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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

__, Individually and on behalf of
all others similarly situated,

Plaintiff,

v.

CI&T INC., CESAR NIVALDO GON,
and STANLEY RODRIGUES,

Defendants.

Case No:

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through her attorneys, which included, among other things, a review of the Defendants’ public documents, and announcements made by Defendants, public filings, wire and press releases published by and regarding CI&T Holdings Limited (“CI&T” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded CI&T securities between May 18, 2022 and March 6, 2024, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased CI&T securities during the Class Period and was economically damaged thereby.

7. CI&T purports to be a “global hyper digital specialist, a partner in AI-powered digital transformation and efficiency for 100+ large enterprises and fast growth clients.”

8. The Company is incorporated in the Cayman Islands and its principal executive offices are located in Brazil. CI&T maintains an office at 90 Nassau St, Princeton, New Jersey 08542. CI&T’s common stock trades on the New York Stock Exchange (the “NYSE”) under the ticker symbol “CINT.”

9. Defendant Cesar Nivaldo Gon (“Gon”) is a CI&T co-founder and has been CI&T’s Chief Executive Officer (“CEO”) since 1995. He serves on the Board of Directors (the “Board”).

10. Defendant Stanley Rodrigues (“Rodrigues”) has served as the Company’s Chief Financial Officer (“CFO”) since 2014.

11. Defendants Gon and Rodrigues are collectively referred to herein as the “Individual Defendants.”

12. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;

- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

13. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

14. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

15. The Company and the Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

16. On May 18, 2022, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the first quarter of 2022 (the “1Q22 Announcement”).

17. Defendant Gon was quoted as stating the following in the 1Q22 Announcement:

“We are excited to initiate 2022 with a strong net revenue growth in the first quarter, a post covid environment, which demonstrates the resilience and consistency of our engagements with our long-term clients. ***Digital transformation has been enabling companies to unlock their business potential, increasing sales and improving profitability metrics***, and demand for our services remains strong in all industry verticals we operate.

We have been disciplined to onboard new clients every quarter to guarantee our sustainable growth and our hiring machine continues to operate at full speed. Based on our annual engagements for the year and the robust demand environment, we are increasing our net revenue guidance for 2022 and expect it to be at least R\$2,300 million (USD442 million), a 59% growth compared to last year. Finally, we are maintaining our Adjusted EBITDA margin of at least 20% for the full year of 2022.”

(Emphasis added).

18. The statement in ¶ 17 was materially false and misleading at the time it was made because the Company had misstated its 1Q22 financials, resulting in an overstatement of profit.

19. The 1Q22 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss

(In thousands of Brazilian Reais)

	Three months ended March 31,	
	2022	2021
Net Revenue	491,872	296,292
Costs of services provided	(328,992)	(188,372)
Gross Profit	162,880	107,920
Selling expenses	(35,129)	(18,979)
General and administrative expenses	(64,921)	(25,726)
Research and technological innovation expenses	-	(4)
Impairment loss on trade receivables and contract assets	(1,066)	(3,258)
Other income (expenses) net	(515)	1,594
Operating profit before financial income and tax	61,249	61,547
Finance income	69,582	9,049
Finance cost	(86,294)	(10,746)
Net finance costs	(16,712)	(1,697)
Profit before Income tax	44,537	59,850
Income tax expense	(15,314)	(20,235)
Current	(5,408)	(13,518)
Deferred	(9,906)	(6,717)
Net profit for the period	29,223	39,615
Earnings per share		
Earnings per share – basic (in R\$)	0.22	0.33
Earnings per share – diluted (in R\$)	0.22	0.32

Unaudited condensed consolidated statement of cash flow

(In thousands of Brazilian Reais)

	<u>March 31, 2022</u>	<u>Δ</u>
Net profit for the year	29,223	
<i>Adjustments for:</i>		
Depreciation and amortization	19,390	
Gain/loss on the sale of property, plant and equipment and intangible assets	1,926	
Interest, monetary variation and exchange variation	4,488	
Exchange variation on escrow account related to Somo acquisition	(11,628)	
Exchange variation on escrow account	3,123	
Interest on lease	2,146	
Unrealized gain on financial instruments	(4,487)	
Income tax expenses	15,314	
Impairment losses on trade receivables	(1,194)	
Provision for (reversal of) impairment losses on contract assets	1,064	
Provision for labor risks	571	
Provision for indemnity	-	
Share-based plan	1,239	
Others	-	
Variation in operating assets and liabilities		
Trade receivables	21,293	
Contract assets	(78,979)	
Recoverable taxes	(3,330)	
Current tax assets	(15,242)	
Judicial deposits	(3,022)	
Suppliers and other payables	(31,279)	
Salaries and welfare charges	15,553	
Tax liabilities	(901)	
Other taxes payable	(682)	
Contract liabilities	(2,021)	
Other receivables and payables, net	(9,529)	
Cash generated from operating activities	(48,964)	
Income tax paid	(4,818)	
Interest paid on loans and borrowings	(19,458)	
Interest paid on lease	(1,479)	
Net cash from operating activities	(72,719)	

CI&T Inc.

Unaudited condensed consolidated statement of financial position as of March 31, 2022 and 2021

(In thousands of Brazilian Reais - R\$)

Assets	Note	March 31, 2022	December 31, 2021	Liabilities and equity	Note	March 31, 2022	December 31, 2021
Cash and cash equivalents	6.1	131,827	135,727	Suppliers and other payables		23,672	33,566
Financial investments	6.2	405,602	798,786	Loans and borrowings	12	168,547	164,403
Trade receivables	7	310,380	340,519	Lease liabilities	11.b	25,998	21,214
Contract assets	19	212,976	134,388	Salaries and welfare charges	13	253,299	234,173
Recoverable taxes		10,532	7,785	Accounts payable for business combination	14	109,555	48,923
Tax assets		6,245	2,810	Derivatives	24.2	35,724	535
Derivatives	24.3	5,230	896	Tax liabilities		361	13,345
Other assets	8	36,234	29,994	Other taxes payable		8,170	5,423
Total current assets		1,119,026	1,450,905	Contract liability		11,143	13,722
				Other liabilities		17,670	13,669
				Total current liabilities		654,139	548,973
Recoverable taxes		3,587	3,046				
Deferred tax		27,110	31,989				
Judicial deposits	15	6,101	3,079				
Escrow account	2/14	19,938	-				
Other assets	8	2,509	2,974	Loans and borrowings	12	579,429	624,306
Property, plant and equipment	9	59,381	57,721	Lease liabilities	11.b	56,506	60,674
Intangible assets	10	1,050,008	738,803	Provisions	15	1,189	633
Right-of-use assets	11.a	74,204	73,827	Accounts payable for business combination	14	59,508	36,803
Total non-current assets		1,242,838	911,439	Other liabilities		2,364	1,660
				Total non-current liabilities		698,996	724,076
				Equity	18		
				Share capital		37	36
				Share premium		929,984	915,947
				Capital reserves		15,377	10,105
				Profit reserves		155,180	125,957
				Other comprehensive income		(91,849)	37,250
				Total equity		1,008,729	1,089,295
Total assets		2,361,864	2,362,344	Total equity and liabilities		2,361,864	2,362,344

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

20. The financial figures provided in ¶ 19 were materially false and misleading because the Company overstated its profit, as a result of understating its

tax liability.

21. On August 17, 2022, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the second quarter of 2022 (the “2Q22 Announcement”).

22. Defendant Gon stated the following in the 2Q22 Announcement:

“We are glad to present another set of great quality results, ***combining sound profitability with sustainable growth***,” commented Cesar Gon, founder and CEO of CI&T. “The main factors contributing to our higher growth pace have been the expansion of our engagement with existing clients, the addition of new clients every quarter, and our programmatic M&A strategy.”

“We continue to see a robust demand environment and are confident in our ability to generate great value to our clients through digital transformation and digital efficiency capabilities at speed and scale. In July, Forrester, a leading global market research company, positioned CI&T as a Leader in The Forrester Wave: Modern Application Development Services, in its report. The recognition is a result of CI&T’s dedication to empowering organizations to maintain competitive innovation in their digital initiatives by enabling the creation of new business capabilities and operational models in a fast-paced market.”

(Emphasis added).

23. This statement in ¶ 22 was materially false and misleading at the time it was made because the Company had misstated its 2Q22 financials, resulting in an overstatement of profit.

24. The 2Q22 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss

(In thousands of Brazilian Reais)

	Quarter ended June 30,	
	2022	2021
Net Revenue	525,015	315,324
Costs of services provided	(341,502)	(205,768)
Gross Profit	183,513	109,556
Selling expenses	(39,962)	(18,801)
General and administrative expenses	(78,390)	(28,328)
Research and technological innovation expenses	-	-
Impairment loss on trade receivables and contract assets	356	2,891
Other income (expenses) net	(3,969)	(184)
Operating profit before financial income and tax	61,548	65,134
Finance income	53,306	16,379
Finance cost	(70,839)	(18,368)
Net finance costs	(17,533)	(1,989)
Profit before Income tax	44,015	63,145
Income tax expense	(18,016)	(18,423)
Current	(17,115)	(21,040)
Deferred	(901)	2,617
Net profit for the period	25,999	44,722
Earnings per share		
Earnings per share – basic (in R\$)	0.20	0.37
Earnings per share – diluted (in R\$)	0.20	0.37

Unaudited condensed consolidated statements of financial position

(In thousands of Brazilian Reais)

Assets	June 30, 2022	December 31, 2021	Liabilities and equity	June 30, 2022	December 31, 2021
Cash and cash equivalents	104,190	135,727	Suppliers and other payables	24,655	33,566
Financial Investments	253,304	798,786	Loans and borrowings	183,465	164,403
Trade receivables	416,728	340,519	Lease liabilities	27,548	21,214
Contract assets	231,695	134,388	Salaries and welfare charges	214,367	234,173
Recoverable taxes	17,196	7,785	Accounts payable for business combination	113,559	48,923
Tax assets	1,016	2,810	Loss adjustments on hedge accounting	49,330	-
Gain adjustments on hedge accounting	9,595	-	Derivatives	7,033	535
Derivatives	7,736	896	Tax liabilities	8,482	13,345
Other assets	36,592	29,994	Other taxes payable	11,610	5,423
Total current assets	1,078,052	1,450,905	Contract liability	11,771	13,722
			Other liabilities	20,942	13,669
Recoverable taxes	3,587	3,046	Total current liabilities	672,762	548,973
Deferred tax assets	22,954	31,989			
Judicial deposits	9,337	3,079	Loans and borrowings	489,777	624,306
Restricted cash - Escrow account and indemnity asset	33,975	-	Lease liabilities	55,688	60,674
Other assets	3,950	2,974	Provisions	14,586	633
Property, plant and equipment	60,962	57,721	Accounts payable for business combination	67,627	36,803
Intangible assets and goodwill	1,078,187	738,803	Other liabilities	1,739	1,660
Right-of-use assets	73,998	73,827	Total non-current liabilities	629,417	724,076
Total non-current assets	1,286,950	911,439			
			Equity		
			Share capital	37	36
			Share premium	929,984	915,947
			Capital reserves	23,796	10,105
			Profit reserves	181,179	125,957
			Other comprehensive income	(72,173)	37,250
			Total equity	1,062,823	1,089,295
Total assets	2,365,002	2,362,344	Total equity and liabilities	2,365,002	2,362,344

Unaudited condensed consolidated statement of cash flow

(In thousands of Brazilian Reais)

	June 30, 2022
Net profit for the period	55,222
<i>Adjustments for:</i>	
Depreciation and amortization	43,596
Loss on the sale of property, plant and equipment and intangible assets	2,025
Interest, monetary variation and exchange rate changes	10,164
Exchange rate changes and monetary adjustments on accounts payable for business combinations	(6,420)
Exchange variation on escrow account related to Somo acquisition	2,668
Interest on lease	4,233
Unrealized loss (gain) on financial instruments	314
Income tax expenses	33,330
Impairment losses on trade receivables	101
Impairment losses on contract assets	609
Provision for labor and tax risks	385
Share-based plan	1,133
Income on financial investments	(651)
Fair value adjustment - accounts payable for business combination	5,123
Others	-
Variation in operating assets and liabilities	
Trade receivables	(74,260)
Contract assets	(88,256)
Recoverable taxes	(8,498)
Tax assets	(158)
Judicial deposits	(6,258)
Suppliers and other payables	(31,796)
Salaries and welfare charges	(27,461)
Tax liabilities	8,958
Other taxes payable	986
Contract liabilities	(3,058)
Other receivables and payables, net	(9,140)
Cash (used in)/ generated from operating activities	(87,109)
Income tax paid	(21,074)
Interest paid on loans and borrowings	(38,379)
Interest paid on lease	(3,174)
Net cash used in operating activities	(149,736)
Cash flows from investment activities:	
Acquisition of property, plant and equipment and intangible assets	(15,520)
Acquisition of subsidiary net of cash acquired - Box 1824	(19,040)
Acquisition of subsidiary net of cash acquired - Somo	(247,764)
Escrow deposit (acquisition of Somo)	(23,061)
Hedge accounting realization	16,134
Redemption of financial investments	514,394
Net cash from / used in investment activities	225,143
Cash flow from financing activities:	
Share-based plan contributions	-
Dividends paid	-
Exercised stock options	8,785
Interest on equity, paid	-
Payment of lease liabilities	(12,576)
Proceeds from loans and borrowings	133,789
Settlement of derivatives	(656)
Payment of loans and borrowings	(244,384)
Net cash from financing activities	(115,042)
Net decrease in cash and cash equivalents	(39,635)
Cash and cash equivalents as of January 1st	135,727
Exchange variation effect on cash and cash equivalents	8,098
Cash reduction due to spin-off effect	-
Cash and cash equivalents as of June 2022 and 2021	104,190

25. The financial figures provided in ¶ 24 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

26. On November 17, 2022, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the third quarter of 2022 (the “3Q22 Announcement”).

27. Defendant Gon was quoted as stating the following in the 3Q22 Announcement:

“As we complete one year of our debut in the capital markets, ***I am excited to share another set of high growth with sound profitability results.*** With the cash proceeds of the IPO, we have expanded our operations globally through acquisitions, opening new markets and verticals, and extending our global talent base. With these moves, we amplified our footprint for robust organic growth in our operating regions: North America, Latin America, Europe, and Asia Pacific.”

(Emphasis added).

28. The statement in ¶ 27 was materially false and misleading at the time it was made because the Company had misstated its 3Q22 financials, resulting in an overstatement of profit.

29. The 3Q22 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss

(In thousands of Brazilian Reais)

	Quarter ended September	
	30,	
	2022	2021
Net Revenue	559,018	375,970
Costs of services provided	<u>(363,617)</u>	<u>(246,846)</u>
Gross Profit	195,401	129,124
Selling expenses	(43,337)	(24,122)
General and administrative expenses	(84,804)	(38,966)
Research and technological innovation expenses	-	-
Impairment loss on trade receivables and contract assets	325	(1,662)
Other income (expenses) net	(3,008)	(25,309)
Operating profit before financial income and tax	64,577	39,065
Finance income	32,750	17,591
Finance cost	<u>(40,182)</u>	<u>(40,007)</u>
Net finance costs	(7,432)	(22,416)
Profit before Income tax	57,145	16,649
Income tax expense		
Current	(22,273)	(28,809)
Deferred	5,736	9,952
Net profit for the period	<u>40,608</u>	<u>(2,208)</u>
Earnings per share		
Earnings per share – basic (in R\$)	0.30	(0.02)
Earnings per share – diluted (in R\$)	0.30	(0.02)
Weighted average number of basic shares held by shareholders	133,332,778	119,960,451
Weighted average number of diluted shares held by shareholder	133,332,778	119,960,451

Unaudited condensed consolidated statements of financial position

(In thousands of Brazilian Reais)

Assets	September 30, 2022	December 31, 2021	Liabilities and equity	September 30, 2022	December 31, 2021
Cash and cash equivalents	151,850	135,727	Suppliers and other payables	26,512	33,566
Financial Investments	181,857	798,786	Loans and borrowings	252,629	164,403
Trade receivables	462,793	340,519	Lease liabilities	29,199	21,214
Contract assets	229,165	134,388	Salaries and welfare charges	256,028	234,173
Recoverable taxes	6,667	7,785	Accounts payable for business combination	63,947	48,923
Tax assets	1,089	2,810	Loss adjustments on hedge accounting	50,315	-
Gain adjustments on hedge accounting	13,028	-	Derivatives	6,095	535
Derivatives	11,775	896	Tax liabilities	3,379	13,345
Other assets	33,173	29,994	Other taxes payable	14,173	5,423
Total current assets	1,091,397	1,450,905	Contract liability	11,760	13,722
Recoverable taxes	3,591	3,046	Other liabilities	34,133	13,669
Deferred tax assets	34,285	31,989	Total current liabilities	748,170	548,973
Judicial deposits	9,468	3,079	Loans and borrowings	453,729	624,306
Restricted cash - Escrow account and indemnity asset	32,877	-	Lease liabilities	50,722	60,674
Other assets	3,925	2,974	Provisions	14,587	633
Property, plant and equipment	60,376	57,721	Accounts payable for business combination	55,279	36,803
Intangible assets and goodwill	1,123,626	738,803	Other liabilities	2,020	1,660
Right-of-use assets	70,366	73,827	Total non-current liabilities	576,337	724,076
Total non-current assets	1,338,514	911,439	Equity		
			Share capital	37	36
			Share premium	946,173	915,947
			Capital reserves	26,045	10,105
			Profit reserves	221,787	125,957
			Other comprehensive income	(88,638)	37,250
			Total equity	1,105,404	1,089,295
Total assets	2,429,911	2,362,344	Total equity and liabilities	2,429,911	2,362,344

Unaudited condensed consolidated statement of cash flow

(In thousands of Brazilian Reais)

	September 30, 2022
Net profit for the period	95,830
<i>Adjustments for:</i>	
Depreciation and amortization	67,154
Loss on the sale of property, plant and equipment and intangible assets	2,137
Interest, monetary variation and exchange rate changes	29,562
Exchange rate changes and monetary adjustments on accounts payable for business combinations	(7,601)
Exchange variation on escrow account related to Somo acquisition	3,798
Interest on lease	6,306
Unrealized loss (gain) on financial instruments	(5,709)
Income tax expenses	49,867
Impairment losses on trade receivables	203
Impairment losses on contract assets	182
Provision for labor and tax risks	386
Impairment of intangible assets	-
Share-based plan	1,894
Income on financial investments	(1,628)
Fair value adjustment - accounts payable for business combination	5,243
Price adjustment - accounts payable for business combination	1,997
Others	(1,824)
Variation in operating assets and liabilities	
Trade receivables	(107,311)
Contract assets	(85,091)
Recoverable taxes	(2,297)
Tax assets	930
Judicial deposits	(6,389)
Suppliers and other payables	(34,281)
Salaries and welfare charges	7,448
Tax liabilities	1,568
Other taxes payable	4,509
Contract liabilities	(4,893)
Payment of share-based indemnity	-
Other receivables and payables, net	6,714
Cash (used in)/ generated from operating activities	28,704
Income tax paid	(33,467)
Interest paid on loans and borrowings	(51,152)
Interest paid on lease	(4,796)
Net cash used in operating activities	(60,711)
Cash flows from investment activities:	
Acquisition of property, plant and equipment and intangible assets	(20,163)
Acquisition of subsidiary net of cash acquired - Dextra	-
Acquisition of subsidiary net of cash acquired - Somo	(247,764)
Acquisition of subsidiary net of cash acquired - Box 1824	(19,040)
Acquisition of subsidiary net of cash acquired - Transpire	(54,995)
Escrow deposit (acquisition of Somo)	(23,061)
Hedge accounting realization	20,981
Redemption of financial investments	582,367
Payment of investment obligations - Dextra	(62,338)
Net cash from / used in investment activities	175,987
Cash flow from financing activities:	
Share-based plan contributions	-
Dividends paid	-
Exercised stock options	10,339
Interest on equity, paid	-
Payment of lease liabilities	(19,828)
Proceeds from loans and borrowings	186,239
Settlement of derivatives	390
Payment of loans and borrowings	(279,940)
Net cash from financing activities	(102,800)
Net decrease in cash and cash equivalents	12,476
Cash and cash equivalents as of January 1st	135,727
Exchange variation effect on cash and cash equivalents	3,647
Cash reduction due to spin-off effect	-
Cash and cash equivalents as of September	151,850

Reconciliation of various income statement amounts from IFRS to non-IFRS for the three and nine months ended September 30, 2022 and 2021:

Gross Profit (in BRL thousand)	3Q22	3Q21	Var. 3Q22 x 3Q21	9M22	9M21	Var. 9M22 x 9M21
Net Revenue	559,018	375,970	48.7%	1,575,905	987,586	59.6%
Cost of Services	(363,617)	(246,846)	47.3%	(1,034,111)	(640,986)	61.3%
Gross Profit	195,401	129,124	51.3%	541,794	346,600	56.3%
<i>Adjustments</i>						
Depreciation and amortization (cost of services provided)	10,688	10,345	3.3%	30,302	23,121	31.1%
Stock-based compensation	369	116	219.0%	1,190	348	241.7%
Adjusted Gross Profit	206,458	139,584	47.9%	573,285	370,069	54.9%
Adjusted Gross Profit Margin	36.9%	37.1%	-0.2p.p	36.4%	37.5%	-1.1p.p

Net Profit (in BRL thousand)	3Q22	3Q21	Var. 3Q22 x 3Q21	9M22	9M21	Var. 9M22 x 9M21
Net profit for the period	40,608	(2,208)	-	95,830	82,129	16.7%
<i>Adjustments</i>						
Consulting expenses	-	3,080	-100.0%	-	3,080	-100.0%
Write-off and Impairment ⁽¹⁾	2,156	21,818	-90.1%	3,703	21,818	-83.0%
Acquisition-related expenses ⁽²⁾	26,743	4,389	509.3%	63,321	4,852	n.m
Adjusted Net Profit ⁽³⁾	69,507	27,079	156.7%	162,854	111,878	45.6%
Adjusted Net Profit Margin	12.4%	7.2%	5.2p.p	10.3%	11.3%	-1p.p

(1) Non-cash expenses related to the write-off due to the inventory of plant and equipment in the amount of (R\$1,548) in the 9M21, tax write-off of (R\$2,156) in the 3Q22 and 9M22, and impairment of intangible assets of Dextra, acquired in August 2021 in the amount of (R\$21,818) in the 3Q21 and 9M21.

(2) Include amortization of intangible assets from acquired companies, fair value adjustment on accounts payable for business combination, consulting expenses and retention bonuses.

(3) Adjustments' amounts are gross of tax. Tax effects on non-IFRS adjustments totaled (R\$1,943) in 3Q22, (R\$1,413) in 3Q21, (R\$2,605) in 9M22, and (R\$1,570) in 9M21.

CI&T Inc.
 Unaudited condensed consolidated statements of financial position
 as of September 30, 2022 and December 31, 2021

(In thousands of Brazilian Reais - R\$)

Assets	Note	September 30, 2022	December 31, 2021	Liabilities and equity	Note	September 30, 2022	December 31, 2021
Cash and cash equivalents	6.1	151,850	135,727	Suppliers and other payables		26,512	33,566
Financial investments	6.2	181,857	798,786	Loans and borrowings	12	252,629	164,403
Trade receivables	7	462,793	340,519	Lease liabilities	11.b	29,199	21,214
Contract assets	19	229,165	134,388	Salaries and welfare charges	13	256,028	234,173
Recoverable taxes		6,667	7,785	Accounts payable for business combination	14	63,947	48,923
Tax assets		1,089	2,810	Loss adjustments on hedge accounting	24.2	50,315	-
Gain adjustments on hedge accounting	24.2	13,028	-	Derivatives	24.3	6,095	535
Derivatives	24.3	11,775	896	Tax liabilities		3,379	13,345
Other assets	8	33,173	29,994	Other taxes payable		14,173	5,423
Total current assets		1,091,397	1,450,905	Contract liability		11,760	13,722
Recoverable taxes		3,591	3,046	Other liabilities		34,133	13,669
Deferred tax assets		34,285	31,989	Total current liabilities		748,170	548,973
Judicial deposits	15	9,468	3,079	Recoverable taxes		3,591	3,046
Restricted cash - Escrow account and indemnity asset	2/14	32,877	-	Deferred tax assets		34,285	31,989
Other assets	8	3,925	2,974	Judicial deposits	15	9,468	3,079
Property, plant and equipment	9	60,376	57,721	Restricted cash - Escrow account and indemnity asset	2/14	32,877	-
Intangible assets and goodwill	10	1,123,626	738,803	Other assets	8	3,925	2,974
Right-of-use assets	11.a	70,366	73,827	Property, plant and equipment	9	60,376	57,721
Total non-current assets		1,338,514	911,439	Intangible assets and goodwill	10	1,123,626	738,803
				Right-of-use assets	11.a	70,366	73,827
				Total non-current assets		1,338,514	911,439
				Total non-current liabilities		576,337	724,076
				Equity	18		
				Share capital		37	36
				Share premium		946,173	915,947
				Capital reserves		26,045	10,105
				Profit reserves		221,787	125,957
				Other comprehensive income		(88,638)	37,250
				Total equity		1,105,404	1,089,295
Total assets		2,429,911	2,362,344	Total equity and liabilities		2,429,911	2,362,344

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited condensed consolidated statement of cash flow

(In thousands of Brazilian Reais)

	September 30, 2022
Net profit for the period	95,830
<i>Adjustments for:</i>	
Depreciation and amortization	67,154
Loss on the sale of property, plant and equipment and intangible assets	2,137
Interest, monetary variation and exchange rate changes	29,562
Exchange rate changes and monetary adjustments on accounts payable for business combinations	(7,601)
Exchange variation on escrow account related to Somo acquisition	3,798
Interest on lease	6,306
Unrealized loss (gain) on financial instruments	(5,709)
Income tax expenses	49,867
Impairment losses on trade receivables	203
Impairment losses on contract assets	182
Provision for labor and tax risks	386
Impairment of intangible assets	-
Share-based plan	1,894
Income on financial investments	(1,628)
Fair value adjustment - accounts payable for business combination	5,243
Price adjustment - accounts payable for business combination	1,997
Others	(1,824)
Variation in operating assets and liabilities	
Trade receivables	(107,311)
Contract assets	(85,091)
Recoverable taxes	(2,297)
Tax assets	930
Judicial deposits	(6,389)
Suppliers and other payables	(34,281)
Salaries and welfare charges	7,448
Tax liabilities	1,568
Other taxes payable	4,509
Contract liabilities	(4,893)
Payment of share-based indemnity	-
Other receivables and payables, net	6,714
Cash (used in)/ generated from operating activities	28,704
Income tax paid	(33,467)
Interest paid on loans and borrowings	(51,152)
Interest paid on lease	(4,796)
Net cash used in operating activities	(60,711)
Cash flows from investment activities:	
Acquisition of property, plant and equipment and intangible assets	(20,163)
Acquisition of subsidiary net of cash acquired – Dextra	-
Acquisition of subsidiary net of cash acquired - Somo	(247,764)
Acquisition of subsidiary net of cash acquired - Box 1824	(19,040)
Acquisition of subsidiary net of cash acquired - Transpire	(54,995)
Escrow deposit (acquisition of Somo)	(23,061)
Hedge accounting realization	20,981
Redemption of financial investments	582,367
Payment of investment obligations - Dextra	(62,338)
Net cash from / used in investment activities	175,987
Cash flow from financing activities:	
Share-based plan contributions	-
Dividends paid	-
Exercised stock options	10,339
Interest on equity, paid	-
Payment of lease liabilities	(19,828)
Proceeds from loans and borrowings	186,239
Settlement of derivatives	390
Payment of loans and borrowings	(279,940)
Net cash from financing activities	(102,800)
Net decrease in cash and cash equivalents	12,476
Cash and cash equivalents as of January 1st	135,727
Exchange variation effect on cash and cash equivalents	3,647
Cash reduction due to spin-off effect	-
Cash and cash equivalents as of September	151,880

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30. The financial figures provided in ¶ 29 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

31. Then, on March 29, 2023, the Company filed with the SEC its Annual Report on Form 20-F for the year ended December 31, 2022 (the “2022 Annual Report”). Attached to the 2022 Annual Report were signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Gon and Rodrigues attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal controls over financial reporting, and the disclosure of all fraud.

32. The 2022 Annual Report contained the following statement regarding the Company’s internal controls:

We have evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of December 31, 2022. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. ***Based upon our evaluation, our management concluded that our disclosure controls and procedures as of December 31, 2022 were effective.***

(Emphasis added).

33. The statement in ¶ 32 was materially false and misleading at the time it was made because the Company materially overstated its profitability through 2022.

34. The 2022 Annual Report contained the following financial statements:

Consolidated Results of Operations

Year ended December 31, 2022 compared to the year ended December 31, 2021

	Year ended December 31,		
	2022	2022	2021
	(in thousands of US\$)*	(in thousands of Brazilian reais)	
Net revenue	419,286	2,187,710	
Costs of services provided	(273,151)	(1,425,219)	
Gross Profit	146,135	762,491	
Selling, general, administrative and other expenses ⁽¹⁾	(93,575)	(488,244)	
Impairment loss on trade receivables and contract assets	(63)	(329)	
Operating profit before financial income and Tax	52,498	273,918	
Finance income	33,156	172,996	
Finance costs	(47,270)	(246,642)	
Net finance costs	(14,115)	(73,646)	
Profit before income tax	38,383	200,272	
Income tax expense ⁽²⁾	(14,251)	(74,356)	
Net profit for the year	24,133	125,916	

Other metrics, including IFRS and Non-IFRS Financial Measures

	Year ended December 31,		
	2022	2022	2021
	(in thousands of US\$)*	(in thousands of Brazilian reais)	
Other data:			
Gross profit margin	34.9%	34.9%	·
Adjusted Gross Profit	154,799	807,694	54
Adjusted Gross Profit Margin	36.9%	36.9%	·
Adjusted EBITDA	80,011	417,472	35
Adjusted EBITDA Margin	19.1%	19.1%	·
Adjusted Net Profit	40,945	213,637	16
Adjusted Net Profit Margin	9.9%	9.8%	·

	Year ended December 31,		
	2022	2022	2021
	(in thousands of US\$)	(in thousands of Brazilian reais)	
Net revenue	419,286	2,187,710	1,444,380
Reconciliation of Adjusted Gross Profit			
Gross Profit	146,135	762,491	508,648
Adjustments			
<i>Depreciation and amortization (cost of services provided)</i>	7,852	40,968	31,884
<i>Stock Options</i>	812	4,235	1,930
Adjusted Gross Profit	154,799	807,694	542,462
Adjusted Gross Profit Margin	36.9%	36.9%	37.6%
Reconciliation of Adjusted EBITDA			
Net profit for the year	24,132	125,916	125,957
Adjustments			
<i>Net finance costs</i>	14,115	73,646	34,232
<i>Income tax expense</i>	14,251	74,356	84,417
<i>Depreciation and amortization</i>	18,122	94,558	48,354
<i>Stock Options</i>	1,051	5,486	2,531
<i>Consulting expenses related to the secondary public share offering</i>	-	-	2,220
<i>Government grants</i>	(219)	(1,141)	(2,481)
<i>Impairment of intangible assets</i>	-	-	21,895
<i>Acquisition-related expenses</i>	8,558	44,652	6,957
Adjusted EBITDA	80,011	417,472	324,081
Adjusted EBITDA Margin	19.1%	19.1%	22.4%
Reconciliation of Adjusted Net Profit			
Net profit for the period	24,132	125,916	125,957
Adjustments			
<i>Consulting expenses related to the secondary public share offering</i>	-	-	2,220
<i>Impairment of intangible assets</i>	-	-	21,895
<i>Acquisition-related expenses</i>	16,812	87,721	14,062
Adjusted Net profit for the year	40,945	213,637	164,134
Adjusted Net profit Margin for the year	9.8%	9.8%	11.4%

* For convenience purposes only, amounts in reais for the year ended December 31, 2022 have been translated to U.S. dollars using an exchange rate of R\$5.2177 to US\$1.00, the commercial selling rate for U.S. dollars as of December 31, 2022, as reported by the Brazilian Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted at that or any other exchange rate.

35. The financials presented in ¶ 33 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

36. On May 19, 2023, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the first quarter of 2023 (the “1Q23 Announcement”).

37. Defendant Gon was as stating the following in the 1Q23 Announcement:

“I’m glad to kick off this cloudy 2023 *with solid results from top to bottom*, demonstrating our agility in maintaining a lean structure *and adapting to changes in the external market environment*. [. . .]

(Emphasis added).

38. The statement in ¶ 37 was materially false and misleading at the time it was made because the Company had misstated its 1Q23 financials, resulting in an overstatement of profit.

39. The 1Q23 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss
(In thousands of Brazilian Reals)

	<u>March 31,</u> <u>2023</u>
Net Revenue	609,991
Costs of services provided	(407,861)
Gross Profit	202,130
Selling expenses	(45,554)
General and administrative expenses	(71,222)
Impairment loss on trade receivables and contract assets	(1,605)
Other income (expenses) net	324
Operating expenses net	(118,057)
Operating profit before financial income and tax	84,073
Finance income	20,664
Finance cost	(40,632)
Net finance costs	(19,968)
Profit before Income tax	64,105
Current	(14,780)
Deferred	3,057
Total Income tax expense	(11,723)
Net profit for the period	52,382
Earnings per share	
Earnings per share – basic (in R\$)	0.39
Earnings per share – diluted (in R\$)	0.38

Unaudited condensed consolidated statements of financial position

(In thousands of Brazilian Reais)

Assets	March 31, 2023	December 31, 2022	Liabilities and equity	March 31, 2023	December 31, 2022
Cash and cash equivalents	251,550	185,727	Suppliers and other payables	21,542	33,376
Financial Investments	93,884	96,299	Loans and borrowings	233,583	231,296
Trade receivables	445,455	501,671	Lease liabilities	19,922	21,539
Contract assets	232,459	217,250	Salaries and welfare charges	251,801	260,156
Recoverable taxes	15,051	7,619	Accounts payable for business combination	72,005	71,650
Tax assets	1,256	2,959	Derivatives - hedge accounting	40,052	35,169
Derivatives - hedge accounting	30,698	19,637	Derivatives	450	4,109
Derivatives	9,240	11,194	Tax liabilities	8,246	3,890
Other assets	31,856	38,269	Other taxes payable	13,040	14,382
Total current assets	1,111,449	1,080,625	Contract liability	20,491	32,136
Recoverable taxes	3,644	3,624	Other liabilities	50,745	47,501
Deferred tax assets	37,848	35,138	Total current liabilities	731,877	755,204
Judicial deposits	9,710	9,819	Loans and borrowings	714,741	742,935
Restricted cash - Escrow account and indemnity asset	30,459	31,552	Lease liabilities	37,036	41,269
Other assets	3,637	3,654	Provisions	12,074	12,347
Property, plant and equipment	52,032	55,266	Accounts payable for business combination	132,681	133,299
Intangible assets and goodwill	1,719,226	1,750,898	Other liabilities	2,929	3,530
Right-of-use assets	50,402	56,187	Total non-current liabilities	899,461	933,380
Total non-current assets	1,906,958	1,946,138	Equity		
			Share capital	37	37
			Share premium	946,173	946,173
			Capital reserves	209,093	203,218
			Profit reserves	304,255	251,873
			Other comprehensive income	(72,489)	(63,122)
			Total equity	1,387,069	1,338,179
Total assets	3,018,407	3,026,763	Total equity and liabilities	3,018,407	3,026,763

Unaudited condensed consolidated statement of cash flows

(In thousands of Brazilian Reais)

	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Net profit for the period	52,382	29,223
<i>Adjustments for:</i>		
Depreciation and amortization	25,053	19,390
Gain/loss on the sale of property, plant and equipment and intangible assets	(95)	1,926
Interest, monetary variation and exchange rate changes	22,085	4,488
Interest and exchange variation on accounts payable for business combinations	1,445	(11,628)
Exchange variation on escrow account related to Somo acquisition	67	3,123
Interest on lease	1,179	2,146
Unrealized gain on financial instruments	(4,544)	(4,487)
Income tax expenses	11,723	15,314
Reversal of impairment losses on trade receivables	(89)	(1,194)
Impairment losses on contract assets	1,694	1,064
Provision for labor risks	(273)	571
Stock-based plan	5,393	1,239
Income on financial investments	(193)	-
Present value adjustment - accounts payable for business combination	1,589	-
Others	41	-
Variation in operating assets and liabilities		
Trade receivables	49,460	21,293
Contract assets	(18,900)	(78,979)
Recoverable taxes	245	(3,330)
Tax assets	(11,281)	(15,242)
Judicial deposits	110	(3,022)
Suppliers and other payables	(11,672)	(31,279)
Salaries and welfare charges	(7,628)	15,553
Tax liabilities	-	(901)
Other taxes payable	633	(682)
Contract liabilities	(12,657)	(2,021)
Other receivables and payables, net	10,795	(9,529)
Cash generated from (used in) operating activities	116,562	(46,964)
Income tax paid	(6,808)	(4,818)
Interest paid on loans and borrowings	(15,534)	(19,458)
Interest paid on lease	(1,148)	(1,479)
Net cash from (used in) operating activities	93,072	(72,719)
Cash flows from investment activities:		
Acquisition of property, plant and equipment and intangible assets	(4,247)	(8,295)
Acquisition of subsidiary net of cash acquired - Somo	-	(265,137)
Cash outflow on hedge accounting settlement	-	16,134
Redemption of financial investments	1,474	350,128
Net cash from (used in) investment activities	(2,773)	92,830
Cash flows from financing activities:		
Exercised stock options	478	5,128
Payment of lease liabilities	(5,919)	(6,084)
Settlement of derivatives	2,839	(381)
Payment of loans and borrowings	(19,432)	(38,506)
Payment of investment obligations - Somo	(1,235)	-
Net cash used in financing activities	(23,269)	(39,843)
Net increase/(decrease) in cash and cash equivalents	67,030	(19,732)
Cash and cash equivalents as of January 1st	185,727	135,727
Exchange variation effect on cash and cash equivalents	(1,207)	15,832
Cash and cash equivalents as of March 31	251,550	131,827

CI&T Inc.
 Unaudited condensed consolidated statement of profit or loss
 For the three-month period ended on March 31, 2023 and 2022

(In thousands of Brazilian Reals – R\$)

	Note	March 31, 2023	March 31, 2022
Net revenue	20	609,991	491,872
Costs of services provided	21	(407,861)	(328,992)
Gross profit		202,130	162,880
Selling expenses	21	(45,554)	(35,129)
General and administrative expenses	21	(71,222)	(64,921)
Impairment loss on trade receivables and contract assets	21	(1,605)	(1,066)
Other income (expenses) net	21	324	(515)
Operating expenses net		(118,057)	(101,631)
Operating profit before financial income and tax		84,073	61,249
Finance income	22	20,664	69,582
Finance cost	22	(40,632)	(86,294)
Net finance costs		(19,968)	(16,712)
Profit before income tax		64,105	44,537
Current		(14,780)	(5,408)
Deferred		3,057	(9,906)
Total income tax expense		(11,723)	(15,314)
Net profit for the period		52,382	29,223
Earnings per share			
Earnings per share – basic (in R\$)	24	0.39	0.22
Earnings per share – diluted (in R\$)	24	0.38	0.22

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

CI&T Inc.
 Unaudited condensed consolidated statement of other comprehensive income
 For the three-month period ended on March 31, 2023 and 2022

(In thousands of Brazilian Reals – R\$)

	Note	March 31, 2023	March 31, 2022
Net profit for the period		52,382	29,223
<i>Other comprehensive income (OCI):</i>			
<i>Item that are or may be reclassified subsequently to profit or loss</i>			
Exchange variation in foreign investments	19.d	(15,545)	(93,375)
Cash flow hedges - effective portion of changes in fair value	25	6,178	(35,724)
Total comprehensive income (loss) for the period		43,015	(99,876)
Total comprehensive income (loss) attributed to			
Owners of the Company		43,015	(99,876)
Total comprehensive income (loss) for the period		43,015	(99,876)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

CI&T Inc.
Unaudited condensed consolidated statement of cash flows
For the three-month period ended on March 31, 2023 and 2022
(In thousands of Brazilian Reais – R\$)

	Notes	March 31, 2023
Cash flows from operating activities		
Net profit for the period		52,382
<i>Adjustments for:</i>		
Depreciation and amortization	10, 11, 12	25,053
Gain/loss on the sale of property, plant and equipment and intangible assets	10, 11, 12	(95)
Interest, monetary variation and exchange rate changes		22,085
Interest and exchange variation on accounts payable for business combinations	15	1,445
Exchange variation on escrow account related to Somo acquisition		67
Interest on lease	13	1,179
Unrealized (gain on financial instruments)		(4,544)
Income tax expenses		11,723
Reversal of impairment losses on trade receivables	8	(89)
Impairment losses on contract assets	20	1,694
Provision for labor risks	16	(273)
Stock-based plan	18.d	5,393
Income on financial investments	7.2	(193)
Present value adjustment - accounts payable for business combination	15	1,589
Others		41
Variation in operating assets and liabilities		
Trade receivables		49,460
Contract assets		(18,900)
Recoverable taxes		245
Tax assets		(11,281)
Judicial deposits		110
Suppliers and other payables		(11,672)
Salaries and welfare charges		(7,628)
Tax liabilities		-
Other taxes payable		633
Contract liabilities		(12,657)
Other receivables and payables, net		10,795
Cash generated from (used in) operating activities		116,562
Income tax paid		(6,808)
Interest paid on loans and borrowings	13	(15,534)
Interest paid on lease	13	(1,148)
Net cash from (used in) operating activities		93,072
Cash flows from investment activities		
Acquisition of property, plant and equipment and intangible assets	10, 11	(4,247)
Acquisition of subsidiary net of cash acquired - Somo		-
Cash outflow on hedge accounting settlement	25.2.a1	-
Redemption of financial investments	7.2	1,474
Net cash from (used in) investment activities		(2,773)
Cash flows from financing activities		
Exercised stock options		478
Payment of lease liabilities	13	(5,919)
Settlement of derivatives	13	2,839
Payment of loans and borrowings	13	(19,432)
Payment of investment obligations - Somo	15	(1,235)
Net cash used in financing activities		(23,269)
Net increase/(decrease) in cash and cash equivalents		67,030
Cash and cash equivalents as of January 1st		185,727
Exchange variation effect on cash and cash equivalents		(1,207)
Cash and cash equivalents as of March 31		251,550

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

40. The financial figures provided in ¶ 39 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

41. On August 18, 2023, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the second quarter of 2023 (the “2Q23 Announcement”).

42. The 2Q23 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss
(In thousands of Brazilian Reais)

	Quarter ended June 30,	
	2023	2022
Net Revenue	571,832	525,015
Costs of services provided	(374,196)	(341,502)
Gross Profit	197,636	183,513
Selling expenses	(46,284)	(39,962)
General and administrative expenses	(71,939)	(78,390)
Impairment loss on trade receivables and contract assets	(132)	356
Other income (expenses) net	(1,662)	(3,969)
Operating expenses net	(120,017)	(121,965)
Operating profit before financial income and tax	77,619	61,548
Finance income	28,217	53,306
Finance cost	(46,699)	(70,839)
Net finance costs	(18,482)	(17,533)
Profit before Income tax	59,137	44,015
Current	(3,888)	(17,115)
Deferred	(7,410)	(901)
Total Income tax expense	(11,298)	(18,016)
Net profit for the period	47,839	25,999
Earnings per share		
Earnings per share – basic (in R\$)	0.36	0.20
Earnings per share – diluted (in R\$)	0.35	0.20

Unaudited condensed consolidated statement of financial position
(In thousands of Brazilian Reais)

Assets	June 30, 2023	December 31, 2022	Liabilities and equity	June 30, 2023	December 31, 2022
Cash and cash equivalents	149,232	185,727	Suppliers and other payables	19,244	33,376
Financial Investments	35,811	96,299	Loans and borrowings	200,285	231,296
Trade receivables	467,731	501,671	Lease liabilities	19,945	21,539
Contract assets	218,591	217,250	Salaries and welfare charges	198,639	260,156
Recoverable taxes	22,401	7,619	Accounts payable for business combination acquired	40,583	71,650
Tax assets	8,267	2,959	Derivatives - hedge accounting	31,288	35,169
Derivatives - hedge accounting	29,090	19,637	Derivatives	-	4,109
Derivatives	15,024	11,194	Tax liabilities	6,630	3,890
Other assets	30,315	38,269	Other taxes payable	15,503	14,382
Total current assets	976,262	1,080,625	Contract liability	12,981	32,136
Recoverable taxes	3,676	3,624	Other liabilities	38,672	47,501
Deferred tax assets	28,187	35,138	Total current liabilities	583,770	755,204
Judicial deposits	9,995	9,819	Loans and borrowings	663,069	742,935
Restricted cash - Escrow account and indemnity asset	30,842	31,552	Lease liabilities	32,317	41,269
Other assets	1,844	3,654	Provisions	12,079	12,347
Property, plant and equipment	46,373	55,266	Accounts payable for business combination acquired	126,785	133,299
Intangible assets and goodwill	1,673,996	1,750,898	Other liabilities	3,187	3,530
Right-of-use assets	46,816	56,187	Total non-current liabilities	837,437	933,380
Total non-current assets	1,841,729	1,946,138	Equity		
			Share capital	37	37
			Share premium	946,173	946,173
			Capital reserves	218,382	203,218
			Profit reserves	352,095	251,873
			Treasury stocks	(18,476)	-
			Other comprehensive income	(101,427)	(63,122)
			Total equity	1,396,784	1,338,179
Total assets	2,817,991	3,026,763	Total equity and liabilities	2,817,991	3,026,763

Unaudited condensed consolidated statement of cash flows
(In thousands of Brazilian Reais)

	June 30, 2023
Cash flows from operating activities	
Net profit for the period	100,222
<i>Adjustments for:</i>	
Depreciation and amortization	48,109
Gain/loss on the sale of property, plant and equipment, intangible assets and leases	195
Interest, monetary variation and exchange rate changes	44,071
Interest and exchange variation on accounts payable for business combinations	1,438
Exchange variation on escrow account related to Somo acquisition	-
Unrealized loss (gain) on financial instruments	(13,922)
Income tax expenses	23,021
Impairment losses on trade receivables and contract assets	1,737
(Reversal of) provision for labor risks	(268)
Stock-based plan	15,113
Income on financial investments	(629)
Present/fair value adjustment - accounts payable for business combination	4,509
Variation in operating assets and liabilities	
Trade receivables	7,337
Contract assets	(8,603)
Recoverable taxes	(18,834)
Tax assets	935
Judicial deposits	(175)
Suppliers and other payables	(13,663)
Salaries and welfare charges	(59,154)
Tax liabilities	1,931
Other taxes payable	-
Contract liabilities	(18,060)
Other receivables and payables, net	2,325
Cash generated from (used in) operating activities	117,635
Income tax paid	(18,713)
Interest paid on loans and borrowings	(37,156)
Interest paid on lease	(2,153)
Income tax refund	2,495
Net cash from (used in) operating activities	62,108
Cash flows from investment activities:	
Acquisition of property, plant and equipment and intangible assets	(8,265)
Acquisition of subsidiary net of cash acquired - Box 1824	-
Acquisition of subsidiary net of cash acquired - Somo	-
Escrow deposit (acquisition of Somo)	-
Cash outflow on hedge accounting settlement	-
Redemption of financial investments	56,996
Net cash from (used in) investment activities	48,731
Cash flows from financing activities:	
Exercised stock options	532
Payment of lease liabilities	(12,290)
Proceeds from loans and borrowings	-
Settlement of derivatives	5,983
Payment of loans and borrowings	(76,992)
Payment of investment obligations	(43,184)
Repurchase of treasury shares	(18,476)
Net cash used in financing activities	(144,427)
Net decrease in cash and cash equivalents	(33,588)
Cash and cash equivalents as of January 1st	185,727
Exchange variation effect on cash and cash equivalents	(2,907)
Cash and cash equivalents as of June 30	149,232

Reconciliation of various income statement amounts from IFRS to non-IFRS measures for the three months ended June 30, 2023 and 2022 and six months ended June 30, 2023 and 2022 :

Gross Profit (in BRL thousand)	2Q23	2Q22	Var. 2Q23 x 2Q22	6M23	6M22	Var. 6M23 x 6M22
Net Revenue	571,832	525,015	8.9%	1,181,824	1,016,887	16.2%
Cost of Services	(374,196)	(341,502)	9.6%	(782,057)	(670,494)	16.6%
Gross Profit	197,636	183,513	7.7%	399,767	346,393	15.4%
<i>Adjustments</i>						
Depreciation and amortization (cost of services provided)	8,722	10,295	-15.3%	18,132	19,614	-7.6%
Stock-based compensation	5,036	(361)	n.m	7,412	821	802.8%
Adjusted Gross Profit	211,394	193,447	9.3%	425,311	366,828	15.9%
Adjusted Gross Profit Margin	37.0%	36.8%	0.1p.p	36.0%	36.1%	-0.1p.p

Net Profit (in BRL thousand)	2Q23	2Q22	Var. 2Q23 x 2Q22	6M23	6M22	Var. 6M23 x 6M22
Net profit for the period	47,839	25,999	84.0%	100,222	55,222	81.5%
<i>Adjustments</i>						
Acquisition-related expenses ⁽¹⁾	15,274	26,255	-41.8%	30,110	36,578	-17.7%
Adjusted Net Profit ⁽²⁾	63,113	52,254	20.8%	130,332	91,800	42.0%
Adjusted Net Profit Margin ⁽²⁾	11.0%	10.0%	1.1p.p	11.0%	9.0%	2p.p

⁽¹⁾ Includes amortization of intangible assets from acquired companies, present value adjustment on accounts payable for business combination, consulting expenses and retention packages.

⁽²⁾ Adjustments' amounts are gross of tax. Tax effects on non-IFRS adjustments totaled (R\$1,195) thousand in 2Q23, (R\$89) thousand in 2Q22, (R\$2,777) thousand in 6M23 and (R\$3,754) thousand in 6M22.

43. The financial figures provided in ¶ 42 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

44. On November 17, 2023, the Company filed with the SEC a current report on Form 6-K, attached to which was a press release that the Company had issued that same day, in which it announced its financial results for the third quarter of 2023 (the “3Q23 Announcement”).

45. Defendant Gon was as stating the following in the 3Q23 Announcement:

“In 2023, we navigated with a cautious approach, *achieving sustainable profitability and robust cash generation*. Looking ahead, we are at the forefront of an exciting new technological revolution driven by AI. This new chapter in digital disruption signifies an imminent redesign of competitive dynamics across all sectors and aspects of modern life. [. . .]”

(Emphasis added).

46. The statement in ¶ 45 was materially false and misleading at the time it was made because the Company had misstated its 3Q23 financials, resulting in an overstatement of profit.

47. The 3Q23 Announcement contained the following financial statements:

Unaudited condensed consolidated statement of profit or loss
(In thousands of Brazilian Reais)

	Quarter ended September 30,	
	2023	2022
Net Revenue	529,083	559,018
Costs of services provided	(356,779)	(363,617)
Gross Profit	172,304	195,401
Selling expenses	(40,405)	(43,337)
General and administrative expenses	(64,807)	(84,804)
Impairment loss on trade receivables and contract assets	(836)	325
Other income (expenses) net	3,363	(3,008)
Operating expenses net	(102,685)	(130,824)
Operating profit before financial income and tax	69,619	64,577
Finance income	13,506	32,750
Finance cost	(33,799)	(40,182)
Net finance costs	(20,293)	(7,432)
Profit before Income tax	49,326	57,145
Current	(14,285)	(22,273)
Deferred	1,120	5,736
Total Income tax expense	(13,165)	(16,537)
Net profit for the period	36,161	40,608
Earnings per share		
Earnings per share – basic (in R\$)	0.27	0.30
Earnings per share – diluted (in R\$)	0.26	0.30
Weighted average number of basic shares	132,943,114	133,332,778
Weighted average number of diluted shares	137,184,056	133,332,778

Unaudited condensed consolidated statement of financial position
(In thousands of Brazilian Reais)

Assets	September 30, 2023	December 31, 2022	Liabilities and equity	September 30, 2023
Cash and cash equivalents	194,295	185,727	Suppliers and other payables	16,958
Financial Investments	39,192	96,299	Loans and borrowings	224,579
Trade receivables	422,218	501,671	Lease liabilities	18,921
Contract assets	239,796	217,250	Salaries and welfare charges	216,606
Recoverable taxes	19,739	7,619	Accounts payable for business acquired	41,301
Tax assets	6,319	2,959	Non-derivatives - hedge accounting	34,721
Non-derivatives - hedge accounting	26,525	19,637	Derivatives	-
Derivatives	11,017	11,194	Tax liabilities	6,796
Other assets	38,259	38,269	Other taxes payable	14,880
Total current assets	997,360	1,080,625	Contract liability	12,954
			Other liabilities	34,551
Recoverable taxes	3,703	3,624	Total current liabilities	622,267
Deferred tax assets	29,633	35,138		
Judicial deposits	9,995	9,819	Loans and borrowings	620,589
Restricted cash - Escrow account and indemnity asset	31,013	31,552	Lease liabilities	29,834
Other assets	2,202	3,654	Provisions	12,061
Property, plant and equipment	41,674	55,266	Accounts payable for business acquired	124,168
Intangible assets and goodwill	1,690,801	1,750,898	Other liabilities	8,595
Right-of-use assets	43,236	56,187	Total non-current liabilities	795,247
Total non-current assets	1,852,257	1,946,138	Equity	
			Share capital	37
			Share premium	946,173
			Treasury share reserve	(37,827)
			Capital reserves	225,436
			Profit reserves	388,256
			Other comprehensive income	(89,972)
			Total equity	1,432,103
Total assets	2,849,617	3,026,763	Total equity and liabilities	2,849,617

Unaudited condensed consolidated statement of cash flows
(In thousands of Brazilian Reais)

	September 30, 2023
Cash flows from operating activities	
Net profit for the period	136,383
<i>Adjustments for:</i>	
Depreciation and amortization	70,980
Loss on the sale of property, plant and equipment, intangible assets and leases	875
Interest, monetary variation and exchange rate changes	65,796
Unrealized gain on financial instruments	(13,257)
Income tax expenses	36,186
Impairment losses on trade receivables and contract assets	2,573
(Reversal of) provision for labor risks	(286)
Stock-based plan	21,740
Present/fair value/price adjustment - accounts payable for business combination	2,783
Others	(559)
Variation in operating assets and liabilities	
Trade receivables	61,268
Contract assets	(26,934)
Recoverable taxes	(23,279)
Tax assets	935
Suppliers and other payables	(16,185)
Salaries and welfare charges	(42,070)
Tax liabilities	-
Other taxes payable	1,274
Contract liabilities	(18,484)
Other receivables and payables, net	(5,235)
Cash generated from operating activities	254,505
Income tax paid	(25,516)
Interest paid on loans and borrowings	(52,356)
Interest paid on lease	(3,070)
Income tax refund	4,198
Net cash from (used in) operating activities	177,761
Cash flows from investment activities:	
Acquisition of property, plant and equipment and intangible assets	(14,738)
Acquisition of subsidiary net of cash acquired (Somo, Box and Transpire)	-
Escrow deposit (acquisition of Somo)	-
Cash outflow on hedge accounting settlement	-
Redemption of financial investments	54,214
Net cash from (used in) investment activities	39,476
Cash flows from financing activities:	
Exercised stock options	578
Payment of lease liabilities	(18,465)
Proceeds from loans and borrowings	47,950
Settlement of derivatives	9,325
Payment of loans and borrowings	(163,457)
Payment of investment obligations	(47,461)
Repurchase of treasury shares	(37,827)
Net cash used in financing activities	(209,357)
Net increase in cash and cash equivalents	7,880
Cash and cash equivalents as of January 1st	185,727
Exchange variation effect on cash and cash equivalents	688
Cash and cash equivalents as of September 30	194,295

48. The financial figures provided in ¶ 47 were materially false and misleading because the Company overstated its profit, as a result of understating its tax liability.

49. The statements contained in ¶¶ 17, 19, 22, 24, 27, 29, 32, 33, 37, 39, 42, 45, and 47 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) CI&T’s financial statements from May 18, 2022 to the present were false and resulted in an overstatement of profit; (2) CI&T did not have adequate internal controls; and (3) as a result, Defendants’ statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH EMERGES

50. On March 7, 2024, before the market opened, CI&T issued a press release entitled “Restatement of Previously Issued Financial Statements.” This announcement stated the following:

In connection with the preparation of its financial statements for the year ended December 31, 2023, CI&T Inc. (the “Company”), in consultation with its independent registered public accounting firm, KPMG Auditores Independentes Ltda. (“KPMG”), identified ***certain non-cash accounting errors*** related to deferred income accounting for tax-deductible goodwill, as required under IFRS – International Financial Reporting Standard (“IFRS”). As a result, the audit committee of the board of directors of the Company, after discussions with management and consultation with KPMG, on March 4, 2024, concluded that (i) ***the Company’s audited consolidated financial statements as of and for the year ended December 31, 2022, included in its annual report on Form 20-F for the year ended December 31, 2022 filed with the United States Securities and Exchange Commission (“SEC”) on***

March 28, 2023, and (ii) the Company’s unaudited condensed consolidated interim financial statements as of and for the periods *ended March 31, 2023, June 30, 2023 and September 30, 2023*, each previously furnished to the SEC on a current report on Form 6-K, should no longer be relied upon (collectively, the “Non-Reliance Periods”).

Similarly, any previously furnished reports, such as earnings releases, investor presentations or other communications describing the Company’s consolidated audited financial statements, and condensed consolidated interim financial statements and other related financial information covering the Non-Reliance Periods should no longer be relied upon.

The corrective adjustments required in accordance with IFRS are expected to be non-cash in nature and will not increase the amount of income tax to be paid in the future. The corrective adjustments are not expected to impact “net revenue,” “operating profit before financial income and tax,” or any other line of statement of profit and loss that is above “profit before income tax” for the Non-Reliance Periods. The corrective adjustments are not expected to impact Adjusted EBITDA for the Non-Reliance Periods or cash and cash equivalents at the end of the Non-Reliance Periods.

The Company intends to file its restated financial statements as of and for the year ended December 31, 2022 together with its audited consolidated financial statements as of and for the year ended December 31, 2023, in the 2023 Form 20-F. The Company believes this will allow readers to easily review all pertinent data in a single document. The Company intends to file the 2023 Form 20-F as soon as possible (and in any case, before April 30, 2024) and, therefore, does not plan to amend its 2022 Form 20-F. The Company also intends to furnish to the SEC, as soon as possible, a current report on Form 6-K showing the impact of the restatement of its unaudited condensed consolidated interim financial statements as of and for the periods ended March 31, 2023, June 30, 2023 and September 30, 2023.

Description of the adjustments

In 2021 and 2022, the Company completed business combinations, which resulted in book goodwill and income tax deductible goodwill as part of the acquisition accounting. Since January 2022, the Company has been deducting the goodwill from the acquisitions for income tax purposes in accordance with the Brazilian income tax regulations, reducing current income tax expense, income tax liability, and income tax paid in cash.

During this period, the Company considered the financial statement impacts of tax-deductible goodwill amortization arising from these acquisitions as a permanent difference in the determination of its income tax provision, instead of a temporary difference between tax basis goodwill and financial statement basis goodwill, as required under IFRS. ***As a result, the income tax expense was R\$40.5 million understated in year ended December 31, 2022 and by R\$30.9 million for the nine months ended September 30, 2023.*** The amortization of the tax goodwill should have been recognized as a deferred income tax liability and deferred tax expense, due to changes between the tax basis and the financial statement basis of goodwill.

In addition, the amortization of the identifiable intangible assets recognized as part of the Dextra business combination was considered nondeductible in the income tax calculation, which is not consistent with Brazilian income tax regulations. As a result, the income tax expense was overstated by R\$10.3 million for the year ended December 31, 2022 and by R\$4.1 million for the nine months ended September 30, 2023.

The Company estimates the net impact of these adjustments will increase Income Tax Expense by approximately R\$30.2 million for the year ended December 31, 2022 and R\$26.7 million in the nine months ended September 30, 2023. As a result, Net Income should be reduced by approximately R\$30.2 million in 2022 and R\$26.7 million in the nine months ended September 30, 2023.

The Company also expects to reflect certain classification corrections to non-derivatives and loans and borrowings as part of the restatement to the financial statements. The reclassifications will reduce current assets in R\$ 19.6 million, reduce current liabilities in R\$30.4 million and increase non-current liabilities in R\$ 10.8 million. These reclassifications have no impact on statements of profit or loss, comprehensive income, changes in equity and cash flows.

The Company expects that the restatement described above will be attributable to a material weakness in the Company's internal control.

The Audit Committee and management have discussed the matters disclosed in this Report on Form 6-K with KPMG.

A summary of the anticipated impacts on the consolidated statements of profit or loss for the year ended December 31, 2022, is included below.

Consolidated statement of profit or loss (unaudited)
(in thousands of Brazilian Reais)

Consolidated statements of profit or loss	December 31, 2022 (as issued)	Adjustments	December 31, 2022 (as restated)
Profit before income tax	200,272	-	200,272
Current income tax	(69,873)	10,303	(59,570)
Deferred income tax	(4,483)	(40,509)	(44,992)
Total income tax expense	(74,356)	(30,206)	(104,562)
Net profit for the year	125,916	(30,206)	95,710

(Emphasis added).

51. On this news, the price of CI&T shares declined by \$0.48 per share, or 10.78% on March 7, 2024. The next day, it fell a further \$0.21, or 5.28%, to close at \$3.76.

52. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

53. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired CI&T securities publicly traded on the NYSE during the Class Period, and who were damaged thereby (the “Class”). Excluded from the

Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

54. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, CI&T securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

55. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

56. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

57. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of the Company;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of CI&T securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

58. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is

impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

59. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- CI&T securities met the requirements for listing, and were listed and actively traded on the NYSE, an efficient market;
- As a public issuer, the Company filed public reports;
- the Company communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

60. Based on the foregoing, the market for the Company securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the common units, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

61. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

62. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

63. This Count is asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

64. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they

contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

65. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

66. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue

of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

67. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other CI&T personnel to members of the investing public, including Plaintiff and the Class.

68. As a result of the foregoing, the market price of CI&T securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of CI&T securities during the Class Period in purchasing CI&T securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

69. Had Plaintiff and the other members of the Class been aware that the market price of CI&T securities had been artificially and falsely inflated by

Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Company securities at the artificially inflated prices that they did, or at all.

70. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

71. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of CI&T securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

72. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

73. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's misstatement of revenue and profit and false financial statements.

74. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's

financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

75. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Company securities.

76. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

THE ROSEN LAW FIRM, P.A

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