

MANAGEMENT REPRESENTATION LETTER

February 2, 2024

To
Coimbra Partners Auditores e Consultores S/S
São Paulo, SP - Brasil

We are providing this letter in connection with your audit of the financial report of report regarding Palhaços Sem Fronteiras Brasil ("Entity"), Forum Civ project number 300009665, reporting period 2023-01-01—2023-12-31, reporting total cost for the reporting period amounting to R\$385,600 (equivalent to SEK\$800,000), for the purpose of expressing an opinion as to whether the Entity's financial report present fairly, in all material respects, in accordance with Palhaços Sem Fronteiras Brasil accounts and in accordance with the original agreement dated April 21, 2023 between Clowner utan Granser - Cug and Palhaços Sem Fronteiras Brasil.

We confirm that we are responsible for the following:

- a. The fair presentation in the financial report of financial position in conformity with Entity's accounts and in accordance with the original agreement dated April 21, 2023 between Clowner utan Granser - Cug and Palhaços Sem Fronteiras Brasil.
- b. The design and implementation of programs and controls to prevent and detect fraud; and
- c. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The Entity has made available to you all:
 - a. Financial records and related data.

- b. Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 2. We have no knowledge of any fraud or suspected fraud affecting the Entity involving:
 - a. Management
 - b. Employees who have significant roles in the Entity's internal control over financial reporting.
 - c. Others if the fraud could have a material effect on the financial report.

Sincerely,



Arthur Eder Toyoshima – Managing Director



Sueli Migita – President

Rosangela Aparecida Oliveira Souza Accountant
CRC 1SP200524/O-9

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Assinaturas



Rosângela Aparecida de Oliveira Souza

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MANAGEMENT REPRESENTATION LETTER

February 2, 2024

To
Coimbra Partners Auditores e Consultores S/S
São Paulo, SP - Brasil

We are providing this letter in connection with your audit of the financial statements of Palhaços Sem Fronteiras Brasil ("Entity"), for the year ended December 31, 2023, for the purpose of expressing an opinion as to whether the Entity's financial statements present fairly, in all material respects, its financial position and results of operations, in conformity with accounting practices adopted in Brazil applicable to small and medium sized entities ("BR GAAP").

These financial statements show the following key figures (R\$):

Total assets	34,844
Income for the year	5,564
Equity	33,657

We confirm that we are responsible for the following:

- a. The fair presentation in the financial statements of financial position and results of operations in conformity with BR GAAP.
- b. The design and implementation of programs and controls to prevent and detect fraud; and
- c. Establishing and maintaining effective internal control over financial reporting

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with BR GAAP.
2. The Entity has made available to you all:
 - a. Financial records and related data
 - b. Minutes of the meetings of directors, and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
4. We have no knowledge of any fraud or suspected fraud affecting the Entity involving:
 - a. Management
 - b. Employees who have significant roles in the Entity's internal control over financial reporting
 - c. Others if the fraud could have a material effect on the financial statements
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.
6. We did not use the procedures you performed during your audits of our internal control over financial reporting or financial statements as part of the basis for our assessment of the effectiveness of internal control over financial reporting.
7. No changes in internal control over financial reporting or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by management with regard to significant deficiencies and material weaknesses, have occurred subsequent to December 31, 2023.
8. The Entity has no other plans or intentions that may affect the carrying value or classification of assets and liabilities.
9. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the Magnitude reporting package or as a basis for recording a loss contingency.

10. The Entity has complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.

Sincerely,



Arthur Eder Toyoshima – Managing Director



Sueli Migita – President

Rosangela Aparecida Oliveira Souza – Accountant
CRC 1SP200524/O-9

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Palhaços Sem Fronteiras do Brasil

Independent Auditor Report



INDEPENDENT AUDITOR REPORT

To the Management of
Palhaços sem Fronteiras Brasil
São Paulo - Brazil

Opinion

We have audited the special purpose financial report regarding Palhaços Sem Fronteiras Brasil – Forum Civ project number 300009665, reporting period 2023-01-01—2023-12-31. Total budget for the reporting period amounting to R\$397,362 (equivalent to SEK\$825,000).

In our opinion, the above-mentioned financial report has been prepared in all material respects in accordance with Palhaços Sem Fronteiras Brasil accounts and in accordance with the original agreement dated April 21, 2023, between Clowner utan Granser - Cug and Palhaços Sem Fronteiras Brasil.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent in relation to the Palhaços Sem Fronteiras Brasil in accordance with the ethical requirements that are relevant to my audit of the financial report in Brazil, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the fact that the financial report has been prepared in accordance with the instructions from Forum Civ to assist Palhaços Sem Fronteiras Brasil meet the requirements from Forum Civ. It may not be suitable for other purposes. Our report is only intended for Palhaços Sem Fronteiras Brasil and Forum Civ and shall not be distributed to or used by parties other than Palhaços Sem Fronteiras Brasil and Forum Civ.

Responsibilities of Management and Those Charged with Governance for the financial Statement

Management is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of Forum Civ relevant to preparing such a financial report, and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing Palhaços Sem Fronteiras Brasil ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management intends either to liquidate Palhaços Sem Fronteiras Brasil or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Palhaços Sem Fronteiras Brasil financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial report, whether due to fraud or error, design and perform audit procedures responding to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Palhaços Sem Fronteiras Brasil's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Palhaços Sem Fronteiras Brasil to cease to continue as a going concern.

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

February 2nd, 2024

COIMBRA PARTNERS
Audidores e Consultores S/S



André Rafael de Oliveira
Partner
CRC nº 1 SP 220308/O-1

APENDIX – Budget 2023 FY

		Exchange rate original	0,4893937		Exchange rate:		0,482
	Original budget		Amended budget 15/09/2023		Amended budget 14/12/2023		
	BRL	SEK	BRL	SEK	BRL	SEK	
Operational costs							
Sub-goal 1: Sustainability, stability and identity	70.656,00	144.196,00 kr	R\$ 39.354,65	81.648,65 kr	R\$ 41.251,65	85.584,34 kr	
Sub-goal 2: Capacity-building of agents of change	12.220,00	24.939,00 kr	R\$ 12.218,74	25.350,08 kr	R\$ 12.218,74	25.350,08 kr	
Sub-goal 3: National expansion & programs (incl.	73.600,00	150.204,00 kr	R\$ 77.072,08	159.900,58 kr	R\$ 77.122,08	160.004,32 kr	
Sub-goal 4: International expansion	0,00	0,00 kr	R\$ 31.659,92	65.684,48 kr	R\$ 35.273,85	73.778,73 kr	
Staff							
General coordinator (12 months x 9060 BRL x	54.360,00	110.939,00 kr	R\$ 54.360,00	112.780,08 kr	R\$ 54.360,00	112.780,08 kr	
Financial manager (12 months x 6000 BRL x 60%	43.200,00	88.163,00 kr	R\$ 43.200,00	89.626,56 kr	R\$ 43.200,00	89.626,56 kr	
Strategic consultant (12 months x 2500 BRL)	30.000,00	61.224,00 kr	R\$ 30.000,00	62.240,66 kr	R\$ 30.000,00	62.240,66 kr	
Project manager (8,25 months x 6000 BRL x	27.000,00	55.102,00 kr	R\$ 49.500,00	102.697,10 kr	R\$ 49.500,00	102.697,10 kr	
Communication & social media manager (5000 x	30.000,00	61.224,00 kr	R\$ 31.583,33	65.525,58 kr	R\$ 31.583,33	65.525,58 kr	
Artists coordinator (10 months x 6000 BRL x 25%)	15.000,00	30.612,00 kr		0,00 kr		0,00 kr	
Audit	18.001,00	36.736,00 kr	R\$ 18.000,00	37.344,40 kr	R\$ 16.500,00	34.232,37 kr	
Admin	17.964,00	36.661,00 kr	R\$ 10.151,28	21.060,75 kr	R\$ 10.216,98	21.197,05 kr	
Total	392.001,00	800.000,00 kr	R\$ 397.100,00	823.858,92 kr	R\$ 401.226,63	833.016,86 kr	

Description	Date	BRL	SEK	Exchange rate
Funds received from CUG	02/05/2023	R\$ 385.600,00	800.000,00 kr	0,4820 kr
Profit on investments	29/06/2023	R\$ 3.864,13	8.016,87 kr	0,4820 kr
Funds for the subgoal 4 from CUG	04/12/2023	R\$ 11.762,50	25.000,00 kr	0,4705 kr
Total		R\$ 401.226,63	833.016,87 kr	

Palhaços Sem Fronteiras do Brasil

Report of Factual Findings



REPORT OF FACTUAL FINDINGS

To the Management of
Palhaços Sem Fronteiras Brasil
São Paulo - Brazil

Assignment

We have performed the procedures agreed with you and enumerated below in accordance with Forum Civ general conditions and audit instructions regarding project number 300009665, reporting period 2023-01-01—2023-12-31. Total cost for the reporting period amounts to R\$397,362 (equivalent to SEK\$825,000). Our Engagement was undertaken in accordance with International Standards on Related Services–ISRS 4400 applicable to agreed-upon procedures engagements. The procedures we performed are solely to assist you in reporting to Forum Civ in accordance with Forum Civ’s conditions for financial reporting as stipulated in the Decision Memo on grant dated April 21, 2023 and summarized as follows:

1. Inspect whether the financial report is structured in a way that allows for direct comparison with the latest approved budget.
2. Inspect whether the financial report provides information regarding:
 - a) Financial outcome per budget line (both incomes and costs) for the reporting period and columns for cumulative information regarding earlier periods under current agreement.
 - b) If applicable, compare if the opening fund balance for the reporting period matches with what was stated as closing fund balance in the previous reporting period.
 - c) If applicable, inspect and confirm whether the disclosure includes the entire chain of currency exchanges in the project from Forum Civ’s disbursement to local currency. Inspect whether the principle applied for managing currency exchanges is included as a note to the financial report.
 - d) Explanatory notes (such as, for instance, accounting principles applied for the financial report).
 - e) If applicable, amount of funds that has been forwarded to Partner in subsequent step.

3. Staff and salaries

- a) Inspect and confirm with what frequency salary costs during the reporting period are debited to the project.

Choose a sample of three individuals for three different months and:

- b) Inspect and confirm whether there are supporting documentation¹ for debited salary costs.
- c) Inspect and confirm whether actual time worked is documented and verified by a manager. Inquire and inspect within which frequency reconciliations between debited time and actual worked time is performed.
- d) Inspect whether the Cooperation partner comply with applicable tax legislation with regard to personal income taxes and social security fees.

4. Opening and closing balance

- a) Inspect and confirm that the unspent fund balance (according to the financial report) at the end of the financial year is in line with information provided in the accounting system and/or bank account.
- b) **Applicable the final year:** Inspect and confirm the unspent fund balance (including exchange gains) in the financial report and confirm the amount that shall be repaid to Forum Civ.

- 5. Inspect and confirm whether the funds are held in a bank account held in the name of the organization and that is signed for by at least two persons jointly.

6. Procurements

- a) Inspect and confirm whether the Cooperation partner has purchased services or goods above the thresholds in the procurement guidelines annexed or referred to in the agreement. Obtain a list of all purchased services and goods during the reporting period and identify all transactions above the agreed threshold.
- b) Select two of the identified transactions above the threshold SEK 50 000 and determine whether they were subject to bidding procedures and in compliance with procurement requirements, if applicable.

We have noted the following observations

- a) With respect to the steps 1, 2a, 2d, 3a, 3c, 3d, 4a, 4b, 5 and 6a, we have been applied the procedures agreed upon and no exceptions have been noted.
 - b) With respect to the steps 2b, 2c, 2e, and 6b, they are not applicable to the organization.
 - c) With respect to the item 3b, despite being paid and accounted for correctly, we noted that all the project employees are not registered into the payroll records. As stipulated with Forum Civ, the founder's members and the administrative
-

staff members receive their monthly salaries having invoice bills as supporting documentation.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Financial Report. Had we performed additional procedures, or had we performed an audit or review of the Financial Report of the beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purposes or to be distributed to any other parties.

February 2nd, 2024

COIMBRA PARTNERS
Auditores e Consultores S/S



André Rafael de Oliveira
Partner
CRC nº 1 SP 220308/O-1

Palhacos Sem Fronteiras Brasil

*Financial Statements for the
Years Ended December 31, 2023 and
2022 and Independent Auditors' Report*



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Management of
Palhaços Sem Fronteiras Brasil

Opinion

We have audited the accompanying financial statements of Palhaços Sem Fronteiras Brasil ("Entity"), which comprise the balance sheet as of December 31, 2023 and the Statements of Profit and Loss, Other Comprehensive Profit and Loss, Changes in Equity and the Statements of Cash Flows for the year then ended and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Palhaços Sem Fronteiras Brasil as of December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil applicable to medium and small size entities.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

February 2nd, 2024

COIMBRA PARTNERS
Auditores e Consultores S/S



André Rafael de Oliveira
Partner
CRC nº 1 SP 220308/O-1

PALHAÇOS SEM FRONTEIRAS BRASIL

BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2022
(In Brazilian reais - R\$)

<u>ASSETS</u>	<u>Note</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>LIABILITIES AND EQUITY</u>	<u>Note</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	3	34.844	22.793	Taxes payable		1.187	-
Other		-	5.300	Total current liabilities		1.187	-
Total current assets		34.844	28.093				
				EQUITY			
				Retained profits		33.657	28.093
				Total equity		33.657	28.093
TOTAL ASSETS		34.844	28.093	TOTAL LIABILITIES AND EQUITY		34.844	28.093

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

PALHAÇOS SEM FRONTEIRAS BRASIL

STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Brazilian reais - R\$)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Donations and social projects	5	448.071	548.235
(-) Costs of social projects	6	<u>(381.815)</u>	<u>(443.292)</u>
Gross profit		66.256	104.943
Operating expenses	7	(54.293)	(108.429)
LOSS BEFORE FINANCIAL RESULT		<u>11.963</u>	<u>(3.486)</u>
FINANCIAL INCOME (EXPENSES)			
Financial expenses, net		(6.399)	(4.631)
PROFIT (LOSS) FOR THE YEAR		<u>5.564</u>	<u>(8.117)</u>

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

PALHAÇOS SEM FRONTEIRAS BRASIL

STATEMENTS OF COMPREHENSIVE PROFIT (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Brazilian reais - R\$)

	<u>2023</u>
PROFIT (LOSS) FOR THE YEAR	5.564
Other comprehensive items	-
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR	<u><u>5.564</u></u>

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

PALHAÇOS SEM FRONTEIRAS BRASIL

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Brazilian reais - R\$)

	Retained profits	Total
BALANCES AS OF DECEMBER 31, 2021	36.210	36.210
Loss for the year	(8.117)	(8.117)
BALANCES AS OF DECEMBER 31, 2022	28.093	28.093
Profit for the year	5.564	5.564
BALANCES AS OF DECEMBER 31, 2023	33.657	33.657

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

PALHAÇOS SEM FRONTEIRAS BRASIL

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Brazilian reais - R\$)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (Loss) for the year	5.564	(8.117)
Changes in operating assets and liabilities:		
Other assets	5.300	(5.300)
Taxes payable	1.187	(2.648)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>12.051</u>	<u>(16.065)</u>
Cash and cash equivalents at the beginning of the year	22.793	38.858
Cash and cash equivalents at the end of the year	34.844	22.793
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>12.051</u>	<u>(16.065)</u>

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

PALHAÇOS SEM FRONTEIRAS BRASIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Brazilian reais - R\$)

1. GENERAL INFORMATION

Palhaços Sem Fronteiras Brasil (the “Entity”) is a non-profit entity located at Rua Itapura, 239, in the city of São Paulo, State of São Paulo, which is dedicated to social projects in Brazil.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of the financial statements

The Entity’s financial statements have been prepared and are presented in conformity with accounting practices adopted in Brazil for Small and Medium Sized Entities.

a) Measurement basis

The financial statements have been prepared based on the historical cost, as described in the accounting policies below.

b) Functional and reporting currency

These financial statements are stated in Brazilian reais (R\$), the Company’s functional currency.

2.2. Significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are as follows:

2.2.1. Financial instruments

Financial assets and financial liabilities are recognized when the Entity becomes a party to the underlying contract.

Loans and receivables

Include nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as noncurrent assets. Comprise cash and cash equivalents and trade receivables.

2.2.2. Cash and cash equivalents

Include bank deposits and short-term bank investments.

2.2.3. Revenue and expense recognition

Revenue from donations/other related services and expenses are recorded on the accrual basis, deducted from any taxes.

3. CASH AND CASH EQUIVALENTS

	<u>2023/12/31</u>	<u>2022/12/31</u>
Bank deposits and short-term investments	<u>34,844</u>	<u>22,793</u>
	<u>34,844</u>	<u>22,793</u>

4. PROVISION FOR RISKS

As of December 31, 2023, the Entity had no tax or civil lawsuits assessed as probable loss.

5. DONATIONS AND SOCIAL PROJECTS

	<u>2023</u>	<u>2022</u>
Donations – Forum Civ – Regular	385,600	463,714
Donations – Forum Civ – Supplemental	11,762	-
Donations - Others	15,084	70,006
Social projects	37,500	15,000
(-) Taxes	<u>(1,875)</u>	<u>(485)</u>
	<u>448,071</u>	<u>548,235</u>

6. COSTS OF SOCIAL PROJECTS

	<u>2023</u>	<u>2022</u>
Entre pontes e risos	(5,520)	-
Germinando paz e arte	(30,000)	-
Mundo do circo	(7,200)	-
Riso sem fronteiras	(10,000)	-
Semente do riso	(11,250)	-
Risco emergencial Petrópolis	-	(10,400)
Serenatas sem fronteiras	(9,895)	(42,383)
Vamos brincar?	-	(20,000)
Uma jornada de riscos e aprendizados	-	(13,368)
Japuká	(10,000)	(28,399)
Sementes	-	(21,694)
Plan International	-	(45,760)
O rastro do riso	(11,400)	(47,197)
Other general costs	<u>(286,550)</u>	<u>(214,091)</u>
	<u>(381,815)</u>	<u>(443,292)</u>

7. OPERATING EXPENSES

	<u>2023</u>	<u>2022</u>
Payroll and other administrative costs	(31,262)	(84,447)
Audit and accounting services	(21,584)	(15,980)
Taxes	<u>(1,447)</u>	<u>(8,002)</u>
	<u>(54,293)</u>	<u>(108,429)</u>

8. FINANCIAL INSTRUMENTS

The Entity contracts financial instruments, particularly for its cash and cash equivalents and trade payables. The Entity does not make investments involving speculative derivatives.

a) Capital management

The Entity's purposes in managing its capital are to protect its ability to continue as a going concern and support its social projects.

b) Liquidity risk

It is the risk that the Entity may not have sufficient funds to honor its financial commitments as a result of mismatching of terms or volumes between expected amounts collectible from donations and payable.

9. APPROVAL OF THE FINANCIAL STATEMENTS FOR ISSUANCE

These financial statements were approved for issuance by the Entity's Management on February 2nd, 2024.

Palhaços Sem Fronteiras do Brasil

Management Letter



MANAGEMENT LETTER

To the Management of
Palhaços sem Fronteiras Brasil
São Paulo - Brazil

We inform to you that we have not noted any recommendation matters during the audit process of the financial report regarding Palhaços Sem Fronteiras do Brasil and Forum Civ - project number 300009665 reporting period 2023-01-01—2023-12-31, amounting to R\$385,600 (equivalent to SEK\$800,000).

February 2, 2024

COIMBRA PARTNERS
Auditores e Consultores S/S

A handwritten signature in blue ink, appearing to read "A. R. Oliveira", is written over a faint circular stamp.

André Rafael de Oliveira
Partner
CRC nº 1 SP 220308/O-1