug & Play and cloud solution focused on regulatory compliance management.

Due to the recent acquisition of the company, it has not yet been possible to estimate the fair value of the balances acquired, as well as the consideration and for this reason, we are not disclosing this information.

Section F – Accounting policies

29 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

29.1 CONSOLIDATION

Subsidiaries are all entities over which the Company has control. Sinqia S.A. controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition of subsidiaries in a business combination are measured initially at their fair values on the acquisition date.

The Company recognizes its equity interest in the investee either at fair value or at the proportionate share of the investee's net assets. Non-controlling interests are determined on each acquisition. Acquisition-related costs are recognized in profit or loss as incurred.

Intercompany transactions, balances and unrealized gains from transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

29.2 FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The individual and consolidated financial statements are presented in *Reais* (R\$), which is the Company's functional currency and also the Group's presentation currency.

29.3 PRESENT VALUE ADJUSTMENTS

Current and noncurrent monetary assets and liabilities are adjusted to their present value when the effect thereof is deemed material in relation to the financial statements taken as a whole. The present value adjustment is calculated taking into consideration the contractual cash flows and the explicit, and in certain cases implicit, interest rates on the related assets and liabilities. Therefore, interest embedded in revenues, expenses and costs associated to these assets and liabilities is discounted in order for it to be recognized in conformity with the accrual basis of accounting. This interest is subsequently reallocated to financial income and expenses in the income statement using the effective interest method in relation to the contractual cash flows. The implicit interest rates applied were determined based on assumptions and are considered accounting estimates.

The main line items subject to present value adjustments are leases, payables for investment acquisition (both short- and long-term), and the put option on non-controlling interests.

29.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term, highly liquid investments, which are readily convertible into known amounts of cash and subject to immaterial risk of change in value.

29.5 FINANCIAL INSTRUMENTS

29.5.1 CLASSIFICATION

Financial assets are classified in the following categories: (i) at amortized cost; (ii) at fair value through profit or loss, and (iii) at fair value through other comprehensive income.

Financial assets are recognized in current assets, except for those with maturities greater than 12 months after the reporting date.

29.5.2 RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets are usually recognized on the trade date. Investments are initially recognized at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized

at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership. Financial assets measured at fair value through profit or loss are subsequently carried at fair value, and financial assets measured at amortized cost are accounted for using the effective interest method.

Dividend income on financial assets at fair value through profit or loss is recognized in the income statement as part of "Other income" when the Company's right to receive dividends is established.

29.5.3 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, where there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously. The legal right should not be contingent on future events, and should be applicable in the normal course of business and in the case of default, insolvency or bankruptcy of the Company or the counterparty.

29.5.4 IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the income statement. If a held-to-maturity asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined as established in the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed through profit or loss.

29.6 FINANCIAL INSTRUMENTS

The Company recognizes under "Financial assets" financial investments pledged as collateral, preferred shares held in Celcoin Pagamentos S.A., holdings in Private Equity Funds, loans convertible into shares, and call options over non-controlling interests in subsidiaries.

Financial assets are initially recognized at fair value on the contract date and are subsequently remeasured at their fair value, with changes in fair value charged to profit or loss.

29.7 TRADE RECEIVABLES

Trade receivables are amounts due from customers for software licensing, IT and consulting services performed in the ordinary course of the Company's business. If collection is expected in one year or less, trade receivables are classified as current assets. Otherwise, they are presented as noncurrent assets.

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less the provision for impairment of trade receivables.

The amount of the provision is the difference between the carrying amount and the recoverable amount. To calculate the recoverable amount, the Company monthly performs an individual analysis of outstanding invoices to assess characteristics that indicate that a provision is needed.

The Company recognizes a provision for impairment for the invoices for which the individual analysis detects impairment indicators.

29.8 INVESTMENTS

In the parent company financial statements, investments in subsidiaries are valued under the equity method, in accordance with CPC 18-R1 (IAS 28).

Under this method, an investment in a subsidiary is recorded in the parent company statement of financial position, plus changes after the acquisition of the equity interest in the investee. Goodwill arising from a subsidiary is included in the carrying amount of the investment and is not amortized. As goodwill is part of the carrying amount of the investment in the subsidiary, it is not recognized separately, being tested for impairment considering the cash-generating unit to which it belongs.

The equity interest in the subsidiary is presented in the parent company income statement under "Equity pick-up", representing the net income or loss attributable to the shareholders.

When necessary, adjustments are made to the accounting policies of subsidiaries in order for them to be consistent with those adopted by the Company.

After applying the equity accounting method in its individual financial statements, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in the investee. The Company determines, at the end of each reporting period, whether there is objective evidence that investments in subsidiaries are impaired. If so, the Company calculates the amount of the impairment loss as the difference between the subsidiary's recoverable amount and the carrying amount, and recognizes the amount in the parent company income statement.

29.9 INTANGIBLE ASSETS

Intangible assets comprise trademarks and patents, acquired software, costs and expenses incurred with the development of new products (software), as well as goodwill, the value of the customer portfolio, and other intangible assets arising from business acquisitions. Separately acquired intangible assets are initially measured at cost, and, subsequently, net of accumulated amortization and impairment losses, when applicable. Goodwill on investment acquisitions is not amortized but rather tested annually for impairment.

The useful life of intangible assets is classified as finite or indefinite.

Intangible assets with a finite useful life are amortized over their estimated useful lives and are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the useful life or expected consumption pattern of the economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with an indefinite useful life are not amortized but are assessed for impairment annually. The assessment of the indefinite useful life is reviewed annually to determine whether it still holds true. If it does not, the useful life is changed from indefinite to finite on a prospective basis.

Gains and losses on disposals of intangible assets are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the income statement for the year in which the asset is derecognized.

a) Goodwill

Goodwill is calculated on acquisition or subscription of share capital in another company. It is represented by the cost of acquisition of the investment that exceeds the amount of the related equity interest, calculated based on the percentage of acquisition or subscription on the other company's equity value, measured at the fair value of all its assets and liabilities. In determining the investee's equity value, assets not accounted to which a fair value has been attributed are separable and may be negotiated on a stand-alone basis.

In compliance with CVM Resolution No. 553, of November 12, 2008, which approved Technical Pronouncement CPC 04 – Intangible Assets, as of January 1, 2009, the Company stopped amortizing goodwill on acquired investments for accounting purposes. Considering that part of the goodwill continues to be amortized for tax purposes, the corresponding deferred tax effects have been recognized on the portion of amortization excluded for tax purposes. Goodwill is annually tested for impairment.

b) Software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs for more than one year, are recognized as intangible assets. Direct costs include the costs of employees involved in software development and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized on a straight-line basis over their estimated useful lives, at the rates disclosed in Note 11.

c) Customer portfolio

Customer portfolios acquired in a business combination are recognized at fair value on the acquisition date. Contractual customer relationships have a finite useful life and are accounted for at cost less accumulated amortization. Amortization is calculated on a straight-line basis, over the expected life of the customer relationship.

d) Trademarks and licenses

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value on the acquisition date. Subsequently, trademarks and licenses with a finite useful life are carried at cost less accumulated amortization. Amortization is calculated on a straight-line basis to allocate the cost of trademarks and licenses over their estimated useful lives.

29.10 PROPERTY AND EQUIPMENT

Property and equipment are carried at acquisition, formation or development cost less accumulated depreciation. Depreciation is calculated on a straight-line basis, at the rates presented in Note 10. Property and equipment are stated gross of tax credits related to State Value-Added Tax (ICMS), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) as the Company does not make use of these credits.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to Company, and they can be measured reliably. The carrying amount of replaced items or parts is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is immediately written down to its recoverable amount when it is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized under "Other operating income (expenses), net" in the income statement.

29.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Management annually reviews the net carrying amount of non-financial assets to evaluate events or changes in economic, operating or technological circumstances that may indicate impairment. When there is such evidence and the net carrying amount of the asset has exceeded its recoverable value, a provision for impairment is recorded, adjusting the net carrying amount to the recoverable amount.

The recoverable amount of an asset or cash-generating unit is defined as the higher of its value in use and its fair value less costs to sell.

In estimating value in use, estimated future cash flows are discounted to their present value, using a discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates.

29.12 TRADE PAYABLES

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as noncurrent liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. In practice, they are usually recognized at the amount of the related invoice.

29.13 LOANS AND FINANCING

Loans and financing are initially recognized at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the income statement over the period the loans and financing are outstanding, using the effective interest method.

Loans and financing are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

29.14 PROVISIONS

Provisions for contingencies (labor, civil, and tax) are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of funds will be required to settle the obligation; and (iii) the amount can be estimated reliably. Restructuring provisions comprise lease cancellation penalties and employee severance payments.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapsed is recognized as interest expense.

29.15 CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

The income tax and social contribution expense represents the sum of current and deferred taxes. Income taxes are recognized in profit or loss for the current year, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In this case, the taxes are also recognized in equity or comprehensive income.

Current and deferred income tax and social contribution charges are calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken by the Company in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation.

Deferred income tax and social contribution are recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, affects neither the accounting nor the taxable profit or loss.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are presented net in the statement of financial position when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority.

29.16 EMPLOYEE BENEFITS

a) Share-based compensation

In accordance with CPC10 – Share-Based Payments, the premium on these shares, calculated on the grant date, is recognized as an expense with a corresponding entry to equity, over the one-year cliff, as the services are provided.

b) Profit sharing

The Company recognizes a liability and an expense for profit sharing on an accrual basis, in accordance with the Company's compensation policy.

29.17 PUT OPTIONS OVER NON-CONTROLLING INTERESTS

Put options are measured at the expected future exercise price, discounted to present value. The exercise price of the options will be measured based on a revenue multiple to be determined based on the EBITDA margin on a future date, as set forth in the contract.

29.18 CAPITAL STOCK

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

29.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

A service agreement is defined as an agreement, whether written, verbal or implicit, between two or more parties that creates enforceable rights and obligations.

Revenues are recognized as the Company satisfies its performance obligations, on the transfer of the agreed-upon service to the customer. A service is considered transferred when the customer obtains control of it. For long-term contracts, the Company obtains formal evidence of acceptance of the service by the customer.

Revenue from products and services is measured at an amount that reflects the consideration that the Company expects to receive in exchange for these products or services.

29.20 DISTRIBUTION OF DIVIDENDS AND INTEREST ON EQUITY

Distributions of dividends and interest on equity to the Company's shareholders are recognized as liabilities in the Company's financial statements upon their approval at a General Meeting, pursuant to the Company's bylaws or as authorized by the Board of Directors.

29.21 LEASES

At the commencement date of a lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, as well as right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis, over the shorter of the useful life of the right-of-use asset or the lease term, and are also subject to impairment.

The Company recognizes lease liabilities measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments (e.g., changes in future payments resulting from a change in index or rate used to determine lease payments) or a change in the assessment of a purchase option to acquire the underlying asset.

29.22 EARNINGS PER SHARE

The calculation of basic earnings per share is performed by dividing net income for the year attributable to common equity holders of the parent company by the weighted average number of available common shares outstanding during the year.

Diluted earnings per share are calculated by dividing net income for the year attributable to common equity holders of the parent company by the weighted average number of available common shares outstanding during the year, plus the weighted average number of common shares that would be issued on the conversion of all dilutive potential common shares into common shares.