

(Convenience translation into English from the original  
previously issued in Portuguese)

WIPRO DO BRASIL SERVIÇOS DE  
TECNOLOGIA LTDA.

Independent auditor's report

Financial statements  
As at December 31, 2019

WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA LTDA.

Financial statements  
As at December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the  
Shareholders and Management of  
Wipro do Brasil Serviços de Tecnologia Ltda.  
Barueri - SP

### Opinion on the financial statements

We have audited the financial statements of Wipro do Brasil Serviços de Tecnologia Ltda. ("Company"), which comprise the statement of financial position as at December 31, 2019 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wipro do Brasil Serviços de Tecnologia S.A. as at December 31, 2019, its financial performance and its cash flows for the year then ended, in accordance with the Brazilian accounting practices applicable to small and medium-sized companies.

### Basis for opinion on the financial statements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis

High level of dependence

Without modifying our opinion, we draw attention to Note 1 to the financial statements, considering that the Company has a high level of dependence on a single client. Thus, the result of its operations should be analyzed considering this situation. Our opinion is not modified in respect of this matter.

### Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices, 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 and its controlled companies or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

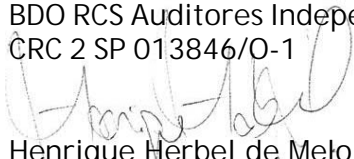


The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, April 24, 2020.



BDO RCS Auditores Independentes SS  
CRC 2 SP 013846/O-1

  
Henrique Herbel de Melo Campos  
Accountant CRC 1 SP 181015/O-3

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA LTDA.

## Statements of financial position As at December 31, 2019 and 2018 (In Brazilian Reais)

Assets				Liabilities and equity			
	Note	12/31/2019	12/31/2018		Note	12/31/2019	12/31/2018
<b>Current</b>				<b>Current</b>			
Cash and cash equivalents	4	5,815	2,079,746	Trade accounts payable	10	7,824,297	3,700,541
Accounts receivable	5	53,313,442	27,925,040	Loans and financing	9	8,030,269	228,948
Recoverable taxes	6	30,168	299,640	Social charges	11	9,398,298	7,146,675
Other receivables		1,420,623	624,155	Tax liabilities	12	1,041,228	449,969
		<u>54,770,048</u>	<u>30,928,581</u>	Other accounts payable		<u>91,743</u>	<u>41,315</u>
						<u>26,385,834</u>	<u>11,567,448</u>
<b>Noncurrent</b>				<b>Noncurrent</b>			
Other accounts		43,428	-	Related-party transactions	19	8,337,712	8,249,857
Court deposits	13	119,661	113,148	Provision for legal claims	13	1,863,024	979,030
Fixed assets	7	4,384,589	4,182,136	Other provisions	14	<u>863,786</u>	<u>2,127,952</u>
Intangible assets	8	<u>202,575</u>	<u>196,105</u>			<u>11,064,522</u>	<u>11,356,839</u>
		<u>4,750,253</u>	<u>4,491,390</u>				
				<b>Equity</b>			
				Capital stock	15	14,762,828	14,762,828
				Retained earnings/ (accumulated losses)		<u>7,307,117</u>	<u>(2,267,144)</u>
						<u>22,069,946</u>	<u>12,495,685</u>
<b>Total assets</b>		<u><u>59,520,302</u></u>	<u><u>35,419,971</u></u>	<b>Total liabilities and equity</b>		<u><u>59,520,302</u></u>	<u><u>35,419,971</u></u>

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

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA LTDA.

## Statements of income

For the years ended December 31, 2019 and 2018

(In Brazilian Reais)

	Note	12/31/2019	12/31/2018
Net operating revenue	16	115,620,535	81,812,758
Cost of services rendered	17	<u>(89,394,648)</u>	<u>(64,265,380)</u>
Gross profit		26,225,887	17,547,378
Operating expenses			
General, selling and administrative expenses	17	(10,885,936)	(7,880,659)
Other revenues (expenses)		(821,712)	(226,990)
Net financial income (loss)	18	(1,142,449)	(761,814)
Income from operating activities		<u>13,375,791</u>	<u>8,677,914</u>
Income before Income and Social Contribution Taxes		<u>13,375,791</u>	<u>8,677,914</u>
Income and Social Contribution Taxes	12 (a)	(3,801,530)	(2,311,241)
Net income for the year		<u>9,574,261</u>	<u>6,366,673</u>
Number of outstanding shares at year end		14,762,828	25,920,653
Earnings per share - in Brazilian Reais		<u>0.65</u>	<u>0.25</u>

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

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA S.A.

## Statements of comprehensive income For the years ended December 31, 2019 and 2018 (In Brazilian Reais)

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	<u>12/31/2019</u>	<u>12/31/2018</u>
Net income for the year	9,574,261	6,366,673
Other comprehensive income	-	-
Total comprehensive income	<u><u>9,574,261</u></u>	<u><u>6,366,673</u></u>

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

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# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA LTDA.

## Statements of changes in equity (In Brazilian Reais)

	Capital stock	Treasury shares	comprehensive income	Retained earnings/ (accumulated losses)	Total
Balances as at December 31, 2017	10,591,411	(4,882)	-	(8,593,816)	1,992,712
Capital increase	4,136,300	-	-	-	4,136,300
Write-off (acquisition) of treasury shares	35,118	4,882	-	(40,000)	-
Net income for the year	-	-	-	6,366,673	6,366,673
Balances as at December 31, 2018	14,762,828	-	-	(2,267,143)	12,495,685
Net income for the year	-	-	-	9,574,261	9,574,261
Balances as at December 31, 2019	14,762,828	-	-	7,307,118	22,069,946

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

# WIPRO DO BRASIL SERVIÇOS DE TECNOLOGIA LTDA.

## Statements of cash flows

For the years ended December 31, 2019 and 2018

(In Brazilian Reais)

	12/31/2019	12/31/2018
Cash flows from operating activities		
Net income for the year	9,574,261	6,366,673
Adjustments to reconcile income (loss) for the year to funds from operating activities		
Depreciation and amortization	818,307	226,990
Fixed and intangible assets write off	7,521	-
Provision for legal claims	883,994	112,596
Allowance for (reversal of) doubtful accounts	41,727	(31,905)
	<u>11,325,810</u>	<u>6,674,354</u>
Net increase/(decrease) in assets		
Accounts receivable	(25,430,128)	(15,696,633)
Recoverable taxes	269,472	751,235
Other accounts	(839,896)	(194,887)
Court deposits	(6,513)	(99,965)
	<u>(26,007,066)</u>	<u>(15,240,250)</u>
Net increase/(decrease) in liabilities		
Trade accounts payable	4,123,756	597,076
Social charges and tax obligations	2,842,882	3,738,051
Other noncurrent liabilities	(1,213,738)	718,640
	<u>5,752,899</u>	<u>5,053,767</u>
Net cash from operating activities	<u>(8,928,357)</u>	<u>(3,512,129)</u>
Cash flows from investing activities		
Additions to fixed and intangible assets	(1,034,751)	(4,068,027)
Net cash from investing activities	<u>(1,034,751)</u>	<u>(4,068,027)</u>
Cash flows from financing activities		
Capital increase	-	4,136,300
Related companies, net	87,856	4,487,838
Loans and financing	7,801,321	(502,296)
Net cash from financing activities	<u>7,889,177</u>	<u>8,121,843</u>
(Decrease)/Increase in cash and cash equivalents, net	<u>(2,073,931)</u>	<u>541,686</u>
Cash and cash equivalents at beginning of year	2,079,746	1,538,060
Cash and cash equivalents at end of year	5,815	2,079,746
(Decrease)/Increase in cash and cash equivalents, net	<u>(2,073,931)</u>	<u>541,686</u>

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

1. Operations

Wipro do Brasil Serviços de Tecnologia Ltda. (“Company”) was originally set up on May 10, 1995, located in the city of Osasco, engaged in the following activities: information technology consulting, technical support, maintenance and other services in information technology, license of non-customizable computer programs, sales of equipment and computer supplies, lease of goods; commercial representation, and training in IT area.

Currently, Banco Bradesco S.A. represents approximately 74% of the Company's revenues; thus, we work hard in the diversification of the customer base by developing new product lines, and increasing recurring revenues by means of allocations.

2. Basis of preparation

a. Statement of compliance

The financial statements were prepared in accordance with Brazilian accounting practices applicable to small and mid-sized companies (NBC TG 1000) - CPC PME R1, issued by the Brazilian Federal Association of Accountants (CFC).

The issue of the financial statements was authorized by Management on April 24, 2020.

b. Functional and reporting currency

The Company's functional currency is the Brazilian real. The Company's financial statements are presented in compliance with section 30 of CPC PMEs (Effects of the changes in exchange rates and conversion of financial statements).

c. Use of estimates and judgment

The financial statements have been prepared in accordance with several valuation bases used for accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors and management's judgment to determine the proper fair value to be recorded in the financial statements.

Significant items subject to these estimates and assumptions include determining the useful lives of fixed assets and their recoverability from operations, valuing financial assets at fair value and discounting them to present value, analyzing the client's credit standing to determine the allowance for doubtful accounts, and assessing other risks to determine other provisions, including for contingencies.

Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the financial statements, due to the inherent inaccuracy of the estimates. The Company reviews its estimates and assumptions periodically, in not more than a year. The Company has adopted all standards issued by the Committee of Accounting Pronouncements for Small and Mid-sized Companies in effect as at December 31, 2019.

There was no type of declaration from CPC PME to adopt the new standards issued by CPC; accordingly, the Company did not adopt these standards.

The financial statements have been prepared taking into consideration the historical cost as base value.

### 3. Main accounting policies

#### a. Cash and cash equivalents

Cash and cash equivalents include balances of cash and financial investments with original maturity of three months or less as from hire date, which are subject to an insignificant risk of change in value and are used to manage short-term obligations. Financial investments are stated at cost, plus income earned through the balance sheet dates.

#### b. Trade accounts receivable and Allowance for Doubtful Accounts (PECLD)

Trade accounts receivable are recorded in the balance sheet at their nominal value, less an allowance for doubtful accounts set up according to an analysis of all notes overdue for more than 180 days regarding the following: i) client's reason for the delay; ii) renegotiation and/or installment payment of the note; iii) actual possibility of receipt; and iv) client's history. The loss is set up for notes of possible or remote collection.

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These amounts are not discounted to present value because they mature in the short term and do not have a material effect on financial statements.

In addition to the revenue reversal policy adopted by the new management in which the reversal of unbilled projects is recognized according to the type: fixed price projects with reversal after 180 days from recognition, service to production projects after 90 days and allocation projects after 60 days.

c. Fixed assets

Fixed assets are recorded at acquisition, formation or construction cost, less accumulated depreciation and impairment losses (value in use), if applicable. Depreciation or amortization is calculated under the straight-line method at rates which take into account the estimated useful lives of assets.

d. Intangible assets

Intangible assets are stated at acquisition cost, less accumulated amortization and impairment charges, when applicable. Intangible assets consist of software use licenses and rights and expenses on the registration of trademarks and patents. Amortization is computed under the straight line method.

e. Other current and noncurrent assets

Other current and noncurrent assets are carried at the lower of cost or realizable value, including, when applicable, earnings and monetary variations.

f. Other current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, plus the related charges, exchange rate gains (losses) and/or monetary changes incurred through the balance sheet date, when applicable. Where applicable, current and non-current liabilities are stated at present value, transaction by transaction, according to interest rates which reflect each transaction's term, currency and risk.

g. Provisions

A provision is recognized, as a result of past events, if the Company has a legal or constructive obligation which can be reliably estimated and it is probable that an economic resource is required to settle the obligation.

The provisions are recorded based on the best estimates of the risks involved.

The provisions for legal claims are recognized in amount considered sufficient to cover losses on legal suits, as stated in Note 13.

h. Financial revenues and expenses

Financial revenues mainly comprise interest gain from financial investments. Revenues from interest are recognized in the statement of operations under the effective interest rate method.

Financial expenses mainly comprise bank fees and interest on loans.

i. Income and Social Contribution Taxes

The provision for Income Tax was calculated at the rate of 15% on taxable income, plus a surtax of 10%, according to prevailing legislation. The provision for Social Contribution Tax was calculated at the rate of 9% on income before Income Tax, both calculated based on the year's results.

j. Revenue recognition

Revenue is the fair value of the consideration received or receivable for trading products over the Company's normal course of activities. Revenue is stated net of taxes, returns, rebates and discounts. The Company recognizes income when:

- The amount of the revenue can be reliably measured;
- It is probable that future economic benefits will flow to the Company.

k. Financial instruments

Non-derivative financial instruments include financial investments, contributions receivable and other receivables, cash and banks, as well as trade accounts payable, accounts payable and other debts.

Nonderivative financial assets

The Company initially recognizes amortized cost on the date it is originated. All other financial assets are initially recorded on the negotiation date in which the Company becomes a party to the contractual provisions of the instrument.

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The Company no longer recognizes a financial asset when the contractual rights on the cash flows of the asset expire, or when the Company transfers the rights for receiving contractual cash flows on a financial asset in a transaction, in which virtually all risks and benefits of ownership of the financial asset are transferred. An occasional participation created or withheld in financial assets is recognized as an individual asset or liability.

**Nonderivative financial liabilities**

Financial liabilities are initially recognized on the date when they are originated. After the initial recognition, those financial liabilities are measured at the amortized cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when and only when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

**Derivative financial assets and liabilities**

As at December 31, 2019 and 2018 the Company did not hold derivatives.

**4. Cash and cash equivalents**

	<u>2019</u>	<u>2018</u>
Bank accounts	5,815	667,253
Financial investments (i)	-	1,412,493
	<u>5,815</u>	<u>2,079,746</u>

(i) The financial investments are engaged with top-tier Brazilian financial institutions and reflect the usual market conditions. These are classified as cash equivalents for being financial assets with the possibility of immediate redemption, without penalty regarding the redeemable amounts.

The balances of cash and cash equivalents are basically represented by bank accounts held at top-tier Brazilian financial institutions.

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## 5. Trade accounts receivable

## a. Composition

	2019	2018
Trade accounts receivable	11,796,915	9,461,931
Trade accounts receivable to bill (*)	41,558,764	18,463,619
(-) Allowance for doubtful accounts	(42,237)	(510)
	<u>53,313,442</u>	<u>27,925,040</u>

(\*) Recognition of revenue from services rendered, with certain stages already approved by clients, but not yet billed. The unbilled services may refer to the development of programs and systems, direct labor allocation and technical support, being development the most representative service in the provision due to its particularities of performance time and stages. This type of service depends on a project which is usually divided into stages. By the end of each stage, the project is delivered to client for analysis, test and approval. After this phase, the project goes through the bureaucratic process of billing authorization.

## b. Aging of the balance of trade accounts receivable

	2019	2018
Falling due	10,836,992	7,607,284
Overdue up to 90 days	846,674	1,853,498
Overdue for more than 90 days	113,248	1,150
	<u>11,796,915</u>	<u>9,461,932</u>

The policy on allowance for doubtful accounts is recognized based on the number of days overdue, over 365 days - 100%, and until 181 days - 35%.

## 6. Recoverable taxes

	2019	2018
Tax on sales (PIS)	-	11,627
Tax on sales (COFINS)	-	53,663
Social Contribution Tax	-	220,146
Other taxes	30,168	14,204
	<u>30,168</u>	<u>299,640</u>



Notes to the financial statements  
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## 7. Fixed assets

## a. Breakdown

	Depreciation rates (%) p.a.	2019			2018
		Historical cost	Accumulated depreciation	Net	Net
Furniture and fixtures	10	717,337	(430,884)	286,453	323,880
Machinery and equipment	10	320,775	(75,922)	244,853	273,751
IT equipment	20	4,248,243	(1,938,110)	2,310,133	1,857,328
Leasehold improvements	16	1,758,721	(315,522)	1,443,200	1,727,177
		7,045,077	(2,760,438)	4,284,639	4,182,136
Construction in progress		99,950	-	99,950	-
		7,145,027	(2,760,438)	4,384,589	4,182,136

## b. Changes in fixed assets

Below, the changes in fixed assets in 2019:

	Depreciation rates (%) p.a.	2018			2019	
		Net	Additions	Write-offs	Depreciation	Net balance
Furniture and fixtures	10	323,880	-	-	(37,426)	286,453
Machinery and equipment	10	273,751	2,980	-	(31,879)	244,853
IT equipment	20	1,857,328	905,281	(7,521)	(444,954)	2,310,133
Leasehold improvements	16	1,727,177	-	-	(283,978)	1,443,200
		4,182,136	908,261	(7,521)	(798,237)	4,284,639
Construction in progress		-	99,950	-	-	99,950
		4,182,136	1,008,211	(7,521)	(798,237)	4,384,589

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8. Intangible assets

a. Breakdown

	Depreciation rate (%) p.a.	2019		2018
		Historical cost	Accumulated depreciation	Net
Trademarks and patents	10%	53,676	-	53,676
Software	20%	592,340	(443,441)	148,899
		<u>646,016</u>	<u>(443,441)</u>	<u>202,575</u>
				<u>196,105</u>

b. Changes in intangible assets

Below, the changes in intangible assets in 2019:

	Depreciation rates (%) p.a.	2018			2019
		Net	Additions	Depreciation	Net balance
Trademarks and patents	10%	53,676	-	-	53,676
Software	20%	142,429	26,540	(20,070)	148,899
		<u>196,105</u>	<u>26,540</u>	<u>(20,070)</u>	<u>202,575</u>

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## 9. Loans and financing

Financial institution	Finance charges	2019	2018
Banco Bradesco S.A.	1,17% p.m.	-	228,948
Banco Bradesco S.A.	CDI (Certificate of Interbank Deposit) +0.41% p.m.	8,030,269	-
Current		8,030,269	228,948
Noncurrent		-	-

As at December 31, 2019, the loans amounting to R\$ 8,030,269, with Banco Bradesco S.A., refer to a Bank Credit Note of overdraft account No. 4272871, with a limit of R\$ 10,000,000, maturing on January 28, 2020, and with automatic renewal every 90 days. There are no guarantees and Banco Bradesco S.A evaluates our credit according to the volume of receivables that the Company holds with the bank itself.

## 10. Trade accounts payable

These are represented by rendering of services contracted:

	2019	2018
Trade accounts payable	7,824,297	3,700,541
	<u>7,824,297</u>	<u>3,700,541</u>

The amounts accounted for in this caption are nearly all related to trade accounts payable (partners) which carried out work and are in line with the progress and approval of unbilled trade accounts receivable. Work already performed and approved by client.

## 11. Social charges

	2019	2018
Provision for vacation pay and charges	5,068,428	3,897,389
Social security tax (INSS) payable	1,556,115	1,119,270
Severance Pay Fund (FGTS) payable	487,684	430,422
Withholding Income Tax (IRRF) payable	1,218,009	941,978
Other social charges	1,068,062	757,617
	<u>9,398,298</u>	<u>7,146,675</u>

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## 12. Tax liabilities

	2019	2018
Tax on Services (ISS) payable	288,979	268,343
Tax on sales (PIS) payable	39,480	2
Tax on sales (COFINS) payable	182,216	1
Income tax (IRPJ) payable	385,913	48,534
Social contribution tax (CSLL) payable	15,025	-
Other tax liabilities	129,615	133,088
	<u>1,041,228</u>	<u>449,969</u>

## (a) Reconciliation of Income and Social Contribution Taxes

	2019	2018
Book income (loss) before taxation	13,375,791	8,677,914
Expected Income and Social Contribution tax expenses - combined statutory rate of 34%	4,547,769	2,950,491
Add-backs, substantially equity in earnings (losses) of controlled companies and deductions	374,327	1,134,023
Tax basis for Income and Social Contribution Taxes	13,750,118	9,811,937
(-) Tax loss carryforwards 30%	(2,296,436)	(2,943,581)
Expense on current Income and Social Contribution Taxes	(3,801,530)	(2,311,241)
(X) Effective rate (%)	<u>28%</u>	<u>27%</u>

## 13. Provision for legal claims

In the ordinary course of conducting its business, the Company is involved in labor, civil, tax and criminal actions. Management, relying on the opinion of its legal counselors or that of other specialists given on the same date, when applicable, evaluates the possible outcome of ongoing lawsuits, and the need for setting up provisions for contingencies arising from them.

As at December 31, 2019, the Company has the amount of R\$ 1,863,024 recorded to cover risks considered probable, as follows:

Description	2019	Changes	2018
Labor	1,039,203	837,598	201,604
Tax	823,821	46,396	777,426
	<u>1,863,024</u>	<u>883,994</u>	<u>979,030</u>

As at December 31, 2019, the Company had other ongoing labor proceedings amounting to approximately R\$ 1,652,015, whose likelihood of loss, according to legal counselors, is considered possible, and for which the Company's management understands that recognition of provision for possible loss is not necessary.

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Court deposits

Description	2019	Changes	2018
Labor - deposit	18,105	6,513	11,592
Other deposits	101,556	-	101,556
	<u>119,661</u>	<u>6,513</u>	<u>113,148</u>

14. Other provisions

The amount of R\$ 863,786.01 refers to the provision for a bonus denominated MIP (Management Incentive Program). This program is part of the sale and purchase agreement of Infoserver for employees of the commercial department and strategic positions. The program is valid for a period of 3 years, from 2017 to 2019, being measured through retention of these employees and financial indicators.

15. Equity

Capital stock

As at December 31, 2019, capital stock amounted to R\$ 14,762,828 at nominal value of R\$ 1.00 each share, consisting of 14,762,828, distributed as follows: 14,381,947 shares to the partner Wipro Information Technology Netherlands BV and 380,881 shares to the partner Wipro Portugal S.A.

Allocation of retained earnings

The results will be divided among the partners according to their decision, proportionally or not to their capital shares, and profits, at the discretion of the partners, may be distributed or kept in a reserve for the Company. None of the shareholders will be entitled to any portion of net income until express decision on its allocation.

16. Sales revenue

	2019	2018
Revenue from rendering of services	127,027,512	90,683,875
(-) Taxes on sales and other deductions	(11,406,977)	(8,871,117)
	<u>115,620,535</u>	<u>81,812,758</u>

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17. Expenses by nature and function

	2019	2018
Payroll	38,072,606	29,397,004
Social charges	8,277,098	5,296,939
Vacation pay	5,502,155	3,984,620
Year-end bonus	3,753,785	2,775,203
Benefits	6,440,022	2,954,817
Electricity	117,620	81,177
Maintenance	82,903	27,679
Services rendered	25,512,357	19,774,957
Other expenses	12,522,038	7,853,644
	<u>100,280,583</u>	<u>72,146,040</u>
Costs of services rendered	89,394,648	64,265,380
General, administrative and selling expenses, net	10,885,936	7,880,659
	<u>100,280,583</u>	<u>72,146,040</u>

18. Net financial income (loss)

	2019	2018
Financial revenues		
Return on financial investments	2,823	8,221
Discounts obtained	6	5
Interest gains	12,519	36,991
Exchange rate gains	-	(70)
	<u>15,348</u>	<u>45,147</u>
Financial expenses		
Exchange rate losses	-	(7,650)
Interest losses	(927,255)	(610,368)
Tax on Financial Transactions (IOF)	(92,031)	(151,003)
Other expenses	(138,511)	(37,941)
	<u>(1,157,798)</u>	<u>(806,962)</u>
Financial revenues (expenses), net	<u>(1,142,449)</u>	<u>(761,814)</u>

19. Related-party transactions

	2019	2018
Noncurrent assets		
Wipro do Brasil Tecnologia Ltda.	-	-
Noncurrent liabilities		
Wipro do Brasil Tecnologia Ltda.	8,337,712	8,249,857
	<u>8,337,712</u>	<u>8,249,857</u>

The amount of R\$ 8,337,712 refers to loans made through another entity in Brazil, R\$ 3,550,000 in 2017 and R\$ 4,000,000 in 2018; the impact of interest on income (loss) for the year was R\$ 599,684 at an average interest rate of 7.9% p.a.

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20. Financial instruments

The Company works with financial instruments, mainly cash and cash equivalents, trade accounts receivable, and intercompany payables.

The amounts recorded in current assets and liabilities have immediate liquidity or maturity, mostly with terms lower than three months. Considering the term and features of these financial instruments, which are systematically renegotiated, their book values approximate the fair values. The Company does not have transactions with derivatives.

Fair value of financial instruments

The classification of the financial instruments is shown in the table below, in accordance with the evaluation of the Company's Management:

Classification

	<u>12/31/2019</u>	<u>12/31/2018</u>
Financial assets:		
Amortized cost		
Cash and cash equivalents	5,815	2,079,746
Accounts receivable	<u>53,313,442</u>	<u>27,925,040</u>
	<u>53,319,257</u>	<u>30,004,786</u>
Financial liabilities:		
Amortized cost		
Trade accounts payable	7,824,297	3,700,541
Loans and financing	8,030,269	228,948
Related-party transactions	<u>8,337,712</u>	<u>8,249,857</u>
	<u>24,192,278</u>	<u>12,179,346</u>

Credit risk

The Company may have losses on receivables arising from the billing of merchandise. To reduce this risk, an analysis of the customers' credit standing is constantly performed.

Interest rate risk

The risk is due to the possibility of the Company incurring losses on account of interest rate fluctuations which may increase the financial expenses on loans and financing raised in the market.

Management understands that the interest rate risk is not relevant, considering the overdraft protection held by the Company as at December 31, 2019.

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Therefore, it considers unnecessary to present a sensitivity analysis for such risk.

#### Market risk

Exposures to market risks are constantly monitored, mainly risk factors related to interest rates that potentially affect the value of financial assets and liabilities and future cash flows.

The Company has assets and liabilities classified as financial instruments recorded in its statement of financial position. They are stated at their book values, which approximate market values, considering the adjustment criteria.

Accounting practices adopted to value financial assets and liabilities are such that their book values do not differ from market values and were reported on the corresponding notes.

#### 21. Insurance coverage

The Company takes out insurance for risk-prone assets in amounts considered sufficient by management to cover possible losses.

The amounts of the insurance coverage as at December 31, 2019 are as follows:

Item	Type of coverage	Amount insured
Operational structure	Material damages to buildings, facilities, machinery and equipment, including robbery	5,778,036

Given the nature of the risk assumptions adopted, they are not part of the scope of an audit of financial statements and therefore were not audited by our independent auditors.

#### 22. Subsequent events

The Company's Management has been closely observing the impacts of the Coronavirus in the capital markets of the world and, particularly, in the Brazilian market. In this context, among the several risks and uncertainties to which the Company is exposed, Management evaluated the possible economic events that may affect the Company, such as those related to accounting estimates and measurements of its assets and liabilities. Despite the fact that until the present moment an exact measurement of the possible impacts of Covid-19 in the economic environment is not possible, the Company's Management understands that no impacts were observed that may affect the measurement of the assets and liabilities presented in its financial statements as at December 31, 2019.