

CI&T Reports Sequential Revenue Growth in 1Q24 Results

New York - May 22, 2024 /Business Wire/ - CI&T (NYSE: CINT, "Company"), a global digital specialist and fast-growing technology company, today announces its results for the first quarter of 2024 (1Q24) in accordance with International Financial Reporting Standards (IFRS). For comparison purposes, we refer to the results for the first quarter of 2023 (1Q23) and the fourth quarter of 2023 (4Q23).

First quarter of 2024 (1Q24) operating and financial highlights

- Net Revenue was R\$523.5 million compared to R\$610.0 million in 1Q23 and R\$522.6 million in 4Q23, a sequential growth of 0.2%.
- Net Profit was R\$22.4 million compared to R\$43.6 million in 1Q23.
- Adjusted EBITDA was R\$84.3 million compared to R\$116.5 million in 1Q23. The Adjusted EBITDA margin was 16.1%.
- Adjusted Net Profit was R\$41.7 million compared to R\$62.4 million in 1Q23. The Adjusted Net Profit margin was 8.0%.
- CI&T ended 1Q24 with 6,083 CI&Ters compared to 6,111 at the end of 4Q23.

Cesar Gon, founder and CEO of CI&T, commented, *"Our first quarter of 2024 has been truly transformative as we continue to make tremendous strides in our journey to becoming an AI-first company. By integrating AI into our operations and fostering a culture of efficiency and innovation, we capitalize on the amazing opportunities for value creation in this next chapter of the digital revolution. As early results, we are pleased to announce a 70 basis point revenue growth above our guidance in 1Q24 and to guide at least a 350 basis points sequential increase in 2Q24, resuming our growth trajectory. We anticipate this momentum will accelerate in the following quarters, leading to a period of resurgent growth in 2024 and beyond."*

Comments on the 1Q24 financial performance

The net revenue was R\$523.5 million in 1Q24, a decline of 14.2% compared to 1Q23, or a reduction of 12.1% at constant currency. Compared to 4Q23, net revenue grew 0.2%. The geographic distribution of net revenue for 1Q24 was 41.6% from North America, 42.5% from Latam, 11.7% from Europe, and 4.2% from Asia Pacific.

The cost of services provided in 1Q24 was R\$355.9 million, 12.7% lower than in 1Q23, and the gross profit was R\$167.6 million. The adjusted gross profit in 1Q24 was R\$178.4 million, with an adjusted gross profit margin of 34.1%, 1.0 percentage point lower than in 1Q23.

In 1Q24, selling, general and administrative (SG&A), and other operating expenses were R\$114.4 million, a reduction of 2.1% compared to 1Q23. This reduction can be primarily attributed to the non-recurring M&A expenses incurred in 2023, partially compensated by business restructuring expenses and increased sales efforts to resume growth in 1Q24.

In 1Q24, the adjusted EBITDA was R\$84.3 million, a reduction of 27.7% compared to 1Q23. Adjusted EBITDA margin was 16.1% in the quarter, a reduction of 3.0 percentage points compared to 1Q23, mainly due to the decline in the gross profit margin and higher SG&A expenses as a percentage of net revenue.

In 1Q24, net financial costs were R\$12.4 million, 38.1% lower than in 1Q23, mainly driven by lower net foreign exchange volatility in the comparable period, and lower net debt position and interest rates.

Income tax expense was R\$16.8 million in 1Q24, 17.9% lower than in 1Q23. The income tax paid (cash effect) was R\$3.3 million, equivalent to a cash tax rate of 8.4%.

The net profit was R\$22.4 million in 1Q24, compared to a net profit of R\$43.6 million in 1Q23. Adjusted net profit was R\$41.7 million, a decrease of 33.1% compared to 1Q23. The adjusted net profit margin decreased from 10.2% in 1Q23 to 8.0% in 1Q24, mainly due to lower Adjusted EBITDA, partially compensated by lower net financial costs and tax expenses, as explained above.

As of 1Q24, we are adding back stock-based compensation expenses to calculate Adjusted Net Profit, a non-IFRS financial measure, to align comparability with our main peers. For more details, please refer to the Non-IFRS Financial Measures and Reconciliation tables below.

Cash generated from operating activities was R\$130.3 million in 1Q24, 11.8% higher than in 1Q23, due to an improvement in working capital, specifically in trade receivables.

Business Outlook

We expect our net revenue in the second quarter of 2024 to be at least R\$542 million on a reported basis, equivalent to a 3.5% growth compared to 1Q24. It assumes an average FX rate of 5.04 BRL/USD in 1Q24.

For the full year of 2024, we expect our net revenue growth at constant currency to be in the range of -2.5% to +2.5% year-over-year. In addition, we estimate our Adjusted EBITDA margin to be in the range of 17% to 19%.

These expectations are forward-looking statements, and actual results may differ materially. See "Cautionary Statement on Forward-Looking Statements" below.

Conference Call Information

Cesar Gon, Bruno Guicardi, Stanley Rodrigues and Eduardo Galvão will host a video conference call to discuss the 1Q24 financial and operating results on May 22, at 8:00 a.m. Eastern Time / 09:00 a.m. BRT. The earnings call can be accessed on the Company's Investor Relations website at <https://investors.ciandt.com> or at the following link: <https://www.youtube.com/watch?v=FA14fVjgLuY>.

About CI&T

CI&T (NYSE: CINT) is a global hyper digital specialist, a partner in AI-powered digital transformation and efficiency for 100+ large enterprises and fast growth clients. As digital natives, CI&T brings a 29-year track record of accelerating business impact through complete and scalable digital solutions. With a global presence in nine countries with a nearshore delivery model, CI&T provides strategy, data science, design, and engineering, unlocking top-line growth, improving customer experience and driving operational efficiency. Recognized by Forrester as a Leader in Modern Application Development Services, CI&T is the Employer of Choice for more than 6,000+ professionals.

Basis of accounting and functional currency

CI&T maintains its books and records in Brazilian *reais*, which is the presentation currency of its unaudited condensed consolidated interim financial statements, and the functional currency of our operations in Brazil. CI&T prepares its unaudited condensed consolidated interim financial statements in accordance with IFRS, as issued by the IASB, and International Financial Reporting Standard No 34—Interim Financial Reporting (“IAS 34”).

Non-IFRS Financial Measures

We regularly monitor certain financial and operating metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions. These non-IFRS financial measures include Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Profit, Adjusted Net Profit Margin, Net Revenue at Constant Currency, and Net Revenue Growth at Constant Currency. They should be considered in addition to results prepared in accordance with IFRS, but not as substitutes for IFRS results. In addition, our calculation of these non-IFRS financial measures may differ from those used by other companies, and therefore, comparability may be limited. These non-IFRS financial measures are provided as additional information to enhance investors' understanding of our operations' historical and current financial performance.

CI&T is not providing a quantitative reconciliation of its forward-looking non-IFRS Net Revenue Growth at Constant Currency and Adjusted EBITDA to the most directly comparable IFRS measure because it cannot

reasonably predict the outcome of certain significant items without unreasonable efforts. These items include, but are not limited to, stock-based compensation expenses, acquisition-related expenses, the tax effect of non-IFRS measures, foreign currency exchange gains/losses, and other items. These items are uncertain, depend on various factors, and could have a material impact on our IFRS-reported results for the guidance period.

We calculate Net Revenue at Constant Currency and Net Revenue Growth at Constant Currency by translating Net Revenue from entities reporting in foreign currencies into Brazilian reais using the comparable foreign currency exchange rates from the prior period to show changes in our revenue without giving effect to period-to-period currency fluctuations.

In calculating Adjusted Gross Profit, we exclude cost components unrelated to the direct management of our services. For the periods presented, the adjustments applied were: (i) depreciation and amortization related to the costs of services provided and (ii) stock-based compensation expenses.

In calculating Adjusted EBITDA, we exclude components unrelated to the direct management of our services. We calculate Adjusted EBITDA for the periods presented as Net Profit, plus net finance costs, income tax expense, depreciation and amortization, plus: (i) stock-based compensation expenses; (ii) government grants related to tax reimbursement in our Chinese subsidiary; (iii) acquisition-related expenses, including the present value and fair value adjustment to accounts payable for business acquired, consulting expenses, and retention packages; and (iv) business restructuring expenses, associated with employees' separation from acquired companies.

In calculating Adjusted Net Profit, we exclude components unrelated to the direct management of our services. For the periods presented, the adjustments have been made for (i) acquisition-related expenses (including amortization of intangible assets from acquired companies, present value and fair value adjustments to accounts payable for business acquired, consulting expenses, and retention packages); (ii) business restructuring expenses, associated with employees' separation from acquired companies; (iii) stock-based compensation expenses; and (iv) the tax effects of non-IFRS adjustments.

Cautionary Statement on Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact that may be deemed forward-looking statements include, but are not limited to: the statements under Business Outlook, including expectations relating to revenues and other financial or business metrics; statements regarding relationships with clients; and any other statements of expectations or beliefs. The words "believe," "will," "may," "may have," "would," "estimate," "continues,"

“anticipates,” “intends,” “plans,” “expects,” “budget,” “scheduled,” “forecasts” and similar words are intended to identify estimates and forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this press release. You should read this press release with the understanding that our actual future results may be materially different from our expectations. These statements are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such statements in this press release. Such risk factors include, but are not limited to, those relating to: the ongoing war in Ukraine and the economic sanctions imposed by Western economies on Russia, as well as the conflict between Israel and Hamas, and their impact on our business and industry; the impact of competition on our business; uncertainty regarding the demand for and market utilization of our services; our ability to maintain or acquire new client relationships; general business and economic conditions; our ability to successfully integrate the recent-acquired business; the impact of pandemics, epidemics and disease outbreak; and our ability to successfully implement our growth strategy and strategic plans. Additional information about these and other risks and uncertainties is contained in the Risk Factors section of CI&T’s annual report on Form 20-F. Additional information will be made available in our Annual Reports on Form 20-F, and other filings and reports that we may file from time to time with the SEC. Except as required by law, we assume no obligation to and do not intend to update these forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

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Unaudited condensed consolidated statement of profit or loss

(In thousands of Brazilian Reais)

	Quarter ended March 31,	
	2024	2023 Restated
Net revenue	523,509	609,991
Costs of services provided	(355,948)	(407,861)
Gross profit	167,561	202,130
Selling expenses	(46,250)	(45,554)
General and administrative expenses	(68,112)	(71,222)
Impairment loss on trade receivables and contract assets	(1,787)	(1,605)
Other income net	160	324
Operating expenses net	(115,989)	(118,057)
Operating profit before net finance costs and income tax expenses	51,572	84,073
Finance income	10,703	20,664
Finance cost	(23,056)	(40,632)
Net finance costs	(12,353)	(19,968)
Profit before income tax	39,219	64,105
Current	(8,437)	(13,401)
Deferred	(8,373)	(7,070)
Total income tax expense	(16,810)	(20,471)
Net profit for the year	22,409	43,634
Earnings per share		
Earnings per share – basic (in R\$)	0.16	0.33
Earnings per share – diluted (in R\$)	0.16	0.32
Weighted average number of basic shares	137,385,836	133,834,456
Weighted average number of diluted shares	140,078,180	137,279,821

Unaudited condensed consolidated statement of financial position

(In thousands of Brazilian Reais)

Assets	March 31, 2024	December 31, 2023	Liabilities and equity	March 31, 2024	December 31, 2023
Cash and cash equivalents	360,296	211,638	Suppliers and other payables	20,196	21,690
Financial Investments	-	3,164	Loans and borrowings	133,680	112,719
Trade receivables	312,016	471,951	Lease liabilities	15,708	17,862
Contract assets	250,998	147,620	Salaries and welfare charges	210,748	196,396
Recoverable taxes	38,400	23,588	Accounts payable for business acquired	110,180	13,365
Current Tax Assets	4,255	17,483	Current Tax liabilities	1,744	2,602
Derivatives	7,135	9,620	Other taxes payable	14,294	15,275
Other assets	28,991	27,072	Contract liability	29,632	48,079
Total current assets	1,002,091	912,136	Other liabilities	15,844	27,290
			Total current liabilities	552,026	455,278
Recoverable taxes	742	959			
Deferred tax assets	19,407	18,284			
Judicial deposits	7,471	7,280	Loans and borrowings	660,269	614,744
Restricted cash - Escrow account and indemnity asset	29,779	29,061	Deferred tax liabilities	77,659	68,465
Other assets	1,168	1,027	Lease liabilities	25,395	27,037
Property, plant and equipment	34,926	38,584	Provisions	9,696	9,620
Intangible assets and goodwill	1,691,283	1,669,865	Accounts payable for business acquired	30,802	122,689
Right-of-use assets	35,936	39,695	Other liabilities	14,067	7,807
Total non-current assets	1,820,712	1,804,755	Total non-current liabilities	817,888	850,362
			Equity		
			Share capital	37	37
			Share premium	983,194	980,893
			Treasury share reserve	(4,143)	-

			Capital reserves	176,774	174,153
			Retained earnings reserves	376,649	354,240
			Other comprehensive loss	(79,622)	(98,072)
			Total equity	1,452,889	1,411,251
Total assets	2,822,803	2,716,891	Total equity and liabilities	2,822,803	2,716,891

Unaudited condensed consolidated statement of cash flows

(In thousands of Brazilian Reais)

	March 31, 2024	March 31, 2023 Restated
Cash flows from operating activities		
Net profit for the period	22,409	43,634
Adjustments for:		
Depreciation and amortization	21,876	25,053
Loss (income) on sale and write-off of fixed assets	326	(95)
Interest, monetary variation and exchange rate changes	18,410	24,584
Unrealized gain on financial instruments	(243)	(4,544)
Income tax expenses	16,810	20,471
Impairment losses on trade receivables and contract assets	1,787	1,605
Provision (reversal of) for tax and labor risks	76	(273)
Share-based plan	3,772	5,393
Changes in present value of accounts payable for business acquired	1,063	1,589
Others	10	41
Changes in operating assets and liabilities		
Trade receivables	166,683	49,460
Contract assets	(101,257)	(18,900)
Recoverable taxes	(7,119)	245
Suppliers	(319)	(11,672)
Salaries and welfare charges	12,177	(7,628)
Contract liabilities	(19,587)	(12,657)
Other receivables and payables, net	(6,603)	256
Cash generated from operating activities	130,271	116,562
Income tax paid	(3,303)	(6,808)
Interest paid on loans and borrowings	(7,019)	(15,534)
Interest paid on lease	(820)	(1,148)
Net cash from operating activities	119,129	93,072
Cash flows from investment activities		
Acquisition of property, plant and equipment and intangible assets	(11,175)	(4,247)
Redemption of financial investments	3,164	1,474

Net cash used in investment activities	(8,011)	(2,773)
Cash flows from financing activities		
Exercised share-based compensation	921	478
Payment of lease liabilities	(5,707)	(5,919)
Proceeds from loans and borrowings	49,801	-
Proceeds from settlement of derivatives	2,728	2,839
Payment of loans and borrowings	(8,924)	(19,432)
Payment of installment related to accounts payable of business acquired	-	(1,235)
Repurchase of treasury shares	(4,143)	-
Net cash from (used in) financing activities	34,676	(23,269)
Net increase in cash and cash equivalents	145,794	67,030
Cash and cash equivalents as of January 1st	211,638	185,727
Exchange variation effect on cash and cash equivalents	2,864	(1,207)
Cash and cash equivalents	360,296	251,550

Net Revenue Distribution

Net Revenue by industry (in BRL thousand)	1Q24	1Q23	Var. 1Q24 x 1Q23
Financial Services	147,720	174,783	-15.5%
Consumer Goods	110,002	116,156	-5.3%
Technology and Telecommunications	60,628	125,060	-51.5%
Retail and Industrial Goods	91,058	75,814	20.1%
Life Sciences	54,372	63,281	-14.1%
Others	59,729	54,897	8.8%
Total	523,509	609,991	-14.2%

Net Revenue by geography (in BRL thousand)	1Q24	1Q23	Var. 1Q24 x 1Q23
North America	217,945	263,386	-17.3%
Latin America	222,682	240,616	-7.5%
Europe	61,127	73,726	-17.1%
Asia Pacific	21,755	32,263	-32.6%
Total	523,509	609,991	-14.2%

Top Clients (in BRL thousand)	1Q24	1Q23	Var. 1Q24 x 1Q23
Top Client (1)	33,839	67,425	-49.8%
Top 10 Clients	215,116	270,461	-20.5%

⁽¹⁾ The top client considered in one period may differ from that disclosed in another period.

Reconciliation of various income statement amounts from IFRS to non-IFRS measures

Net Revenue (in BRL thousand)	1Q24	1Q23	Var. 1Q24 x 1Q23
Net Revenue	523,509	609,991	-14.2%
Net Revenue at Constant Currency	536,299	609,991	-12.1%
Adjusted Gross Profit (in BRL thousand)	1Q24	1Q23	Var. 1Q24 x 1Q23
Net Revenue	523,509	609,991	-14.2%
Cost of Services Provided	(355,948)	(407,861)	-12.7%
Gross Profit	167,561	202,130	-17.1%
<i>Adjustments</i>			
Depreciation and amortization (cost of services provided)	8,032	9,410	-14.6%
Stock-based compensation	2,757	2,376	16.0%
Adjusted Gross Profit	178,351	213,916	-16.6%
Adjusted Gross Profit Margin	34.1%	35.1%	-1p.p
Adjusted EBITDA (in BRL thousand)	1Q24	1Q23 (Restated)	Var. 1Q24 x 1Q23
Net profit for the year	22,409	43,634	-48.6%
<i>Adjustments</i>			
Net financial cost	12,353	19,968	-38.1%
Income tax expense	16,810	20,471	-17.9%
Depreciation and amortization	21,876	25,053	-12.7%
Stock-based compensation	3,772	5,393	-30.1%
Government grants	(71)	(140)	-48.9%
Acquisition-related expenses (1)	1,350	2,124	-36.4%
Business restructuring (2)	5,758	-	0.0%
Adjusted EBITDA	84,258	116,504	-27.7%
Adjusted EBITDA Margin	16.1%	19.1%	-3p.p

(1) Include present value and fair value adjustments on accounts payable for business acquired, consulting expenses, and retention packages.

(2) Associated with employees' separation from acquired companies.

Adjusted Net Profit (in BRL thousand)	1Q24	1Q23 (Restated)	Var. 1Q24 x 1Q23
Net profit for the year	22,409	43,634	-48.6%
Adjustments			
Acquisition-related expenses (1)	12,144	14,836	-18.1%
Business restructuring (2)	5,758	-	0.0%
Stock-based compensation (3)	3,772	5,393	-30.1%
Tax effects on non-IFRS adjustments (4)	(2,335)	(1,446)	61.5%
Adjusted Net Profit	41,749	62,418	-33.1%
Adjusted Net Profit Margin	8.0%	10.2%	-2.3p.p

(1) Includes amortization of intangible assets from acquired companies totaled (R\$10,794) thousand in 1Q24 and (R\$12,712) thousand in 1Q23, present value and fair value adjustment on accounts payable for business acquired, consulting expenses and retention packages.

(2) Associated with employees' separation from acquired companies.

(3) As of 1Q24, we are adding back stock-based compensation expenses to the Adjusted Net Profit calculation. Thus, comparison with previously reported numbers will differ.

(4) As of 4Q23, we are contemplating the tax effects on non-IFRS adjustments as part of the Adjusted Net Profit calculation. Thus, comparison with previously reported numbers will differ.