Solo Network Brasil S.A.

Free Translation of Financial Statements and Independent Auditor´s Report

December 31st, 2023

ADC 016/2024

SOLO NETWORK BRASIL S.A.

Financial Statements In accordance with accounting practices adopted in Brazil and with IFRS for the years ended in:

December 31, 2023 and 2022

In thousand of reais

Índex

Financial Statements

ADC: 016/2024

Independent Auditor´s Report on the Financial Statements

To
Shareholders of

Solo Network Brasil S.A.

Opinion

We have audited the accompanying financial statements of **Solo Network Brasil S.A.** (the Company), which comprise the balance sheet as of December 31, 2023 and the related statements of income, comprehensive income, changes in shareholders' equity and 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 financial position of **Solo Network Brasil S.A.** as of December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for our opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's responsibilities for the audit of the financial statements". We are independent in relation to the Company, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Other Matters

Audit of values corresponding to the previous year

The financial statements for the year ended December 31, 2022, presented for comparison purposes, were examined by another independent auditor, and the report issued on April 27, 2023, contained a qualification about these financial statements transcribed below:

"By administrative decision, as per the understanding mentioned in explanatory note 6, the Company's Management decided not to constitute the provision for losses relating to the amount of R$ 18,000 thousand receivable from operations with Americanas S.A., which is in the process of judicial recovery, contrary to the provisions of CPC (Accounting Pronouncements Committee) 24. Therefore, the Company's result is higher by the aforementioned value."

Responsibility of management and governance for the financial statements

Management is responsible for the preparation of financial statements in accordance with practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those responsible for the Company's governance are those responsible for overseeing the process of preparing the financial statements.

Auditor's responsibility for auditing the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect any material misstatements. 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 those financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, since fraud can involve the act of circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and disclose any relationships or matters that could significantly affect our independence, including, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the current year's financial statements and are therefore the key audit matters.

We describe these matters in our auditor's report unless a law or regulation prohibits public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of such communication might reasonably be expected to outweigh the benefits to the public interest.

Curitiba, April 26, 2024.

RSM ACAL Auditores Independentes S/S
CVM - RJ 11.444 – CRC - PR 006492/F-5

Eduardo José Negrão
Partner in change CRC/PR- 042423/O-6

In thousand of reais

SOLO NETWORK BRASIL S.A.

BALANCE SHEETS as at December 31ST, 2023 and 2022

Assets	Note	31.12.2023	31.12.2022
Current			
Cash and cash equivalents	5	633	6.060
Short terms investments	5	35.345	12.563
Accounts receivable	6	62.971	88.992
Inventories	7	7.847	6.275
Recoverable taxes	8	814	59
Others accounts receivable	9	11.611	2.467
		119.221	**116.416**
Non current			
Recoverable taxes		40	40
Security capitalization		95	-
Accounts receivable	6	8.011	-
Fixed assets	10	1.966	2.680
Intangible assets	11	911	895
		11.023	**3.615**
Ttotal Assets		**130.244**	**120.031**

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

In thousand of reais

SOLO NETWORK BRASIL S.A.

BALANCE SHEETS as at December 31ST, 2023 and 2022

Liabilities and shareholders' equity	Note	31.12.2023	31.12.2022
Current			
Suppliers	12	79.597	82.117
Loans and financing	13	1.041	3.025
Salaries and social charges	14	5.172	4.816
Tax obligations	15	4.990	4.543
Other obligations	16	2.440	1.374
		93.240	**95.875**
Non current			
Loans and financing	13	216	388
Provision for contingencies	17	6.473	6.000
Interest on Equity	18	2.614	-
Dividends payable	18	19.652	-
		28.955	**6.388**
Shareholders' equity	18		
Capital stock		6.100	6.100
Profit reserves		1.949	11.668
		8.049	**17.768**
Total liabilities and equity		**130.244**	**120.031**

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

In thousand of reais

SOLO NETWORK BRASIL S.A.

INCOME STATEMENTS as of December 31st, 2023 and 2022

	Note	31.12.2023	31.12.2022
Net operating revenue	19	537.072	523.078
Cost of goods and services sold	20	(458.678)	(456.503)
Gross profit		**78.394**	**66.575**
Operating revenues / (expenses)			
Commercial expenses	21	(27.774)	(23.522)
General and administrative expenses	22	(27.906)	(20.990)
Other operating revenues / (expenses)		1	(44)
Operating profits before financial income		**22.715**	**22.019**
Financial revenues	23	5.790	7.136
Financial expenses	23	(8.492)	(9.634)
Income/(loss) before tax provisions		**20.013**	**19.521**
Income tax and social contribution current	24	(10.080)	(8.699)
Net profit for the year		**9.933**	**10.822**
Profit per share		**1,63**	**1,77**

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

SOLO NETWORK BRASIL S.A.

STATEMENTS OF COMPREHENSIVE INCOME as of December 31st , 2023 and 2022

	31.12.2023	31.12.2022
Net profit for the year	9.933	10.822
Others comprenhensive reuslts	-	-
Total comprehensive income for the year	**9.933**	**10.822**

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

In thousand of reais

SOLO NETWORK BRASIL S.A.

STATEMENTS of CHANGES IN SHAREHOLDES' EQUITY as of December 31st , 2023 and 2022

	Capital stock	Profit reserves			Total
		Legal Reserves	Profit reserves to perform	Accumulated profits	
BALANCES AS OF DECEMBER 31, 2021	**6.100**	**1.408**	**10.255**	**-**	**17.763**
Net profit for the year	-	-	-	10.822	10.822
Legal reserves constitution	-	541	-	(541)	-
Profit and dividends distribution	-	-	(10.817)	-	(10.817)
Profit reserves constitution	-	-	10.281	(10.281)	-
BALANCES AS OF DECEMBER 31, 2022	**6.100**	**1.949**	**9.719**	**-**	**17.768**
Net profit for the year	-	-	-	9.933	9.933
Profit and dividends distribution	-	-	(19.652)	-	(19.652)
Profit reserves constitution	-	-	9.933	(9.933)	-
BALANCES AS OF DECEMBER 31, 2023	**6.100**	**1.949**	**-**	**-**	**8.049**

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

In thousand of reais

SOLO NETWORK BRASIL S.A.

CASH FLOW STATEMENTS as of December 31st , 2023 and 2022

	31.12.2023	31.12.2022
Cash flows from operating activities		
Net profit for the year	9.933	10.822
Adjustments by:		
Depreciation and amortization	1.569	1.355
Incurred interest	354	530
Interest on equity	3.075	-
	14.931	**12.707**
Changes in operating assets and liabilities		
Accounts receivable	18.010	(31.844)
Inventories	(1.572)	1.269
Recoverable taxes	(755)	17
Others accounts receivable	(9.144)	(1.590)
Security capitalization	(95)	-
Judicial deposits	-	33
Suppliers	(2.520)	20.215
Salaries and social charges	356	776
Tax obligations	(14)	1.829
Other obligations	1.066	(91)
Provision for contingencies	473	6.000
Interest payment	(394)	(467)
Net cash generated from operating activities	**20.342**	**8.854**
Cash flow from investing activities		
Acquisitions of fixed asset and intangible asset items	(872)	(1.997)
Write-off of fixed assets and intangible assets	1	-
Net cash used in investing activities	**(871)**	**(1.997)**
Cash flow from investing activities		
Loan aquisition	1.661	5.895
Loan payment	(3.777)	(4.467)
Profit distribution	-	(10.817)
Net cash from investing activities	**(2.116)**	**(9.389)**
Net reduction in cash and cash equivalents	**17.355**	**(2.532)**
Cash and cash equivalents at beginning of period	18.623	21.155
Cash and cash equivalents at end of period	35.978	18.623
Net change in cash and cash equivalents in the period	**17.355**	**(2.532)**

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

EXPLANATORY NOTES as of December 31st , 2023 and 2022

1. OPERATIONAL CONTEXT

Solo Network Brasil S.A. is a corporation with an indefinite duration, governed by applicable legal provisions, in particular Law No. 6,404, of December 15, 1976, and its subsequent amendments.

The Company is registered with the CNPJ 00.258.246/0001-68 and was incorporated on October 21, 1994, and is one of the largest corporate resellers and implementers of Information Technology solutions in Brazil, operating in the retail and services provision.

The Company has a highly qualified technical team with experience in consulting, supplying, implementing and managing Microsoft, HP, Lenovo, Huawei, Kaspersky, APC, Adobe and Autodesk products, among other international reference manufacturers.

Solo Network Brasil S.A. is a value-added reseller and therefore brings projects and solutions that interrelate and optimize all tools for the best information technology experience for its clients.

2. FINANCIAL STATEMENTS, PRESENTATION AND DISCLOSURE

2.1. CONFORMITY DECLARATION

The financial statements were prepared in accordance with accounting practices adopted in Brazil (BR GAAP), which include the standards of the Securities and Exchange Commission (CVM), the pronouncements issued by the Accounting Pronouncements Committee (CPC) and international financial reporting standards International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and highlight all relevant information specific to the financial statements, and only those, which are consistent with that used by management in its management.

In preparing the individual financial statements, the Company adopted the changes in corporate legislation, introduced by Laws No. 11,638/07 and 11,941/09, which modify Law No. 6,404/76 in aspects relating to the preparation and disclosure of financial statements.

The statements were approved by management on April 16, 2024.

2.2. BASIS OF PRESENTATION

Functional and presentation currency of financial statements

These financial statements are presented in Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousand unless otherwise noted).

The financial statements were prepared using historical cost as the value basis, except for the valuation of certain assets and liabilities such as those arising from financial instruments, which are measured at fair value.

3. ACCOUNTING PRACTICES

The main accounting policies applied in the preparation of these financial statements are defined below. These policies were applied consistently in the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY

Transactions in foreign currency are converted into the respective functional currencies of the Company's entities at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are reconverted to the functional currency at the exchange rate on the date the fair value was determined.

Non-monetary items that are measured based on historical cost in foreign currency are converted at the exchange rate on the date of the transaction. Foreign currency differences resulting from translation are generally recognized in profit or loss.

3.2. FINANCIAL INSTRUMENTS

a) Non Derivative Financial Instruments

The Company recognizes loans and receivables and debt instruments on the date they were originated. All other financial assets are recognized on the trade date when the Company becomes party to the contractual provisions of the instrument.

The Company does not recognize a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Company in the transferred financial assets is recognized as a separate asset or liability.

The Company does not recognize a financial liability when its contractual obligation is withdrawn, canceled or expired.

Financial assets or liabilities will be offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

- **Loans and Receivables**

These assets are initially measured at fair value plus any directly attributable transaction costs. After their initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

- **Cash and Cash Equivalents**

In the cash flow statements, cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments, with original maturities of up to three months (with insignificant risk of change in value), the balance being shown net of balances in guaranteed accounts in the cash flow statement.

b) Non Derivative Financial Liabilities

A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading or designated as such at the time of initial recognition. Transaction costs are recognized in profit or loss as incurred. These financial liabilities are measured at fair value and changes in fair value, including interest and dividend gains, are recognized in profit or loss for the year.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following non-derivative financial liabilities: suppliers and other accounts payable.

Such financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

3.3. FIXED ASSETS

a) Recognition and Measurement

Property, plant and equipment items are measured at historical acquisition or construction cost, which includes capitalized loan costs, deducted from accumulated depreciation and any accumulated losses due to impairment. When significant parts of an item of fixed assets have different useful lives, they are recorded as separate items (main components) of fixed assets.

b) Subsequent Costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the expenses will be earned by the Company.

c) Depreciation

Depreciation is calculated to amortize the cost of fixed asset items, net of their estimated residual values, using the straight-line method based on the estimated useful life of the items. Depreciation is recognized in profit or loss. Land is not depreciated. The estimated useful lives of fixed assets are as follows:

Description	Years
Machinery and equipment	10
Installations	10
Tools	10
Furniture and fixtures	10
Vehicle	5
Computer and equipment	5

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

3.4. INTANGIBLE ASSETS

a) Softwares

Purchased software that is not an integral part of the equipment's functionality is capitalized in intangible assets.

b) Subsequent costs

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenses, including expenses with internally generated goodwill and brands, are recognized in profit or loss as incurred.

c) Amortization

Amortization is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values.

Amortization is recognized in profit or loss based on the straight-line method in relation to the estimated useful lives of intangible assets, other than goodwill, from the date on which they are available for use, as this method most closely reflects the standard of consumption of future economic benefits incorporated in the asset.

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments, with original maturities of up to three months (with insignificant risk of change in value), with the balance presented net of balances in guaranteed accounts in the cash flow statement.

3.6. ACCOUNTS RECEIVABLE

The amounts receivable are recorded and maintained in the balance sheet at the nominal value of the securities representing these credits, plus monetary or exchange variations, when applicable, deducted from a provision to cover possible losses on their realization. The provision for doubtful debts is set up in an amount considered sufficient by Management to cover any estimated losses in realizing these credits.

The estimated value of the provision for doubtful debts may be modified depending on Management's expectations regarding the possibility of recovering the amounts involved, as well as changes in the financial situation of clients.

3.7. INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Inventories are measured at average acquisition costs and include expenses incurred in acquiring inventories, production and transformation costs and other costs incurred in bringing them to their existing locations and conditions. In the case of manufactured inventories and products in progress, the cost includes a portion of general manufacturing costs based on normal operating capacity.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs and expenses for the sale.

3.8. IMPAIRMENT

Management annually reviews the net book value of non-financial assets with the objective of evaluating events or changes in economic, operational or technological circumstances, which may indicate deterioration or loss of their recoverable value. If such evidence is identified, and the net book value exceeds the recoverable value, a provision for devaluation is created, adjusting the net book value to the recoverable value.

The recoverable value of an asset or a specific cash-generating unit is defined as the greater of the value in use and the net sales value.

(i) Financial Assets (including accounts receivable)

Financial assets not classified as financial assets at fair value through profit or loss are evaluated at each balance sheet date to determine whether there is objective evidence of loss due to impairment.

Objective evidence that financial assets have lost value includes:

- Default or delays by the debtor;
- Restructuring of an amount owed to the Company under conditions that would not be accepted under normal conditions;
- Indications that the debtor or issuer will enter bankruptcy/judicial recovery;
- Negative changes in the payment situation of debtors or issuers;
- Disappearance of an active market for the instrument due to financial difficulties;
- Observable data indicating that there has been a decline in the measurement of expected cash flows from a group of financial assets.

(ii) Financial assets measured at amortized cost

The Company considers evidence of loss of value of assets measured at amortized cost both at an individual and collective level. All individually significant assets are assessed for impairment. Those that have not suffered loss of value individually are then assessed collectively for any loss of value that may have occurred but has not yet been identified. Assets that are not individually significant are assessed collectively for loss of value based on the grouping of assets with similar risk characteristics.

When assessing impairment loss on a collective basis, the Company uses historical trends in recovery time and incurred loss amounts, adjusted to reflect Management's judgment as to whether current economic and credit conditions are such that actual losses they will likely be higher or lower than those suggested by historical trends.

An impairment loss is calculated as the difference between the carrying value and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in a provision account. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a reduction in loss, the provision is reversed through profit or loss.

(iii) Non Financial Assets

The carrying values of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is an indication of loss in recoverable value. If such an indication occurs, then the recoverable value of the asset is estimated. In the case of goodwill, the recoverable value is tested annually

3.9. PROVISIONS

Provisions are determined by discounting estimated future cash flows at a pretax rate that reflects current market assessments of the time value of money and risks specific to the related liability. The effects of not recognizing the discount due to the passage of time are recognized in profit or loss as a financial expense.

3.10. REVENUE RECOGNITION

The Company adopted CPC 47/IFRS 15 as of January 1ST, 2018. This standard establishes a comprehensive framework for determining whether, when, and by how much revenue should be recognized, replacing CPC 30/IAS 18, Revenue. The main impacts of adopting CPC 47/IFRS 15 are presented below:

a) Performance Obligations

In contracts with clients, the Company did not identify distinct performance obligations relevant to sales and concluded that there was no significant impact on the Company's financial statements. Revenue recognition is expected to occur when control of the asset is transferred to the client, generally upon delivery of the goods.

b) Variable Consideration

Some client contracts provide the right to trade discounts or volume rebates. Currently, the Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of commercial discounts, when these exist. According to IFRS 15, due to the fact that the contract allows the client to return products, the consideration received from the client is variable. The Company does not have contracts with the right to return sales, which occur sporadically and do not present relevant values. For this reason, the Company chooses not to apply the revenue restriction rule.

The Company has sales incentive programs that financially remunerate participants who reach regulated targets. IFRS 15 requires that estimated variable consideration be restricted to avoid excessive revenue recognition. In analyzing the effect of the deferral on revenue, Management concluded that there was no significant impact on the Company's financial statements.

c) Financing Components

In accordance with IFRS 15, the Company must determine whether there is a significant financing component in its contracts. In some sales contracts, advances are received from clients, however, only for the short term. The Company has decided to use the practical expedient provided for in IFRS 15 and will not adjust the promised value of consideration for the effects of significant financing components in contracts, where the Company expects, at the inception of the contract, that the transfer of a promised good or service to a client, and the time at which the client pays for that good or service, whether one year or less. Therefore, for short-term advances, the Company will not have a financing component, even if it is significant.

3.11. FINANCIAL INCOME AND EXPENSES

Financial income comprises interest income on financial investments and is recognized in profit or loss using the effective interest method.

Financial expenses mainly include loan expenses and exchange rate variations.

3.12. CURRENT INCOME TAX AND SOCIAL CONSTRIBUTION

Income Tax and Social Contribution for the current and deferred year are calculated based on rates of 15%, plus an additional 10% on taxable profit exceeding R$240 for income tax and 9% on taxable profit for social contribution on net profit, and consider the offset of tax losses and negative base of social contribution, limited to 30% of real profit.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, at tax rates enacted or substantively enacted on the date of presentation of the financial statements and any adjustment to taxes payable in relation to previous years.

Deferred tax must be recognized in relation to temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted up to the date of presentation of the financial statements.

Deferred tax assets and liabilities must be offset if there is a legal right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same entity subject to taxation.

A deferred income tax and social contribution asset should be recognized for unused tax losses, tax credits and deductible temporary differences when it is probable that future profits subject to taxation will be available against which they will be used.

Deferred income tax and social contribution assets must be reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

For the 2023 financial year Solo has not recognized deferred taxes.

3.13. PROVISIONS FOR CONTINGENCES

Contingent liabilities are constituted whenever the loss is assessed as probable, which would cause a likely outflow of resources to settle the obligations, and when the amounts involved can be measurable with sufficient certainty, taking into account the opinion of legal advisors, the nature of the actions, similarity with previous processes, complexity and positioning of courts.

Contingent liabilities classified as possible losses are not recognized in accounting and are only disclosed in the financial statements, and those classified as remote do not require provision or disclosure.

3.14. OTHER LIABILITIES (CURRENT AND NON CURRENT)

A liability is recognized in the balance sheet when Solo Network Brasil S.A. has a legal obligation as a result of a past event, and it is probable that an economic resource will be required to settle it. Provisions are recorded based on the best estimates of the risk involved.

They are stated at known or estimated values, plus the corresponding charges and monetary variations, when applicable, up to the balance sheet dates.

3.15. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, in the principal market or, in its absence, in the most advantageous market to which the Company have access on that date. The fair value of a liability reflects its risk of non-performance. The risk of non-compliance includes, among others, the Company's own credit risk.

A series of the Company's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities (see explanatory note 2(d)).

When available, the Company measures the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered active if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable data. The chosen valuation technique incorporates all the factors that market participants would take into account when pricing a transaction.

If an asset or liability measured at fair value has a purchase price and a sales price, the Company measures assets based on purchase prices and liabilities based on sales prices.

The best evidence of the fair value of a financial instrument at initial recognition is typically the transaction price - that is, the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to measurement, so the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price. Thereafter, this difference is recognized in profit or loss on an appropriate basis over the life of the instrument, or until such time as the valuation is fully supported by observable market data or the transaction is closed, whichever occurs first.

3.16. NEW STANDARDS, CHANGES AND INTERPRETATIONS OF ACCOUNTING PRONOUNCEMENTS WITH MANDATORY APPLICATION FROM JANUARY 1ST, 2024

There are no new IFRS standards that have not yet come into force that could have a significant impact on the Company.

4. FINANCIAL INSTRUMENTS

4.1. Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;
- Currency risk;
- Interest rate risk.

This note presents information about the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company has and follows the risk management policy that guides in relation to transactions and requires the diversification of transactions and counterparties. Under this policy, the nature and general position of financial risks are regularly monitored and managed in order to evaluate the results and impacts on cash flow.

Credit risk

Credit risk is the Company's risk of financial loss if a customer or counterparty to a financial instrument fails to comply with its contractual obligations, which arise mainly from customer receivables and investment securities.

The Company's credit risk management in relation to clients adopts as a practice the analysis of the financial and equity situations of its customers, as well as the definition of credit limits, as well as seeking to include guarantees in amounts sufficient to reduce to a minimum the risk of credit operations, in addition to permanent monitoring of the open portfolio.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or another financial asset. The Company's approach to liquidity management is to ensure, to the maximum extent possible, that it always has sufficient liquidity to meet its obligations as they fall due, under normal and stressed conditions, without causing unacceptable losses or risking harm to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates or even in the prices of products sold or produced by the Company and other inputs used in the production process, have on the company's earnings. Society. The objective of market risk management is to manage and control market risk exposures, within acceptable parameters, while optimizing returns.

Currency risk

The Company is subject to currency risk in sales and purchases denominated in a currency other than the Company's respective functional currency, the Real (R$). The currency in which these transactions are primarily denominated is the US dollar (US$).

With respect to other monetary assets and liabilities denominated in foreign currency, the Company considers that its net exposure is managed to an acceptable level by purchasing or selling in foreign currencies at spot rates when necessary to address short-term instabilities.

Interest rate risk

It arises from the possibility of the Company suffering gains or losses resulting from fluctuations in interest rates on its financial assets and liabilities. The contracted financial investments are valued based on the variation in the CDI, with the charges being calculated in accordance with the usual conditions practiced by the market.

5. CASH AND CASH EQUIVALENTS

The company keeps its funds in current accounts with automatic investments with immediate liquidity, comprising investment funds and Bank Deposit Certificates (CDB), all of which are fixed-income.

Description	**31.12.2023**	**31.12.2022**
Banks	633	6.060
Short terms investments	35.345	12.563
Total	**35.978**	**18.623**

In thousand of reais

6. ACCOUNTS RECEIVABLE

Description	31.12.2023	31.12.2022
Current assets		
Accounts receivable	74.532	90.006
(-) Alowance for doubtful accounts	(11.561)	(1.014)
Total	**62.971**	**88.992**
Non current assets		
Accounts receivable	8.011	-
Total	**8.011**	**-**

The provision for doubtful debts was set up in an amount considered sufficient by Management to cover possible losses in the realization of credits.

Management recorded in its accounting records the creation of a provision for losses relating to the amount of R$ 8,000 thousand that it has to receive from Americanas S.A., which is in the process of judicial recovery. The understanding is based on the position of the Company's lawyer who represents it in the judicial recovery process, as shown below:

•On April 10, 2024, the amount of R$6.9 million was received, equivalent to 30% of the original amount.

• The remaining 70% will be treated as unsecured supplier credit, where Americanas S.A. must pay:

a) 50% (R$ 8 million) paid in installments over 48 months (04 years), this amount being transferred from accounts receivable from Current Assets to Non-Current Assets in 2023 and;
b) The remaining final 50% (R$ 8 million) was considered as a discount, being provisioned as PECLD Provision for Doubtful Accounts in the year 2023, an amount that will be written off to Effective Losses in the result for the year 2024

• During 2023, the Company continued its operations with Americanas S.A. and invoices are being regularly paid.

Below we show the composition of securities receivable by maturity age – “Aging list”:

Description	31.12.2023	31.12.2022
Trade accounts receivable due	38.386	74.739
Overdue until 30 days	16.884	7.971
Overdue of 31 to 60 days	934	3.207
Overdue of 61 to 90 days	308	351
Overdue of 91 to 120 days	152	899
Overdue of 121 to 180 days	226	199
Overdue of 181 to 365 days	16.282	1.916
Overdue after 366 days	9.371	724
(-)Alowance for doubtful accounts	(11.561)	(1.014)
Total	**70.982**	**88.992**

In thousand of reais

The movement in PECLD - Estimated Allowance for Doubtful Accounts - is shown below:

	31.12.2023	31.12.2022
Opening balance	(1.014)	(568)
Additions	(25.415)	(1.321)
Reversals	14.868	875
	(11.561)	**(1.014)**

7. INVENTORIES

Inventories are valued at the specific cost that takes into account each sales operation carried out:

Description	31.12.2023	31.12.2022
Software license	7.847	6.275
Total	**7.847**	**6.275**

8. RECOVERABLE TAXES

Description	31.12.2023	31.12.2022
ISS	70	58
IRRF	110	-
PIS	113	-
COFINS	520	-
ICMS ST	1	1
Total	**814**	**59**

9. OTHER ACCOUNTS RECEIVABLE

Description	31.12.2023	31.12.2022
Advances	216	135
Judicial deposits	9.544	-
Microsoft Corporation – credit	270	893
Adobe Systems do Brasil – credit	1.503	1.276
Others credits	78	163
Total	**11.611**	**2.467**

In thousand of reais

10. FIXED ASSETS

The movements of fixed assets are represented in the table below:

		31.12.2023			31.12.2022
Description	**Annual depreciation rates**	**Cost**	**Accumulated depreciation**	**Net**	**Net**
Furniture and fixtures	10%	463	(86)	377	221
Computer and equipment	20%	2.133	(1.177)	956	1.204
Leasing - Computers Lease	50%	1.566	(1.278)	288	856
Equipment for Services	20%	400	(155)	245	234
Improvments in thrid-parties properties	20%	618	(518)	100	165
Total		**5.180**	**(3.214)**	**1.966**	**2.680**

Changes in fixed assets, net	**31.12.2022**	**Additions**	**Write off**	**Transfers**	**Depreciation**	**31.12.2023**
Furniture and fixtures	221	192	(1)	-	(35)	377
Computer and equipment	1.204	147	-	-	(395)	956
Leasing - Computers Lease	856	-	-	-	(568)	288
Equipment for Services	234	121	-	2	(112)	245
Improvments in thrid-parties properties	165	1	-	-	(66)	100
Total	**2.680**	**461**	**(1)**	**2**	**(1.176)**	**1.966**

11. INTANGIBLE ASSETS

The movements of fixed assets are represented in the table below:

		31.12.2023			31.12.2022
Description	**Annual amortization rates**	**Cost**	**Accumulated amortization**	**Net**	**Net**
Software	-	1.792	(881)	911	895
Total		**1.792**	**(881)**	**911**	**895**

Changes in intangible assets, net	**31.12.2022**	**Additions**	**Write off**	**Transfers**	**Amortization**	**31.12.2023**
Software	895	411	-	(2)	(393)	911
Total	**895**	**411**	**-**	**(2)**	**(393)**	**911**

In thousand of reais

12. SUPPLIERS

As of December 31, 2023 and 2022, the balances are substantially made up of suppliers of goods for resale:

Description	31.12.2023	31.12.2022
Microsoft do Brasil Imp. Com. Ltda	60.966	65.535
Microsoft Corporation	3.697	1.175
Adobe System Software Ireland	2.256	4.588
Pars Prod. de Processamento de Dados	2.030	2.168
Aplex Distrib. de Produtos	1.962	3.471
El Pescador Softwares Ltda.	1.543	848
Atrium São Paulo Consultoria	1.533	921
Suppliers several	1.554	3.411
Provisions	4.056	-
Total	**79.597**	**82.117**

13. LOANS AND FINANCING

On December 31, 2023 and 2022, the balances are composed as follows.

Institution	31.12.2022	Increase	Exchange rate variation	Interest incurred	Principal payment	Interest Payment	31.12.2023
DLL	543	1.661	-	203	(1.310)	(128)	969
HP Financial Services Arrendamento	1.068	-	-	-	(567)	(213)	288
Safra	1.802	-	(20)	151	(1.900)	(33)	-
Total	**3.413**	**1.661**	**(20)**	**354**	**(3.777)**	**(374)**	**1.257**
Current	3.025						1.041
Non current	388						216
Total	**3.413**						**1.257**

14. SALARIES AND SOCIAL CHARGES

Description	31.12.2023	31.12.2022
Salary payable	1.308	1.178
INSS payable	281	310
FGTS payable	81	90
Management fees payable	32	34
Provision for vacation and charges	1.367	1.309
Accrued vacation pay	1	3
Freelance payments	2.095	1.892
Termination payments	7	-
Total	**5.172**	**4.816**

In thousand of reais

15. TAXES OBLIGATIONS

Description	31.12.2023	31.12.2022
IRPJ payable	2.153	1.100
CSLL payable	775	369
PIS payable	99	235
COFINS payable	458	1.083
ISS payable	837	1.216
Others tax obligations	668	540
Total	**4.990**	**4.543**

16. OTHERS LIABILITIES

Description	31.12.2023	31.12.2022
BNDES card	-	2
Advances from customers	384	85
Rent payable	41	-
Itáu card	2	101
Santander card	13	38
Sales commissions to partners	1.564	1.134
Bradesco card	436	14
Total	**2.440**	**1.374**

17. PROVISION FOR CONTINGENCIES

The Company made a provision of R$ 6,000 for tax contingency related to the PIS and COFINS process in tax execution nº 5010505- 59.2023.4.04.7000 being processed in the 15th Federal Court of Curitiba, making updated and complete judicial deposit of the CDAS executed with the purpose to suspend the enforceability of the debt.

Description	31.12.2023	31.12.2022
Provision for contingencies	6.473	6.000
Total	**6.473**	**6.000**

The increase in the provision for the year 2023 in the amount of R$473 arises from a supplement to the principal provision, initially calculated by the law firm considering an estimate of R$500 (p/month, totaling R$6,000) as tax contingency value. At the end of the survey, the provision was estimated at R$6,473, resulting in a supplement of R$473.

In thousand of reais

18. SHAREHOLDERS EQUITY

18.1. Share Capital

As of December 31, 2023, the paid-in share capital is represented by 6,100,000 shares (6,100,000 shares in 2022), with a nominal value of R$1.00 (one real) each, totaling R$6,100,000 (six million and one hundred thousand reais), as shown below:

Shareholder	Stocks	Value em R$	Percentage (%)
Audreyn Justus	2.745.000	2.745.000,00	45,00%
João Paulo Costa Pereira	2.745.000	2.745.000,00	45,00%
Maximiliano Dias Camargo	549.000	549.000,00	9,00%
Zenilda Zanardini de Almeida	30.500	30.500,00	0,50%
Eduardo Vinícius Vieira Martins	30.500	30.500,00	0,50%
Total	**6.100.000**	**6.100.000,00**	**100,00%**

18.2. Dividend Distribution

The Company's articles of association provide that from the profit calculated, after deducting the provision for income tax, the remainder will be allocated as assigned by the partners representing the majority of the share capital, in a meeting that they must hold for this purpose. If losses occur, they will be compensated with future positive results, with accumulated profits, or absorbed by the share capital, with its consequent reduction, in accordance with the law.

In the 2023 fiscal year, the Company allocated the amount of R$ 19,652 thousand as profit distribution (for the 2022 fiscal year, the profit distribution was in the amount of R$ 10,817 thousand).

Description	31.12.2023	31.12.2022
Profit distribution	19.652	10.817
Total	**19.652**	**10.817**

18.3. Interest on Equity

In the 2023 financial year, the Company's partners approved the distribution of interest on equity (“JCP”) in the amount of R$2,614.

Description	31.12.2023	31.12.2022
Interest on equity	3.075	-
Income Tax	(461)	-
Interest on equity payable	**2.614**	**-**

In thousand of reais

19. NET OPERATING REVENUE

Description	31.12.2023	31.12.2022
Operacional revenues		
Goods resale	513.322	481.820
Services revenue	123.008	105.869
	636.330	**587.689**
Deductions		
Cofins on billing	(41.942)	(40.444)
Pis on billing	(9.104)	(8.779)
ISS services tax	(11.914)	(11.618)
ICMS on sale	(204)	(19)
Clients return	-	(154)
Canceles services	(36.094)	(3.597)
	(99.258)	**(64.611)**
Net operating revenue	**537.072**	**523.078**

20. COSTS OF GOODS AND SERVICES SOLD

Description	31.12.2023	31.12.2022
Cost of goods sold	(364.063)	(365.499)
Cost of services provided	(94.615)	(91.004)
Total	**(458.678)**	**(456.503)**

21. COMMERCIAL EXPENSES

Description	31.12.2023	31.12.2022
Publicity	(2.001)	(1.523)
Third services - PJ	(4.333)	(2.799)
Travel expenses	(383)	(382)
Events	(537)	(949)
Personnel expenses	(19.684)	(17.541)
Others commercial expenses	(836)	(328)
Total	**(27.774)**	**(23.522)**

22. GENERAL AND ADMINISTRATIVE EXPENSES

Description	31.12.2023	31.12.2022
General expenses	(21.644)	(15.590)
Personnel expenses	(6.044)	(5.130)
Tax expenses	(218)	(270)
Total	**(27.906)**	**(20.990)**

In thousand of reais

23. FINANCIAL EXPENSES (GAINS)

Description	31.12.2023	31.12.2022
Interest of discounts obtained	524	315
Earnings from financial aplications	2.973	1.521
Exchange rates revenue	2.293	5.300
Financial revenue	**5.790**	**7.136**
Interest of dicounts given	(51)	(149)
Banks tariffs	(188)	(325)
Cards rates administration	(16)	(16)
Exchange tariffs	-	(2)
Exchange rates expense	(4.572)	(7.387)
Banks rates	(219)	(1.039)
IOF Tax on financial transactions	(371)	(716)
Interest on equity	(3.075)	-
Financial expenses	**(8.492)**	**(9.634)**
Net financial income	**(2.702)**	**(2.498)**

24. INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution on profit are calculated using the Quarterly Real Profit tax regime.

Description	31.12.2023	31.12.2022
Accounting profit	**20.013**	**19.521**
Contributions and donations	34	12
Gifts for retailers - Commercial	144	85
Tax contingency provision	473	6.000
PECLD - credits not receivable	10.215	667
Indeductible expenses	-	5
Additions	**10.866**	**6.769**
PECLD - credits not receivable	(536)	(141)
Exclusions:	**(536)**	**(141)**
Real Profit	**30.343**	**26.149**
Offsetting tax losses	-	-
Calculation Basis	**30.343**	**26.149**
IRPJ 15%	(4.551)	(3.922)
Additional 10%	(3.010)	(2.591)
Donations	31	11
15% PAT discount (limit 4%)	182	157
Net IRPJ Calculated	**(7.349)**	**(6.345)**
CSLL 9%	**(2.731)**	**(2.353)**
Total income tax and social contribution	**(10.080)**	**(8.699)**

25. FINANCIAL INSTRUMENTS

The Company maintains operations with financial instruments. The management of these instruments is carried out through operational strategies and internal controls to ensure liquidity, profitability and security. The contracting of financial instruments for the purpose of protection is carried out through a periodic analysis of the exposure to the risk that management intends to cover (exchange rate, interest rate, etc.). The control policy consists of permanent monitoring of contracted conditions versus current market conditions.

25.1. Statement of financial instruments in their respective classifications by categories

• Financial investments: defined as assets designated at fair value through profit or loss and held for trading. The carrying values reported in the balance sheet are identical to the fair value because their remuneration rates are based on the CDI variation;

• Accounts receivable: arise directly from the Company's operations, are measured at amortized cost and are recorded at their original value, deducted from the provision for losses and adjustment to present value when applicable. The book value is equivalent to the fair value considering the very short settlement period for these operations (less than 90 days);

• Loans and suppliers: are classified as financial liabilities not measured at fair value and are recorded using the amortized cost method in accordance with contractual conditions. This definition was adopted because the values are not maintained for trading which, according to Management's understanding, reflects the most relevant accounting information. The fair values of these financial liabilities are equivalent to their book values, as they are financial instruments with rates that are equivalent to market rates.

26. INSURANCE COVERAGE

The insurance policy mainly takes into account the concentration of risks, relevance and replacement value of assets.

As of December 31, 2023, the Company maintained insurance whose coverage was considered adequate by management.

The risk assumptions adopted, given their nature, are not part of the scope of work of an audit of the financial statements, consequently they were not audited by our independent auditors.

27. Federal Supreme Court (“STF”) changes understanding related to res judicata in tax matters

On February 8TH, 2023, the Federal Supreme Court (STF) judged Topics 881 – Extraordinary Appeal No. 949,297 and 885 – Extraordinary Appeal No. 955,227.

The ministers who participated in these topics concluded, unanimously, that judicial decisions taken definitively in favor of taxpayers must be annulled if, later, the Supreme Court has a different understanding on the issue. In other words, if years ago a Society obtained authorization from the Court to stop collecting some tax, this permission will automatically lose validity if, and when, the STF understands that payment is due.

The Administration evaluated with its Internal Legal Advisors the possible impacts of this STF decision and concluded that the STF's decision is not valid, based on the Administration's assessment supported by its Legal Advisors, and in line with CPC25/IAS37 Provisions, Contingent Liabilities and Contingent Assets, CPC 32/IAS 12 Taxes on profit, ICPC 22 / IFRIC 23 Uncertainty regarding the treatment of taxes on profit and CPC24/IAS10 Subsequent Events, with significant impacts on its financial statements as of December 31, 2022.

28. SUBSEQUENT EVENTS

On April 10TH, 2024, Sociedade Americanas S.A. made a partial payment of the portion of the debt that was eligible for judicial recovery relating to the overdue amounts owed to Solo Network Brasil S.A.

- The amount received was R$6.9 million, equivalent to 30% of the original value.
- The remaining 70% being treated as unsecured supplier credit, where Americanas S.A. must pay:

  a) 50% (R$8 million) in installments 48 months (04 years), this amount transferred from accounts receivable from Current Assets to Non-Current Assets in 2023 and;

  b) the remaining final 50% (R$ 8 million) was considered as a discount, being provisioned as PECLD Provision for Settlement Credits Doubtful in the year 2023, which amount will be written off to Effective losses in the result for the year 2024.

Until the date of issuing this report, we did not have access to the formally disclosed judicial recovery payment plan.