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

MULTILASER INDUSTRIAL S.A.

Independent auditor's report

Individual and consolidated financial statements
As at December 31, 2023

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Contents

grupoMulti

2023 Management Report

4Q23 AND 2023 CONSOLIDATED RESULTS

Consolidated Income Statements

R$ Million	4Q23	3Q23	Δ%	4Q22	Δ%	2023	2022	Δ%
Net Revenue	**840.8**	**883.8**	**-4.9%**	**1,111.8**	**-24.4%**	**3,499.1**	**4,383.8**	**-20.2%**
Cost of Goods Sold	**(920.1)**	**(824.9)**	**11.5%**	**(910.8)**	**1.0%**	**(3,308.1)**	**(3,246.4)**	**1.9%**
Gross Profit	**(79.3)**	**58.9**	**-**	**201.0**	**-**	**191.0**	**1,137.5**	**-83.2%**
Gross Margin (%)	**-9.4%**	**6.7%**	***-16.1 p.p.***	**18.1%**	***-27.5 p.p.***	**5.5%**	**25.9%**	***-20.5 p.p.***
Operating Revenues (Expenses)								
Selling Expenses	(246.2)	(210.5)	17.0%	(293.8)	-16.2%	(905.4)	(924.8)	-2.1%
General & Administrative	(28.1)	(32.3)	-12.9%	(64.3)	-56.2%	(135.2)	(161.3)	-16.2%
Other Operating Revenues (Expenses)	49.4	46.0	7.3%	(8.4)	-	123.2	133.9	-8.0%
Operating Profit	**(304.3)**	**(137.9)**	**120.7%**	**(165.5)**	**83.8%**	**(726.4)**	**185.3**	**-**
Interest Income	61.4	107.8	-43.1%	38.3	60.1%	238.3	306.5	-22.3%
Interest Expense	(139.5)	(116.7)	19.5%	(72.9)	91.3%	(465.5)	(431.1)	8.0%
FX Variation, Net	47.5	(77.2)	-	36.2	31.2%	84.9	80.1	6.1%
Profit Before Taxes	**(334.9)**	**(224.0)**	**49.5%**	**(163.9)**	**104.3%**	**(868.6)**	**140.8**	**-**
Current Income Taxes	(0.0)	14.6	-	(20.2)	-99.8%	14.3	(48.1)	-
Deferred Income Taxes	10.1	(2.9)	-	(21.1)	-	18.2	(2.7)	-
Net Income (Loss)	**(324.8)**	**(212.2)**	**53.0%**	**(205.2)**	**58.3%**	**(836.2)**	**90.0**	**-**
Net Margin (%)	**-38.6%**	**-24.0%**	***-14.6 p.p.***	**-18.5%**	***-20.2 p.p.***	**-23.9%**	**2.1%**	***-25.9 p.p.***
Earnings per share (in R$)	**(1.03)**	**(0.26)**	**294.0%**	**(0.25)**	**311.4%**	**0.00**	**0.11**	**-**
EBITDA	**(284.0)**	**(116.3)**	**144.2%**	**(150.4)**	**88.8%**	**(658.5)**	**244.5**	**-**
EBITDA Margin (%)	**-33.8%**	**-13.2%**	***-20.6 p.p.***	**-13.5%**	***-20.2 p.p.***	**-18.8%**	**5.6%**	***-24.4 p.p.***

Net Revenue

In the 4th quarter of 2023, net revenue amounted to R$840.8 million, representing a decrease of 4.9% compared to the 3rd quarter of 2023 and a decrease of 24.4% compared to the 4th quarter of 2022. This decline is primarily attributed to the continued slowdown in electronic product sales at retail, as well as the postponement of government purchasing funds originally scheduled for the second half of 2023, which were deferred to 2024.

In 2023, revenue totaled R$3.5 billion, a 20.2% decrease compared to the previous year, attributed to sales pressure in retail due to the challenging economic scenario in 2022 and the postponement of government sales.

Regarding operational segments:

- Mobile Devices recorded revenue of R$175.6 million in 4Q23, a decrease of 21.1% compared to 3Q23 and a decrease of 43.2% compared to 4Q22.
- Office & IT Supplies achieved revenue of R$264.9 million, down 7.6% compared to 3Q22 and down 16.2% compared to 4Q22.
- Home Electric Products reported revenue of R$246.4 million in 4Q23, up 1.8% compared to 3Q23, but down 30.5% compared to 4Q22.
- Kids & Sports generated R$153.9 million in net revenue in 4Q23, up 16.1% compared to 3Q23 and up 16.7% compared to 4Q22.

Cost of Goods Sold

In 4Q23, the Cost of Goods Sold (COGS) amounted to R$920.1 million, up 11.5% compared to 3Q23 and up 1.0% compared to 4Q22. This increase is primarily attributed to the establishment of a provision for inventory obsolescence, particularly related to smartphones. Prices of smartphones were under pressure throughout the year and showed no sensitivity to further price cuts. The provision, combined with inventory adjustments due to the Company's inventory review, totaled R$181.4 million in the quarter. For the year, the COGS increased by 1.9%, totaling R$3.3 billion, contrasting with the decrease in revenue. This was due to the scenario of overstocking of old, high-cost (pandemic-related) products, which were significantly reduced throughout the year as part of the inventory reduction and renewal strategy. Additionally, provisions were established, and inventory write-downs amounted to a total of R$341.2 million throughout the year.

Gross (Loss) Profit

In 4Q23, the company continued to face challenges amid a complex business environment, reflected in the decline in net revenue and gross profit. The Company reported a gross loss of R$79.3 million due to the increase in Cost of Goods Sold (COGS), impacted by the aforementioned effects. Excluding the effect of provisions and inventory adjustments, the gross profit for the period would be R$102.1 million, with a gross margin of 12.1%.

In 2023, gross profit amounted to R$191 million, a decrease of 83.2% compared to 2022, with a gross margin of 5.5%. Excluding the impact of provisions for obsolescence and inventory adjustments, the gross profit for the period would be R$532.2 million, with a gross margin of 15.2%.

The Mobile Devices segment, especially smartphones, contributed to the negative gross margin in both periods, reporting a gross loss of R$219.5 million in the quarter and $445.8 million for the year. The other segments reported gross profit and are detailed in the following sections.

Sales Expenses

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Commercial	(88.2)	(74.8)	17.9%	(100.9)	-12.5%	(307.4)	(312.0)	-1.5%
Distribution	(92.8)	(84.6)	9.7%	(86.0)	7.9%	(325.2)	(283.7)	14.6%
Sales Featuring and Marketing	(40.3)	(35.3)	14.3%	(39.5)	2.1%	(161.8)	(155.4)	4.2%
After-Sales Services	(20.0)	(24.5)	-18.3%	(30.5)	-34.3%	(84.6)	(121.2)	-30.2%
Allowance for Doubtful Accounts	(4.8)	8.7	-	(36.9)	-87.1%	(26.4)	(52.6)	-49.9%
Selling Expenses	**(246.2)**	**(210.5)**	**17.0%**	**(293.8)**	**-16.2%**	**(905.4)**	**(924.8)**	**-2.1%**
% of Net Revenue	-29.3%	-23.8%	*-5.5 p.p.*	-26.4%	*-2.9 p.p.*	-25.9%	-21.1%	*-4.8 p.p.*

In 4Q23, sales expenses totaled R$246.2 million, up 17% compared to 3Q23. Commercial expenses increased by 17.9% due to the increased need for actions to stimulate inventory turnover through funds and commissions, while distribution expenses grew by 9.7% in the same period, impacted by higher freight expenses due to differences in channel mix and products sold throughout the quarter. The provision for doubtful accounts receivable normalized compared to the same period of the previous year; however, worsening macroeconomic conditions elevated the provisioned balance for the quarter.

Compared to 4Q22, commercial expenses decreased due to the decline in revenue, while distribution expenses increased due to the channel and product mix.

In 2023, sales expenses decreased by 2.1%, reaching R$905.4 million. As a percentage of net revenue, they increased by 4.8 percentage points, rising from 21.1% to 25.9%, reflecting the overstocking period, with a particularly significant impact on distribution expenses due to additional costs related to rented warehouses and logistics. Additionally, commercial expenses also pressured results due to increased funds and commissions throughout the year to stimulate necessary inventory turnover.

With the aim of enhancing the presentation of financial statements, the Company reclassified certain R&D expenses to Other Net Revenues (Expenses). The table above reflects this change for all periods presented.

General and Administrative Expenses

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Personnel	10.1	10.4	-2.7%	11.6	-12.9%	43.3	41.8	3.6%
Fees and Services Held	4.2	5.2	-20.3%	18.0	-76.9%	21.6	44.5	-51.5%
Communication	0.4	0.4	-8.4%	2.8	-86.4%	1.9	6.3	-70.8%
Technology & Communication	6.1	7.4	-16.7%	13.8	-55.7%	34.1	38.6	-11.7%
Rents, Insurances, Travel, Others	7.3	8.9	-17.5%	18.0	-59.3%	34.3	30.0	14.4%
General and Administrative Expenses	28.1	32.3	-12.9%	64.3	-56.2%	135.2	161.3	-16.2%
% of Net Revenue	3.3%	3.7%	*-0.3 p.p.*	5.8%	*-2.4 p.p.*	3.9%	3.7%	*0.2 p.p.*

In 4Q23, general and administrative expenses totaled R$28.1 million, down 12.9% compared to 3Q23 and down 56.2% compared to 4Q22. Personnel expenses decreased by 2.7% and 12.9% compared to 3Q23 and 4Q22, respectively, due to the reduction in the Company's employee structure throughout the year, including in 4Q23. Expenses for fees and services, as well as technology and communication expenses, also decreased due to lower demand for ERP-related consultancy services.

In 2023, general and administrative expenses totaled R$135.2 million, representing a 16.2% reduction compared to 2022. This reduction was due to the normalization trajectory following expenses incurred during the system migration, which affected fees and services as well as technology and communication categories.

Financial Result, Net

	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Interest Expense	(21.0)	(32.5)	-35.3%	(24.2)	-13.2%	(92.6)	(66.3)	39.6%
Interest Income	26.6	24.0	10.6%	13.5	96.5%	90.8	67.2	35.1%
Exchange Rate Variation, Net	47.5	(77.2)	-	36.2	31.2%	84.9	80.1	6.1%
Financial Instruments, Net	(28.5)	14.6	-	(28.7)	-0.5%	(144.6)	(136.7)	5.7%
Fair Value Intercompany Loan Convertible in Equity	0.0	0.0	-	(0.2)	-	0.0	30.4	-
Discount to Present Value	16.7	14.3	16.3%	17.1	-2.5%	48.5	50.8	-4.5%
Monetary Adjustments, Net	(50.8)	(24.3)	108.6%	(17.5)	189.5%	(103.3)	(62.7)	64.7%
Other Financial Revenue (Expense)	(21.0)	(5.0)	320.4%	5.4	-	(26.1)	(7.3)	259.0%
Finance Income (Expenses), Net	(30.6)	(86.1)	-64.4%	1.6	-	(142.2)	(44.6)	219.2%

In 4Q23, the net financial result was negative at R$30.6 million. Passive interest expenses, reflecting costs such as interest on loans, financing, and other financial expenses, decreased by 35.3% compared to 3Q23 and by 13.2% compared to 4Q22. Active interest income, on the other hand, increased by 10.6% compared to 3Q23 and by 96.5% compared to the same period of the previous year due to a higher cash position.

The net result of active and passive exchange variations generated a gain of R$47.5 million, reversing the loss of R$77.2 million in 3Q23. However, derivatives recorded a net loss of R$25.8 million compared to a gain of R$14.6 million in 3Q23, remaining stable compared to the same period of the previous year.

The net monetary adjustments, which includes contingencies corrections, provisions, and tax installments, increased by 108.6% compared to 3Q23, due to the update of a new contingency in the quarter, and by 189.5% compared to 4Q22, due to the signing of two ICMS installment agreements that impacted the result from 2Q23 onwards.

In 2023, the net financial result was negative R$142.2 million, representing an increase of 219.2%. It is worth noting that in 2Q22, the Company recorded a financial revenue of R$31.5 million due to the fair value assessment of the convertible loan to equity stake the company holds in Watch Brasil, as well as the increase in monetary updates due to the ICMS installment agreements mentioned above.

EBITDA

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Income	(324.8)	(212.2)	53.0%	(205.2)	58.3%	(836.2)	90.0	-
Financial Results, Net	30.6	86.1	-64.4%	(1.6)	-	142.2	44.6	219.2%
Income Taxes	(10.1)	(11.7)	-14.1%	41.3	-	(32.4)	50.8	-
Depreciation and Amortization	20.3	21.6	-6.0%	15.1	34.3%	67.9	59.2	14.6%
EBITDA	**(284.0)**	**(116.3)**	**144.2%**	**(150.4)**	**88.8%**	**(658.5)**	**244.5**	**-**
EBITDA Margin (%)	-33.8%	-13.2%	*-20.6 p.p.*	-13.5%	*-20.2 p.p.*	-18.8%	5.6%	*-24.4 p.p.*

In the quarter, Multi reported a negative EBITDA of R$284 million, resulting from the gross loss in the Mobile segment, exacerbated by the provision for inventory obsolescence and adjustments for the period, which exceeded the reduction in expenses recorded. The EBITDA margin in 4Q23 was -33.8%.

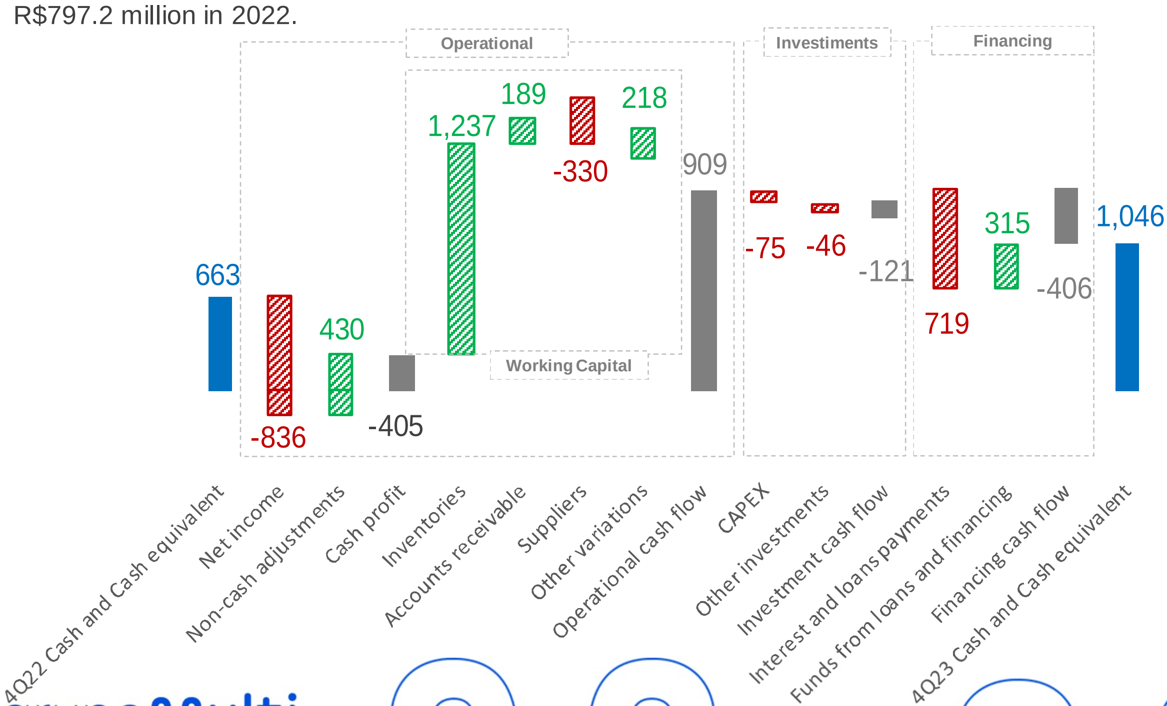
For the year, EBITDA amounted to negative R$658.5 million, driven by the gross loss in the mobile segment impacted by the provision for inventory obsolescence in 4Q23, as well as other adjustments related to smartphones throughout the year, and a pressured gross margin due to inventory reduction efforts undertaken in other segments as well.

Net (Loss) Profit

In 4Q23, Multi recorded a net loss of R$324.8 million with a net margin of -38.6%. For the full year 2023, the net loss amounted to R$836.2 million, with a net margin of -23.9%.

Cash Flow

The cash flow generated from operating activities was R$281.1 million in 4Q23, compared to R$248.4 million in 3Q23 and a consumption of R$44.5 million in 4Q22. A highlight is the reduction of R$460.2 million in inventories. For the year, the operating cash flow was R$909.2 million. The free cash flow, which considers the operating cash flow reduced by the cash flow from investment activities, was R$267.5 million in the quarter, 29.9% higher than the previous quarter. For the year, the free cash flow was R$788.4 million, compared to a consumption of R$797.2 million in 2022.



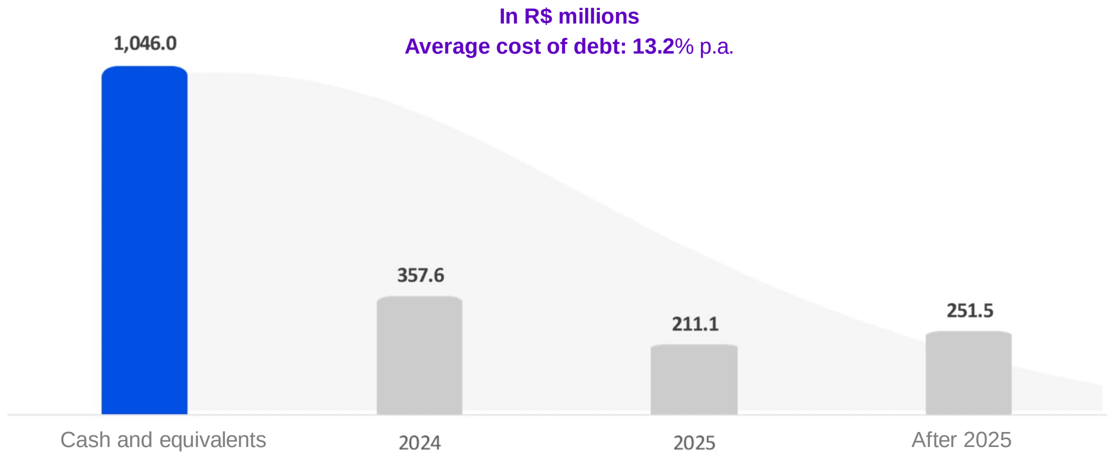
INDEBTEDNESS

Indebtedness

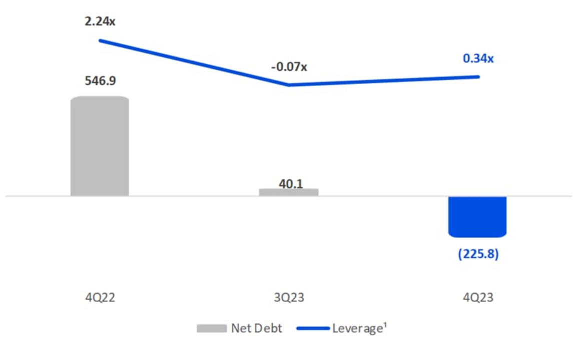
R$ Million	4Q23	3Q23	∆%	4Q22	∆%
Gross Debt	**820.2**	**938.4**	**-12.6%**	**1,210.0**	**-32.2%**
Short Term Debt	**357.6**	**427.3**	**-16.3%**	**1,058.3**	**-66.2%**
% of the Gross Debt	*43.6%*	*45.5%*		*87.5%*	
Long Term Debt	**462.6**	**511.1**	**-9.5%**	**151.7**	**204.9%**
% of the Gross Debt	*56.4%*	*54.5%*		*12.5%*	
(-) Cash and Cash Equivalents	**(1,046.0)**	**(898.3)**	**16.4%**	**(663.1)**	**57.7%**
Net Debt	**- 225.8**	**40.1**	**-**	**546.9**	**-**

Multi ended 2023 with R$820.2 million in gross debt and R$1,046 million in cash, resulting in a net cash position of R$225.8 million. This reflects the Company's cash generation strategy through the realignment of its inventory position throughout the year. It represents a cash position 2.9 times greater than its short-term debt, demonstrating its financial strength.

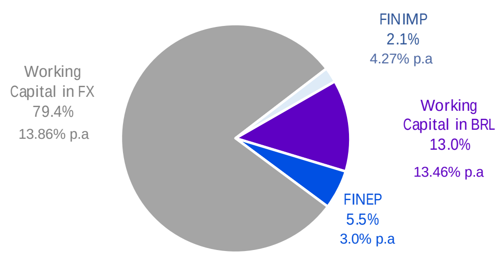
Debt Maturuty Schedule



NET DEBT AND LEVERAGE¹



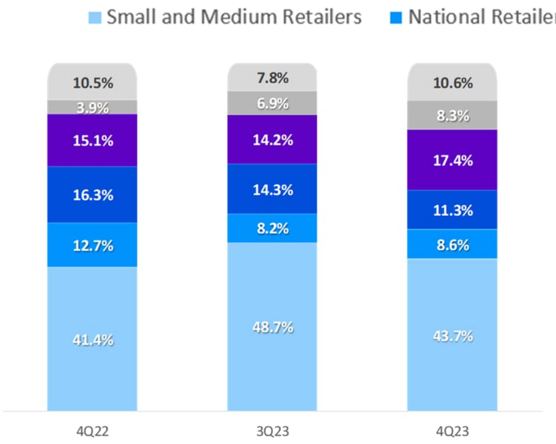
BREAKDOWN BY TYPE AND COST



Note 1: Considering Net Debt / EBITDA for the last 12 months

SALES BY CHANELL 4Q23[1]

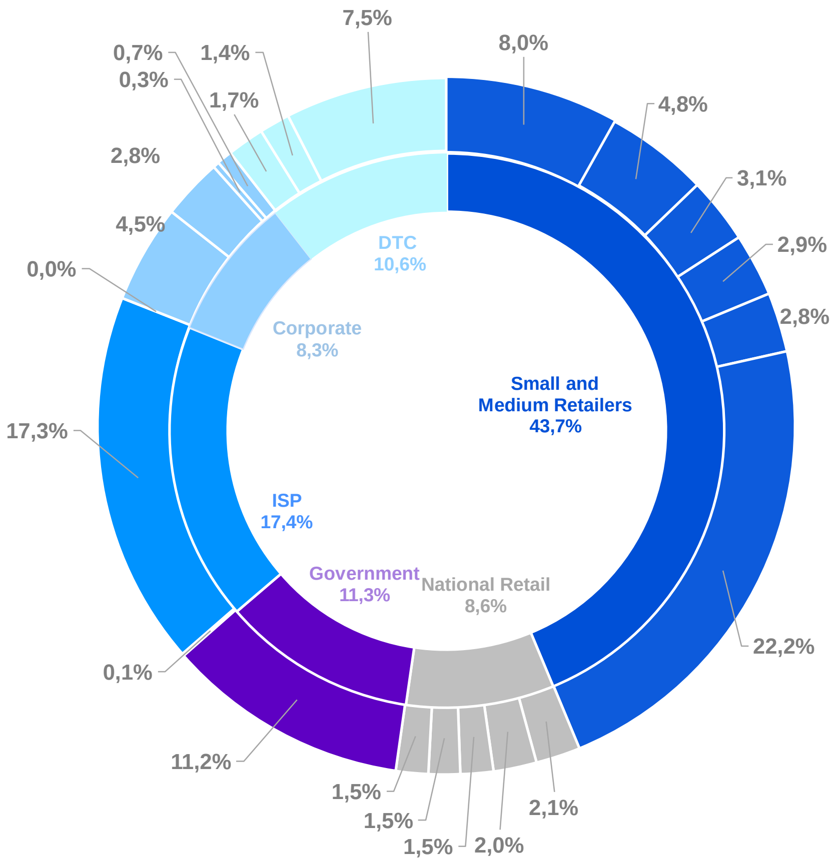
Sales Development by Channel



	Δ% 4Q23 x 4Q22	Δ% 4Q23 x 3Q23
Small and Medium Retailers	-33.8%	-19.7%
National Retailers	-57.7%	-5.9%
Government	-56.2%	-29.0%
ISP	-27.7%	8.9%
Corporate	32.3%	8.2%
DTC	-36.7%	21.5%

Sales Breakdown by Channel

Top families by Channel	% Channel	% Total
Small and Medium Retailers		
Screens & Video	18.3%	8.0%
Tablets & PCs	10.9%	4.8%
Toys	7.0%	3.1%
Home Appliances	6.7%	2.9%
Telephony	6.3%	2.8%
Others	50.8%	22.2%
National Retail		
Audio & Mobile Accessories	23.9%	2.1%
Screens & Video	23.3%	2.0%
Home Appliances	17.6%	1.5%
Telephony	17.3%	1.5%
Others	17.9%	1.5%
Government		
Tablets & PCs	99.0%	11.2%
Others	1.0%	0.1%
ISP		
Networks	99.8%	17.3%
Others	0.2%	0.1%
Corporate		
OEM	54.5%	4.5%
Networks	33.9%	2.8%
Sports & Leisure	3.4%	0.3%
Others	8.2%	0.7%
DTC[2]		
Screens & Video	16.2%	1.7%
Drones & Cameras	13.3%	1.4%
Others	70.5%	7.5%



¹ Unaudited managerial information.

² The percentages presented in the chart indicate the share of each channel in the quarter, while the table shows the sequential variation of sales by channel.

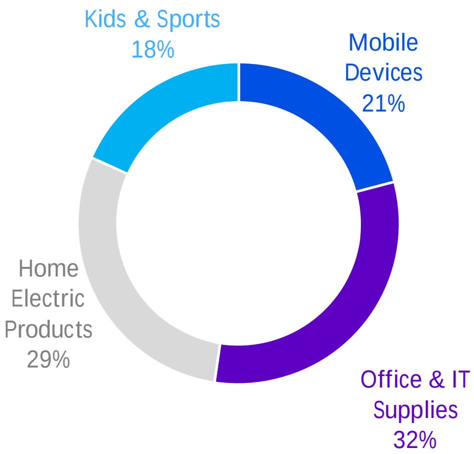
³ Direct sales to end consumers including e-commerce, marketplace, and physical store.

4Q23 SALES BREAKDOWN BY SEGMENT

Operational Segments

In order to simplify the understanding of Multi by the market, the Company discloses, since the IPO, selected accounting information opened in four large segments that encompass different families, as follows:

- **MOBILE DEVICES:** Tablets & PCs | Telephony
- **OFFICE & IT SUPPLIES:** PC Accessories | OEM | Media & Pen Drives | Stationery & Office | Networks | Security | Smart Box
- **HOME ELECTRIC PRODUCTS:** Automotive | Small Appliances | Health Care | Audio & Mobile Accessories | Screens & Video
- **KIDS & SPORTS:** Baby | Toys | Sports & Leisure | Pet | Wellness | Drones & Cameras | Electric Mobility



R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Revenue	840.8	883.8	-4.9%	1,111.8	-24.4%	3,499.1	4,383.8	-20.2%
Mobile Devices	175.6	222.6	-21.1%	309.1	-43.2%	955.7	1,395.4	-31.5%
Office & IT Supplies	264.9	286.6	-7.6%	316.3	-16.2%	1,110.1	1,314.6	-15.6%
Home Electric Products	246.4	242.0	1.8%	354.5	-30.5%	958.8	1,229.0	-22.0%
Kids & Sports	153.9	132.5	16.1%	131.9	16.7%	474.4	444.9	6.6%
Gross Profit	(79.3)	58.9	-	201.0	-	191.0	1,137.5	-83.2%
Mobile Devices	(207.1)	(104.8)	97.7%	73.8	-	(445.8)	444.1	-
Office & IT Supplies	24.3	56.5	-57.0%	22.2	9.6%	214.2	220.2	-2.7%
Home Electric Products	47.8	57.0	-16.2%	72.0	-33.6%	244.7	322.3	-24.1%
Kids & Sports	55.7	50.1	11.3%	33.0	69.0%	177.9	150.9	17.8%
Gross Margin (%)	*-9.4%*	*6.7%*	*-16.1 p.p.*	*18.1%*	*-27.5 p.p.*	*5.5%*	*25.9%*	*-20.5 p.p.*
Mobile Devices	-117.9%	-47.1%	*-70.9 p.p.*	23.9%	*-141.8 p.p.*	-46.6%	31.8%	*-78.5 p.p.*
Office & IT Supplies	9.2%	19.7%	*-10.5 p.p.*	7.0%	*2.2 p.p.*	19.3%	16.7%	*2.5 p.p.*
Home Electric Products	19.4%	23.6%	*-4.2 p.p.*	20.3%	*-0.9 p.p.*	25.5%	26.2%	*-0.7 p.p.*
Kids & Sports	36.2%	37.8%	*-1.6 p.p.*	25.0%	*11.2 p.p.*	37.5%	33.9%	*3.6 p.p.*

Mobile Devices

OPERATIONAL SEGMENTS

Mobile Devices

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Revenue	175.6	222.6	-21.1%	309.1	-43.2%	955.7	1,395.4	-31.5%
Gross Profit	(207.1)	(104.8)	97.7%	73.8	-	(445.8)	444.1	-
Gross Margin (%)	-117.9%	-47.1%	*-70.9 p.p.*	23.9%	*-141.8 p.p.*	-46.6%	31.8%	*-78.5 p.p.*

In 4Q23, net revenue amounted to R$175.6 million, a decrease of 21.1% compared to 3Q23 and 43.2% compared to 4Q22, impacted by reductions in sales to both retailers and the government, which are the main sales channels for the segment. In 2023, net revenue totaled R$955.7 million, a 31.5% decrease compared to the previous year, also affected by lower demand from retailers and reduced government purchases.

In the quarter, a gross loss of R$207.1 million was reported, which is 97.7% higher than the loss reported in the previous quarter and contrasting with the gross profit from the same period last year, with a gross margin of -117.9%. This result was impacted by the establishment of a provision for inventory obsolescence in the amount of R$96.9 million, in addition to an adjustment for inventory difference in the amount of R$23.2 million.

In 2023, a gross loss of R$445.8 million was reported, reversing the positive result of 2022, with a gross margin of -46.6%. Impacted mostly by Telephony family of products.

Highlights[1]

PCs & Tablets experienced a sales reduction of 29.4% compared to 4Q23 and a decrease of 44.4% compared to 4Q22. Gross margin showed a recovery of 44.6 percentage points compared to 3Q22 and a decrease of 15.7 percentage points compared to 4Q22.

From a channel perspective, government remains the most relevant channel for the product family; however, compared to 3Q23, it experienced a 28.1% reduction in sales due to delivery postponements to the following year. Regional retail remains resilient, comprising 20% of sales, followed by national retail, with 6.7%.

Telephony sales increased by 10.7% compared to 3Q23 and decreased by 38.5% compared to 4Q22. Gross margin was the most pressured in the Company, dropping by 334.2 percentage points compared to 3Q23 and deteriorating by 456.9 percentage points compared to 4Q22.

From a channel perspective, retail remains the most relevant, with regional sales accounting for 55.3% of the period's sales and national sales with a 29.2% share. It's important to note that telephone sales in the retail channel experienced a 51.7% decrease compared to the same quarter of the previous year due to weak consumption trends that the category has been facing since 2022. This not only impacted sales volume but also primarily affected unit prices, resulting in a decline in margins.

At the end of the period, the Company had R$422.2 million in inventory for this segment. Of this amount, **R$68.2 million, or approximately 16%**, **are telephony** products for which a provision for obsolescence was established throughout 2023, with the balance at the end of 4Q23 totaling R$133.1 million. It's worth noting that about one-third of the final telephony inventory consists of feature phones (basic cell phones), products from the line that have satisfactory results and were not subject to provisions.

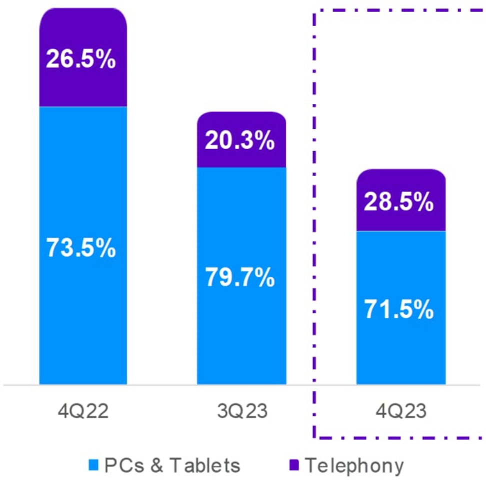
[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

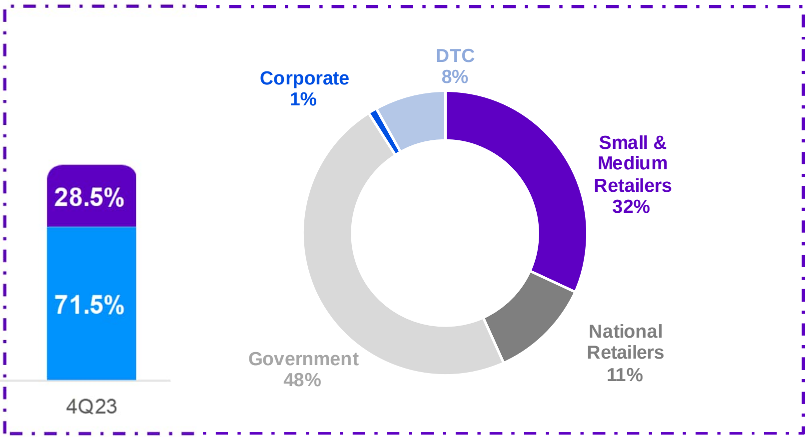
OPERATIONAL SEGMENTS

Sales Development by Family[1]

Mobile Devices	∆% 4Q23 vs. 3Q23	∆% 4Q23 vs. 4Q22
PCs & Tablets	-29.4%	-44.4%
Telephony	10.7%	-38.5%

Breakdown by Familly and Channel[1]





¹Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

Office & IT Supplies

Office & IT Supplies

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Revenue	264.9	286.6	-7.6%	316.3	-16.2%	1,110.1	1,314.6	-15.6%
Gross Profit	24.3	56.5	-57.0%	22.2	9.6%	214.2	220.2	-2.7%
Gross Margin (%)	9.2%	19.7%	*-10.5 p.p.*	7.0%	*2.2 p.p.*	19.3%	16.7%	*2.5 p.p.*

In 4Q23, net revenue amounted to R$264.9 million, a decrease of 7.6% compared to 3Q23 and 16.2% compared to 4Q22. In 2023, net revenue reached R$1,101.1 million.

The gross profit for 4Q23 was R$24.3 million, a decrease of 57% compared to 3Q23 and an increase of 9.6% compared to 4Q22. The gross margin stood at 9.2%, 10.5 percentage points below that reported in 3Q23 and 2.2 percentage points above the same period last year. During the period, there was an impact of R$3.6 million from inventory adjustments and R$23.4 million from provisions for inventory losses. Excluding these adjustments, the gross profit would be R$50.9 million, with a margin of 19.4%, practically stable compared to 3Q23.

In 2023, gross profit remained stable compared to 2022, with the percentage margin increasing by 3.2 percentage points.

Highlights[1]

In 4Q23, sales in the **Networks** family decreased by 10.1% since 3Q23 and 5.6% compared to 4Q22. This family is the largest in the segment, with a significant 64% share of sales. The gross margin of the family showed a recovery of 3.5 percentage points compared to 3Q23.

Security, a family responsible for 8.4% of segment sales, saw a decrease of 25.9% compared to 3Q23. In terms of gross margin, there was a deterioration of 30.7 percentage points compared to 3Q22 due to the Company's strategy to discontinue some products and liquidate items from its inventory.

Sales of **PC Accessories** fell by 26.1% compared to 3Q23, accounting for 6.1% of segment sales. The gross margin remained increased by 8.5 percentage points compared to 3Q23.

OEM accounted for 13.9% of the segment, where there was a 74.3% increase in sales compared to 3Q23.

Media sales decreased by 25.1% compared to 3Q23 and accounted for 4.6% of segment sales.

Stationery & Office saw a reduction of 3.3% compared to the previous quarter, representing a 3% share of Office & IT Supplies sales.

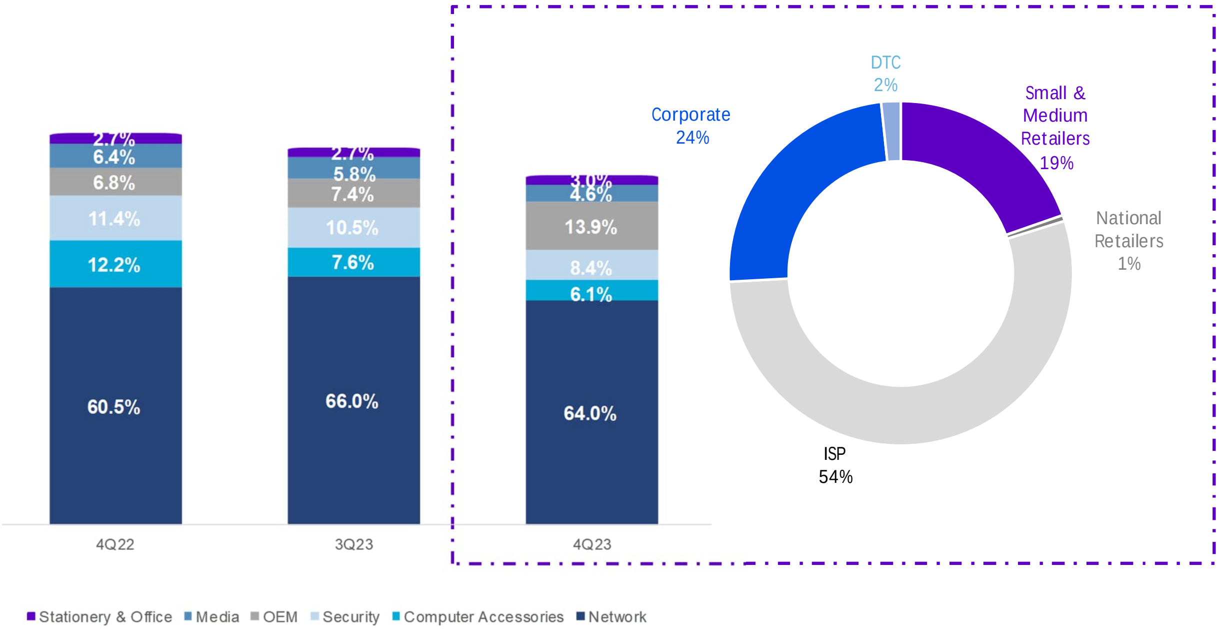
[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

OPERATIONAL SEGMENTS

Sales Development by Family[1]

Office & IT Supplies	∆% 4Q23 vs. 3Q23	∆% 4Q23 vs. 4Q22
Computer Accessories	-26.1%	-55.3%
Media	-25.1%	-35.3%
OEM	74.3%	81.5%
Stationery & Office	3.3%	-2.8%
Network	-10.1%	-5.6%
Security	-25.9%	-33.8%

Breakdown by Familly and Channel[1]



[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

Home Electric Products

OPERATIONAL SEGMENTS

Home Electric Products

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Revenue	246.4	242.0	1.8%	354.5	-30.5%	958.8	1,229.0	-22.0%
Gross Profit	47.8	57.0	-16.2%	72.0	-33.6%	244.7	322.3	-24.1%
Gross Margin (%)	19.4%	23.6%	*-4.2 p.p.*	20.3%	*-0.9 p.p.*	25.5%	26.2%	*-0.7 p.p.*

In 4Q23, net revenue amounted to R$246.4 million, an increase of 1.8% compared to 3Q23 and a decrease of 30.5% compared to 4Q22 due to pressured retail sales. In 2023, net revenue totaled R$958.8 million, 22% lower than reported in 2022.

The gross profit totaled R$47.8 million in the quarter, a decrease of 16.2% compared to 3Q23 and 33.6% compared to 4Q22, with a gross margin of 19.4%, 4.2 percentage points below 3Q23 and 0.9 percentage points below 4Q22. This result considers the impact of R$14.8 million in inventory adjustments and R$2.6 million in provisions for inventory losses. Excluding these effects, the operational gross profit would be R$65.2 million. The gross margin, excluding the adjustments, would be 26.5%, a gain of 2.9 percentage points compared to 3Q23.

For the year, the gross profit decreased by 24.1%, totaling R$244.7 million, with a stable margin at 25.5%.

Highlights[1]

Audio and Mobile Accessories saw a 13.5% increase in sales compared to 3Q23 and remained stable compared to 4Q22, mainly driven by retail.

The **Automotive** family experienced significant declines of 43.9% compared to the last quarter and 75.1% compared to the same period last year. This result is mainly due to the Company's exit from operations in this product line.

In contrast, **Home Appliances** showed a 36.2% increase in sales compared to the previous quarter but still 18.3% lower compared to 4Q22. Small and Medium Retailers continue to be the main channel, representing 51.7% of sales.

Health Care saw a decrease in sales of 33.4% compared to 3Q23 and a reduction of 36% compared to 4Q22, in a challenging scenario for the product family in the post-pandemic period. Virtually all sales are concentrated in just two channels: Small and Medium Retailers (77.8%) and DTC (20.3%).

For the **Screens & Video** family, the performance in the quarter was superior compared to 3Q23, with a 2.5% increase in sales. With the absence of major events such as the World Cup in 2022, the family saw a decline compared to 4Q22 of 35.5%. It is worth noting that this is the main product group of the segment, representing 45.0% of sales in 4Q23.

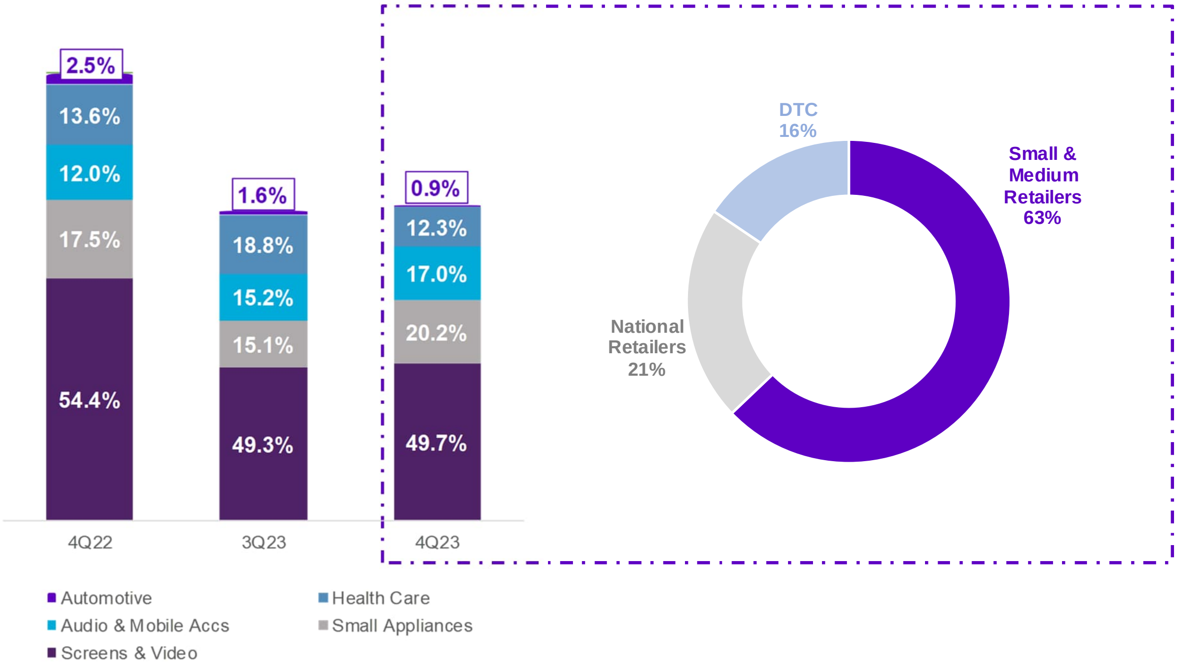
[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

OPERATIONAL SEGMENTS

Sales Development by Family[1]

Home Electric Products	∆% 4Q23 vs. 3Q23	∆% 4Q23 vs. 4Q22
Audio & Mobile Accs	13.5%	-0.3%
Automotive	-43.9%	-75.1%
Small Appliances	36.2%	-18.3%
Health Care	-33.4%	-36.0%
Screens & Video	2.5%	-35.5%

Breakdown by Familly and Channel[1]



[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

Kids
& Sports

OPERATIONAL SEGMENTS

Kids & Sports

R$ Million	4Q23	3Q23	∆%	4Q22	∆%	2023	2022	∆%
Net Revenue	153.9	132.5	16.1%	131.9	16.7%	474.4	444.9	6.6%
Gross Profit	55.7	50.1	11.3%	33.0	69.0%	177.9	150.9	17.8%
Gross Margin (%)	36.2%	37.8%	*-1.6 p.p.*	25.0%	*11.2 p.p.*	37.5%	33.9%	*3.6 p.p.*

In 4Q23, the net revenue was R$153.9 million, marking a 16.1% increase compared to 3Q23 and a 16.7% increase compared to 4Q22. For the year, the revenue showed a growth of 6.6%, rising from R$444.9 million in 2022 to R$474.4 million in 2023.

The gross profit reached R$55.7 million in the quarter, representing an 11.3% increase compared to 3Q23 and a 69% increase compared to the same period of the previous year, with a margin of 36.2%. The quarter was also impacted by R$3.4 million in inventory adjustments and R$3.4 million in provision for inventory losses. Excluding such adjustments, the operational gross profit would be R$62.5 million, which signifies a 2.8 percentage point increase compared to 3Q23.

For the year, the gross profit amounted to R$177.9 million, with a 3.6 percentage point increase in gross margin, ending the period at 37.5%.

Highlights[1]

Toys showed a 19.5% decline in sales compared to 3Q23. However, sales increased by 17.7% compared to 4Q22. Among distribution channels, 86% of sales occurred through Small and Medium Retailers.

With a 14.1% share in the segment, **Baby** products continued to perform well, growing by 16.1% compared to the previous quarter. However, sales were 44.3% lower compared to 4Q22.

Drones & Cameras, currently the main family of products in the segment, continued to deliver significant sales results. Sales increased by 11.5% compared to 3Q23. Small and Medium Retailers (61.6%) and Direct-to-Consumer (DTC) channels (33.8%) represent the main sales channels for this family, with particular emphasis on the DJI's own website operated by Multi.

Gamer products continued to show resilience in their performance, with sales remaining stable compared to 3Q23. A highlight was the partnership established in 2023 with Razer, expanding and adding to the company's own portfolio of gaming products.

Wellness products have demonstrated their potential with consistent sales growth throughout 2023. Compared to the previous quarter, the company's proprietary brand of gym solutions saw a 155.1% increase in sales. Compared to 4Q22, this performance was even stronger, with a 160.2% increase in revenue.

Electric Mobility continues its growth journey in the segment, with a 20.4% increase in sales compared to the previous quarter. New models of electric motorcycles and scooters, the operation of the Watts factory in Manaus in full swing, and new dealerships across the country bring potential for increased revenue participation.

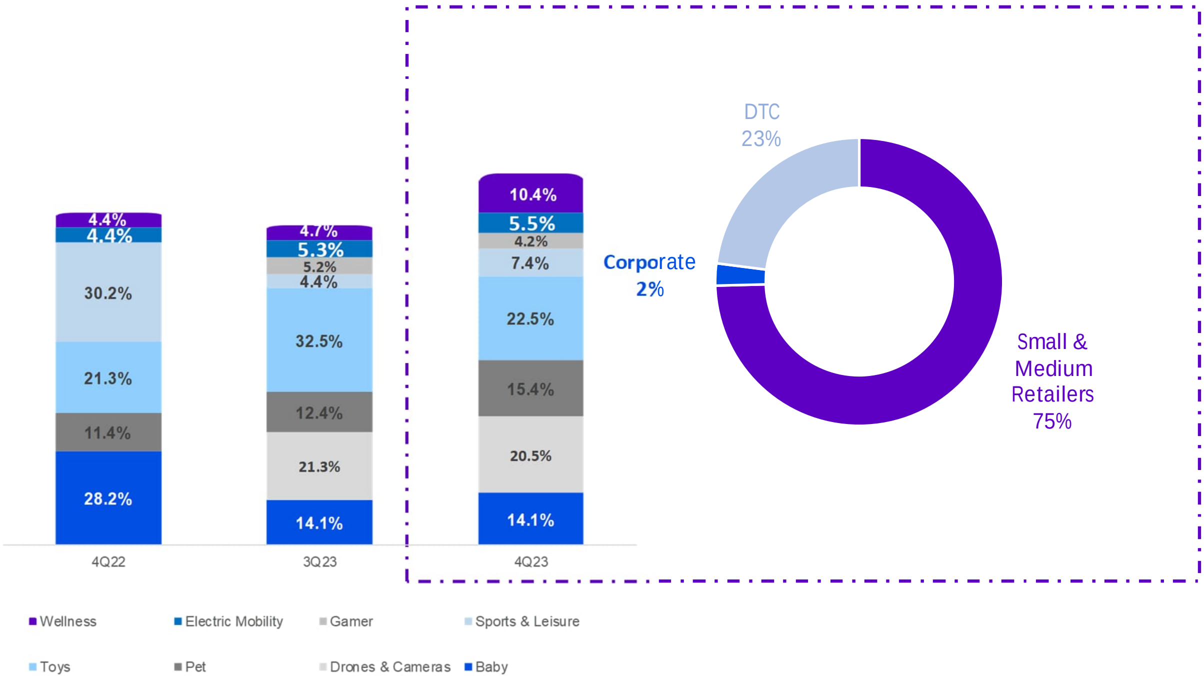
[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

OPERATIONAL SEGMENTS

Sales Development by Family[1]

Kids & Sports	∆% 4Q23 vs. 3Q23	∆% 4Q23 vs. 4Q22
Baby	16.1%	-44.3%
Toys	-19.5%	17.7%
Sports & Leisure	94.6%	-72.7%
Gamer	-4.6%	-
Drones & Cameras	11.5%	-
Pet	43.7%	51.0%
Electric mobility	20.4%	40.7%

Breakdown by Familly and Channel[1]



[1]Information regarding sales channels is managerial, unaudited, and does not consider the cut-off effect in quarters.

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INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders, Board Members and Management of
Multilaser Industrial S.A.
São Paulo – SP

Opinion on the individual and consolidated financial statements

We have audited the individual and consolidated financial statements of Multilaser Industrial S.A. ("Company"), identified as parent company and consolidated, respectively, which comprise the individual and consolidated statements of financial position as at December 31, 2023 and the respective individual and consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Multilaser Industrial S.A. as at December 31, 2023, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting practices and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis for opinion on the individual and consolidated financial statements

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

Key audit matters

Key audit matters are those that, in our professional judgment, were the most significant in our audit for the year ended December 31, 2023. This matter was addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We determined that the matter described below is the key audit matter to be communicated in our report.

Provision for tax contingencies	Audit response
As stated and disclosed in Note 19, the Company and its controlled companies are party to legal and administrative proceedings at civil, labor, social security, regulatory and tax levels, which arise from the normal course of its business. As at December 31, 2023, the Company and its controlled companies have matters of tax nature being discussed at several procedural levels, in the total amount of R$ 2,083,076 thousand, of which R$ 127,169 thousand are provisioned for, referring to proceedings with probable outflow of funds, according to the assessment by Management based on the opinion of its legal advisors. The definition and measurement of the amounts provisioned and disclosed depends on Management's critical judgment in relation to the probability of loss highlighted in the ongoing discussions, as a result of the interpretations of the current legislation, the judicial decisions, the evolution of the jurisprudence and judgement of significant matters by the Supreme Court of Brazil (STF). Additionally, considering the significance of the amounts involved and the complexity of the legal and tax environment, any changes to the assumptions adopted in determining the loss prognosis may have material impacts on the Company's financial statements. For these reasons, we considered the evaluation of recognition, measurement and disclosure of these tax contingencies a key audit matter.	Our audit procedures included: ▪ Updating our understanding of the internal control environment related to the cycle of identification, recognition, measurement and disclosure of contingent liabilities; ▪ Evaluating the assumptions and criteria used by the Company, including adjustments, for the recognition, measurement and disclosure of tax contingencies in the financial statements; ▪ Obtaining external confirmation letters from the legal advisors in charge of the tax proceedings, aiming to confirm: (i) the existence of proceedings and their current status; (ii) the respective assessment of loss involved and the applicable legal grounds; (iii) understanding the changes in the prognosis of loss for certain relevant tax proceedings; ▪ Involving our tax experts to evaluate the defense nature, grounds and/or thesis, which involve complex judgment and subjectivity in evaluations, as well as obtaining legal opinion, through management, from external tax experts on certain significant tax proceedings evaluated as possible loss for the year ended December 31, 2023; ▪ Reviewing the disclosures made by the Company in Note 19. Based on the result of the audit procedures described above, we considered acceptable the criteria and assumptions adopted by Management for the recognition and measurement of the provisions for contingencies as a whole, as well as the mentioned disclosures in Note 19, for being consistent with the internal controls and supporting documentation kept by the Company, including the position of legal counselors.

Other matters

Individual and consolidated statements of value added (DVA)

The individual and consolidated statements of value added, prepared under the responsibility of the Company's and its controlled companies' Management for the year ended December 31, 2023, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed for the audit of the Company's financial statements. In order to form an opinion, we have checked whether these statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and contents meet the criteria established in Accounting Pronouncement CPC 09 - Statements of Value Added. In our opinion, the statements of value added were properly prepared, in all material respects, in accordance with the criteria established in that Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and auditor's report

The Company's and its controlled companies' Management is responsible for the other information included in the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether it is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Brazilian accounting practices and IFRS, issued by IASB, and for such internal control as it 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 individual and consolidated financial statements, Management is responsible for assessing the Company's and its controlled companies' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Company and its controlled companies or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s responsibility for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated 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 (ISA) 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 individual and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the individual and consolidated 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 controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and its controlled companies’ ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its controlled companies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters informed to those charged with governance, we determine those that were of most significance in the audit of the individual and consolidated financial statements for the years, and that are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

São Paulo, March 27, 2024.

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

Jairo da Rocha Soares
Accountant CRC 1 SP 120458/O-6

MULTILASER INDUSTRIAL S.A.

Individual and consolidated balance sheets
December 31, 2023 and 2022
(In thousands of reais, unless otherwise indicated)

Assets		Parent Company		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Current assets					
Cash and cash equivalents	5	843,287	413,349	1,045,987	663,125
Accounts receivable	6	875,338	1,294,551	1,032,345	1,418,990
Related parties	29	22,128	215,286	-	-
Inventories	7	1,337,326	2,524,300	1,521,437	2,926,133
Derivative financial instruments	26.(b3)	-	2,136	-	2,136
Recoverable taxes	8	350,223	454,946	401,666	500,420
Prepaid expenses		6,946	10,117	7,916	11,372
Other assets	10	2,198	2,030	2,737	1,909
		3,437,446	4,916,715	4,012,088	5,524,085
Non-current assets					
Long-term assets					
Deferred taxes	27	148,057	143,807	189,677	171,426
Recoverable taxes	8	392,228	350,997	408,605	367,133
Accounts receivable	6	72,051	60,402	72,051	60,402
Judicial deposits	10	31,436	74,202	33,950	74,209
Other assets	10	20,055	40,144	114,056	114,606
Financial and derivative instruments	26.(b3)	-	4,189	-	4,189
		663,827	673,741	818,339	791,965
Investments	9	1,280,060	1,416,444	121,328	92,958
Investment properties	11	5,020	5,020	5,020	5,020
Property, plant and equipment	12	242,850	201,972	390,980	363,784
Intangible assets	13	37,626	22,194	62,234	61,606
Right-of-use assets	14	35,205	34,537	48,049	38,545
		1,600,761	1,680,167	627,611	561,913
TOTAL NON-CURRENT		2,264,588	2,353,908	1,445,950	1,353,878
Total assets		5,702,034	7,270,623	5,458,038	6,877,963

Liabilities and shareholders' equity		Parent Company		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Current liabilities					
Loans and financing	16	357,645	964,458	357,645	1,058,301
Suppliers	15	1,030,822	1,407,333	576,877	811,105
Labor and social security obligations	17	29,524	45,445	34,796	53,004
Tax liabilities	18	56,421	63,992	59,665	88,233
Related parties	29	18,066	6,861	-	-
Advance from clients		4,512	54,326	4,999	54,906
Derivative financial instruments	26.(b3)	37,984	17,580	37,984	17,580
Guaranteed obligations		42,730	38,831	42,730	38,831
Lease liabilities	14	11,405	9,967	15,341	11,598
Other current liabilities		59,808	68,672	87,688	70,431
		1,648,917	2,677,465	1,217,725	2,203,989
Non-current liabilities					
Loans and financing	16	462,587	151,700	462,587	151,700
Tax liabilities	18	136,313	127,368	313,746	248,710
Labor and social security obligations	17	37,035	7,497	43,623	9,188
Provision for procedural, civil and tax risks	19	132,100	104,511	133,648	164,133
Lease liabilities	14	25,869	26,164	35,271	28,182
Other accounts payable		-	1,200	-	1,200
Derivative financial instruments	26.(b3)	34,408	17,287	34,408	17,287
Provision for investment loss	9	7,775	103,857	-	-
		836,087	539,584	1,023,283	620,400
Shareholders' equity	20				
Capital	20.1	1,713,377	1,713,377	1,713,377	1,713,377
Accumulated translation adjustment		(366)	-	(366)	-
Share issuance expenditure	20.1	(58,291)	(58,291)	(58,291)	(58,291)
Capital reserves	20.2.(c.1)	975,378	975,378	975,378	975,378
Legal reserve	20.2.(a)	88,735	88,735	88,735	88,735
Tax incentive reserve	20.2.(b)	951,163	1,201,163	951,163	1,201,163
Reserve for purchase of treasury shares	20.2.(c.2)	22,711	22,711	22,711	22,711
Investment reserve	20.2.(c.2)	369,717	119,717	369,717	119,717
Treasury shares	20.2.(c.3)	(9,216)	(9,216)	(9,216)	(9,216)
Retained losses for the period		(836,178)	-	(836,178)	-
TOTAL SHAREHOLDERS' EQUITY		3,217,030	4,053,574	3,217,030	4,053,574
Total liabilities and shareholders' equity		5,702,034	7,270,623	5,458,038	6,877,963

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

MULTILASER INDUSTRIAL S.A.

Individual and consolidated statements of income
Years ended December 31, 2023 and 2022
(In thousands of reais, unless otherwise indicated)

		Parent Company		Consolidated	
	Note	12/31/2023	12/31/2022 Reclassified	12/31/2023	12/31/2022 Reclassified
Net sales	21	3,340,111	4,429,009	3,499,079	4,383,845
Cost of goods sold	22	(3,223,598)	(3,938,073)	(3,308,081)	(3,246,383)
Gross income		116,513	490,936	190,998	1,137,462
Operating (expenses) revenues					
From sales	22	(811,649)	(840,792)	(905,445)	(924,794)
General and administrative	22	(116,982)	(99,110)	(135,165)	(161,274)
Equity in net income of subsidiaries	9	(124,818)	343,613	-	-
Other operating revenues (expenses)	24	220,341	298,219	123,220	133,941
Income (loss) before financial income (loss)		(716,595)	192,866	(726,392)	185,335
Financial revenues	23	215,354	250,825	238,302	306,515
Financial expenses	23	(428,212)	(397,666)	(465,476)	(431,127)
Net exchange-rate change	23	86,614	51,152	84,939	80,057
Financial income (loss)		(126,245)	(95,689)	(142,235)	(44,555)
Income (loss) before income tax and social contribution		(842,840)	97,177	(868,627)	140,780
Current income tax and social contribution	27	-	-	14,285	(48,096)
Deferred income tax and social contribution	27	6,662	(7,210)	18,164	(2,717)
		6,662	(7,210)	32,449	(50,813)
Net income (loss) for the year		(836,178)	89,967	(836,178)	89,967
Income (loss) attributed to					
Controlling shareholders		(836,178)	89,967	(836,178)	89,967
Net income (loss) for the year		(836,178)	89,967	(836,178)	89,967
Earnings per share:					
Earnings per share - Basic (in R$)	25	(1,028955)	0,110709		
Earnings per share - Diluted (in R$)	25	(1,028955)	0,110709		

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

MULTILASER INDUSTRIAL S.A.

Individual and consolidated statements of comprehensive income
Years ended December 31, 2023 and 2022
(In thousands of reais, unless otherwise indicated)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net assets for the period	(836,178)	89,967	(836,178)	89,967
Other comprehensive income that may be reclassified to income (loss)				
Accumulated translation adjustments	(366)	-	(366)	-
Total comprehensive income	(836,544)	89,967	(836,544)	89,967
Income (loss) attributed to				
Controlling shareholders	(836,544)	89,967	(836,544)	89,967
Non-controlling shareholders				
Total comprehensive income	(836,544)	89,967	(836,544)	89,967

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

MULTILASER INDUSTRIAL S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2023 and 2022
(In thousands of reais, unless otherwise indicated)

					Profit reserve								
	Note	Capital	Share issuance expenditure	Capital reserve	Legal reserve	Profit retention	Tax incentive reserve	Reserve for purchase of treasury shares	Investment reserve	Treasury shares	Accumulated translation adjustment	Retained earnings/losses	Total
Balances at December 31, 2021		1,713,377	(58,291)	975,378	84,237	-	1,115,694	22,711	164,788	(9,216)	-	-	4,008,678
Income (loss) for the year		-	-	-	-	-	-	-	-	-	-	89,967	89,967
Allocations:													
Legal reserve	20.2(a)	-	-	-	4,498	-	-	-	-	-	-	(4,498)	-
Tax incentive reserve	20.2(b)	-	-	-	-	-	85,469	-	-	-	-	(85,469)	-
Dividends and interest on own capital		-	-	-	-	-	-	-	(45,071)	-	-	-	(45,071)
Balances at December 31, 2022		1,713,377	(58,291)	975,378	88,735	-	1,201,163	22,711	119,717	(9,216)	-	-	4,053,574
Income (loss) for the year		-	-	-	-	-	-	-	-	-	-	(836,178)	(836,178)
Accumulated translation adjustment		-	-	-	-	-	-	-	-	-	(366)	-	(366)
Allocations:													
Tax incentive reserve	20.2(b)	-	-	-	-	-	(250,000)	-	250,000	-	-	-	-
Balances at December 31, 2023		1,713,377	(58,291)	975,378	88,735	-	951,163	22,711	369,717	(9,216)	(366)	(836,178)	3,217,030

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

MULTILASER INDUSTRIAL S.A.

Individual and consolidated statements of cash flows
Years ended December 31, 2023 and 2022
(In thousands of *reais* unless otherwise stated)

		Parent Company		Consolidated	
	Note	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash flow from operating activities					
Net income (loss) attributed to controlling shareholders		(836,178)	89,967	(836,178)	89,967
Adjustments due to:					
Deferred income tax and social contribution	27(a)	(6,662)	7,210	(18,164)	2,717
Equity in net income of subsidiaries	9	124,818	(343,613)	-	-
Unrealized exchange-rate change		15,046	(269)	25,292	(50,137)
Net interest expense		69,601	43,261	69,336	44,140
Depreciation and amortization	12|13|14	40,811	25,738	67,867	59,209
Write-offs of property, plant and equipment and intangible assets	12|13	2,104	112	2,504	650
Write-off of lease agreements	14	(259)	-	(251)	-
Adjustment to present value of accounts receivable	6	7,047	16,384	7,047	16,384
Estimated losses on allowance for doubtful accounts	6	26,827	45,281	25,882	48,043
Estimates for client expenses and rebates		129,922	(14,451)	153,053	(2,254)
Estimated loss for adjustment to realizable value of inventory	7	137,773	40,514	167,265	43,032
Provision for procedural, civil and tax risks	19	27,589	3,857	(30,485)	61,830
Provisions for guarantees		3,899	-	3,899	-
Financial credit		(161,799)	(274,321)	(170,772)	(292,828)
Financial income (loss) with court-ordered debt payments		(12,861)	(3,722)	(12,861)	(3,722)
Fair value of investment funds and loan agreement		(6,165)	(1,943)	(3,372)	(33,295)
Income (loss) with derivative financial instruments with no cash effect		144,563	147,131	144,476	147,131
		(293,924)	(218,864)	(405,462)	130,867
Equity changes					
Accounts receivable		253,246	(22,027)	189,014	(155,953)
Inventories		1,049,201	(619,032)	1,237,431	(469,770)
Tax credits		168,138	63,387	242,659	112,706
Other assets		257,686	(67,769)	71,798	78,054
Suppliers		(474,306)	223,562	(329,720)	(345,667)
Tax liabilities		(3,039)	103,229	36,468	190,446
Accounts payable		(35,926)	62,872	(17,623)	36,319
Derivatives paid/received		(100,713)	(100,935)	(100,713)	(100,935)
Income tax and social contribution paid				(14,605)	(28,970)
		1,114,287	(356,713)	1,314,709	(683,769)
Net cash generated/invested in operating activities		820,363	(575,577)	909,247	(552,902)
Cash flow from investment activities					
Acquisition of property, plant and equipment	12	(66,982)	(101,957)	(75,139)	(184,785)
Acquisition of intangible assets	13	(850)	(374)	(5,197)	(4,761)
Net effect from merger		67	-	-	-
Net investment in equity interest - Global		(370)	-	-	-
Business combination - Expet		-	(926)	-	(926)
Business combination - Watts		-	(10,785)	-	(10,550)
Advance for future capital increase - Watts		-	(499)	-	
Loan convertible into equity interest in Watch TV		-	-	-	(16,300)
Loan convertible into equity interest in ISP		-	-	-	(5,000)
Loan convertible into equity interest in Ziyou		-	-	(11,500)	-
Loan convertible into equity interest in Map		-	-	(4,000)	-
Investments in other investment funds		(10,500)	(15,000)	(24,998)	(22,000)
Net cash generated/invested in investment activities		(78,635)	(129,541)	(120,834)	(244,322)
Cash flow from financing activities					
Funds from loans and financing	16.3	284,327	803,718	315,005	892,970
Payment of borrowings and financing	16.3	(521,506)	(652,757)	(644,149)	(652,757)
Interest paid for loans and financing	16.3	(58,394)	(22,967)	(58,394)	(22,967)
Payment of lease liabilities	14	(16,217)	(11,420)	(17,647)	(16,619)
Interest on own capital and dividends paid	20.2(d)	-	(100,000)	-	(100,000)
Net cash generated/invested in financing activities		(311,790)	16,574	(405,185)	100,627
Exchange-rate change on cash and cash equivalents		-	-	(366)	-
Net increase (decrease) in cash and cash equivalents		429,938	(688,544)	382,862	(696,597)
Cash and cash equivalents at the beginning of the period		413,349	1,101,893	663,125	1,359,722
Cash and cash equivalents		843,287	413,349	1,045,987	663,125
Net increase (decrease) in cash and cash equivalents		429,938	(688,544)	382,862	(696,597)

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

MULTILASER INDUSTRIAL S.A.

Individual and consolidated statement of added values
Years ended December 31, 2023 and 2022
(In thousands of reais, unless otherwise indicated)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues				
Sale of goods and services	4,083,416	5,447,950	4,271,612	5,419,103
Other revenues	204,314	289,911	213,676	309,693
Estimated losses on allowance for doubtful accounts	-	(44,804)	-	(48,449)
	4,287,730	5,693,057	4,485,288	5,680,347
Inputs acquired from third parties				
Cost of products, goods sold and services rendered	(2,715,564)	(4,198,287)	(2,828,385)	(3,396,360)
Materials, energy, outsourced services and other	(581,270)	(524,288)	(568,198)	(538,357)
Loss/recovery of asset values	(309,494)	(105,086)	(328,940)	(128,831)
	(3,606,328)	(4,827,661)	(3,725,523)	(4,063,548)
Gross added value	681,402	865,396	759,765	1,616,799
Depreciation and amortization	(40,811)	(25,519)	(67,867)	(58,252)
Net added value produced by the Company	640,591	839,877	691,898	1,558,546
Added value received as transfer				
Equity in net income of subsidiaries	(124,819)	343,613	-	-
Financial revenues and exchange-rate changes	535,715	439,361	649,264	654,560
Other	-	131,645	(74,665)	1,879
Total added value to be distributed	1,051,487	1,754,496	1,266,497	2,214,985
Distribution of added value				
Personnel				
Direct remuneration	236,700	284,184	285,034	359,262
Benefits	107,024	50,762	124,553	66,929
FGTS (SEVERANCE INDEMNITY FUND)	20,086	15,897	24,296	20,677
	363,810	350,843	433,883	446,868
Taxes, duties and contributions				
Federal	609,704	560,671	570,624	658,754
State	160,290	124,502	214,962	172,817
Municipal	2,085	1,367	3,317	1,950
	772,079	686,540	788,903	833,522
Third-party capital remuneration				
Interest and exchange-rate changes	532,815	519,778	632,667	657,410
Other	177,533	100,871	216,238	175,781
Rents	41,427	6,496	30,985	11,438
	751,775	627,145	879,889	844,628
Remuneration of own capital				
Retained earnings	(836,178)	89,967	(836,178)	89,967
	(836,178)	89,967	(836,178)	89,967
Total added value paid	1,051,487	1,754,496	1,266,497	2,214,985

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

1. Operations

Multilaser Industrial S.A. (“Company”) is a publicly held corporation listed at Novo Mercado B3 level under the code MLAS3, domiciled in Brazil, headquartered in the city of São Paulo, has an industrial complex in Extrema – MG, with more than 120,000 m2, with a comprehensive and diversified portfolio of products.

Its main activities are the import, manufacture, sale, distribution, and after-sales of various products, including tablets, smartphones, laptops, memory sticks, memory chips, computer accessories, home appliances, smart home – IoT (Internet of Things), household items, tools, sports accessories and equipment, health instruments, telecommunications networks, automotive products and accessories, audio and video, electronic security, toys, stationery, pets, and childcare, offered under own brands and licensed brands to thousands of retail and e-commerce clients.

The Company was founded on November 14, 1988, under the name of Fax Point Indústria, Importação e Exportação Ltda., and its corporate name was changed to Multilaser Industrial S.A. in June 2015.

As of December 31, 2023, the Company had five direct subsidiaries and an indirect exclusive fund:

- Multilaser Industria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.: is a limited liability company, founded in 2013, also located in the municipality of Extrema - MG, whose corporate purpose consists of the production of computer equipment, and electronic and optical products;
- Giga Industria e Comércio de Produtos de Segurança Eletrônica S.A.: is a privately-held company, acquired in March 2017, located in Manaus - AM, whose corporate purpose consists of sale, industrialization and development of electronic, information technology, electronic security and telecommunications equipment;
- Lojas Multilaser – Comércio Varejistas Ltda.: in October 2019, the Company started investing in its first physical store, located in the city of São Paulo – SP, and it is fully operational.
- Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI.: it is a business company, acquired on March 18, 2022, headquartered in Londrina, State of Paraná, whose purpose is the manufacture and sale of scooters, longboards, and other electrical vehicles.
- Multilaser Global Limited.: is a limited company, founded on March 21, 2022, located in Hong Kong as a legal entity in accordance with Article 622 of the Corporate Law of Hong Kong, whose start-up date was August 15, 2023, as ratified by the board of directors on this date.
- Inova V Fundo de Investimento em participações – Empresas emergentes: Exclusive investment fund, in the form of a closed-end fund, governed by the provisions of CVM instructions 578/16, 579/16, 555/14, under the ABVCAP/ANBIMA Code, in addition to the ME and SUFRAMA Regulations involved, as well as other legal provisions and regulations that apply to it.

The purpose of the fund is to invest in technology-based Start-ups, incorporated in the form of joint-stock companies or limited liability companies, which develop activities in industries and/or technologies aimed at the Fourth Industrial Revolution (4RI), as provided for in Article 2 of Ordinance 1753-SEI, of October 16, 2018, of the Ministry of State for Industry, Foreign Trade and Services and the Superintendent of the Manaus Free Trade Zone.

1.1. Relevant events for the period

Ziyou's contribution to the fund of Inova V

In March 2023, a loan convertible into equity interest of 18.7% of the Company's total and voting capital, in the total amount of 11,500 was entered into, whose financial contribution occurred as of March 09, 2023.

ZiYou operates under the Equipment as a Service business model by offering the sale and rental of equipment, such as treadmills, spinning bikes, elliptical machines, paddles, weight training stations and other, fully online, without bureaucracy and connected to a proprietary owner.

Map's contribution to the fund of Inova V

In February 2023, a loan convertible into equity interest of 30% of the Company's total and voting capital, in the total amount of 4,000 was entered into, whose financial contribution occurred as follows: (i)1,000 as of January 20, 2023; (ii) 3,000 as of February 27, 2023.

Map is a technological innovation company with a strong performance in assistive technologies, industrial automation and the application of artificial intelligence areas.

Partnership with Razer

In June 2023, an exclusive partnership was entered into for exclusive trading and distribution of products by the US company Razer, the world's leading gamer lifestyle brand. Founded in 2005, Razer has two headquarters – in Irvine, California (USA) and in Singapore –, with regional headquarters in Hamburg and Shanghai, plus 19 offices worldwide.

Incorporation of Proinox and Expet

At the Extraordinary General Meeting (EGM) held on July 27, 2023, the shareholders approved the take-over of the subsidiaries Proinox Brasil LTDA and Expet Indústria e Comércio de Tapetes LTDA by the parent company Multilaser Industrial S.A.

The merger aimed at simplifying the corporate and operational structure of Multilaser Industrial S.A., and Expet has total assets of 11,182, total liabilities of 27,755 and Proinox has total assets of 20,993 and total liabilities of 123,129, which did not imply any change in the Company's capital, as the Parent Company held the Merged Companies' entire capital.

Investment in Multilaser Global Limited

Start-up date of the company in Hong Kong as of August 15, 2023 by means of a contribution made in the amount of HK$ 500. It was not expected at first that the Subsidiary would have operations with the Parent Company, but rather the purchase and sale of finished products with clients and suppliers abroad.

Tax Reform on Consumption

On December 20, 2023, Constitutional Amendment (“EC”) 132 was enacted, which establishes the Tax Reform (“Reform”) on consumption. Several topics, including the rates of the new taxes, are still pending regulation by Complementary Laws (“LC”), which should be sent to the Brazilian Congress for evaluation within 180 days. The Reform model is based on a VAT divided into two competences (“dual VAT”): one federal (Contribution on Goods and Services – “CBS”) and one sub-national (Tax on Goods and Services – “IBS”), which will replace the taxes currently known as PIS, COFINS, ICMS, and ISS. A Selective Tax (“IS”) [a type of excise tax] was also created, under federal jurisdiction, which will apply to the production, extraction, trading or import of goods and services that are harmful to health and the environment, under the terms of a Complementary Law (“LC”). There will be a transition period from 2024 to 2032, in which the two tax systems – old and new – will coexist. The impacts of the Reform on the calculation of the aforementioned taxes, from the beginning of the transition period, will only be fully known when the process of regulating pending issues through a Complementary Law is finalized. Consequently, there is no effect of the Reform on the financial statements as of December 31, 2023.

2. Presentation and preparation of individual and consolidated financial statements

2.1 Statement of conformity

The individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Accounting practices adopted in Brazil comprise those included in the Brazilian corporate law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and its regulation for publicly-held companies.

The individual and consolidated financial statements were prepared under the going concern assumption. Management performs an assessment of the ability of the Company and its subsidiaries to continue their activities during the preparation of the financial information. The Management has not identified any material uncertainty on the ability of the Company and its subsidiaries of going concern in the next 12 months.

(In thousands of reais, unless otherwise indicated)

The Company's Management declares that all relevant information pertaining to the individual and consolidated financial statements, and only this information, is being evidenced and correspond to that used by Management in its duty. The issuance of the individual and consolidated financial statements were reviewed and authorized, after the meeting by the Board of Directors and the statutory Audit Committee, on March 27, 2024.

The presentation of the Individual and Consolidated Statement of Added Value is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies. NBC TG 09 / (CVM Resolution 557/08). IFRS standards do not require presentation of this statement. Accordingly, in conformity with IFRS standards, this statement is presented as supplementary information, without prejudice to financial statements as a whole.

2.2 Basis of presentation

The individual and consolidated financial statements were prepared using historical cost as a basis for value, unless otherwise stated. Certain assets and financial instruments may be stated at fair value.

In addition, the Company considered the guidelines provided for in Technical Guideline OCPC 07, issued by CPC in November 2014, in the preparation of its individual and consolidated financial statements. Thus, all relevant information in individual and consolidated financial statements, and only them, are being evidenced and correspond to those used by Management.

2.3 Translation of balances in foreign currencies

Functional and presentation currency

The parent company's functional currency and the presentation currency of the individual and consolidated financial statements is the *reais*.

Transactions in foreign currency are converted into functional currency by using exchange rates prevailing on the transaction dates. Exchange gains and losses resulting from the settlement of those transactions and from the conversion at period-end exchange rates referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of profit or loss.

As of December 31, 2023 and 2022, assets and liabilities denominated in foreign currency were translated into Brazilian reais, mainly using the following exchange rates:

	Closure		Average	
Currency	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Euro	5.3516	5.5694	5.4023	5.4420
USD	4.8413	5.2177	4.9953	5.1655

(In thousands of reais, unless otherwise indicated)

2.4 Use of estimate

The preparation of individual and consolidated financial statements in accordance with IFRS and NBCs requires the use of certain accounting estimates by the Company's Management. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

The areas that involve critical judgment or the use of estimates, relevant to the individual and consolidated financial statements, are shown in Note 4.1.2.

2.5 Consolidated financial statements

Consolidation basis

Subsidiaries and exclusive investment fund

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries and the exclusive investment fund Inova V - Fundo de investimento em participações – Empresas Emergentes (FIP Inova V), pursuant to Note 9.

The subsidiaries included in the consolidation of the financial statements as of December 31, 2023 are listed below:

Subsidiaries	Main activity	State	Interest 2023	Interest 2022
Multilaser Ind de Equip. de Infom, Elet e Ópticos Ltda.	Production of memories	MG	100%	100%
Giga Ind. e Com. de Prod. de Seg. Eletrônica S.A.	Production of TVs and printed circuit boards	AM	100%.	100%
Lojas Multilaser - Comercio Varejista Ltda.	Retail business	SP	100%	100%
Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI	Manufacture and sale of scooters, longboards, scooters and other electric vehicles.	PR	100%	100%
Multilaser Global Limited	Purchase and sale of finished products with clients and suppliers abroad.	HK	100%	-

Exclusive investment fund	Main activity	2023	2022
Inova V Fundo de investimento em participações - Empresas emergentes	Investment in technology-based start-ups	100%	100%

FIP Inova V is fully controlled by Giga Ind. e Com. de Produtos de Segurança Eletrônica S.A., a direct subsidiary of the Company.

Subsidiaries and FIP Inova V are fully consolidated from the date of their incorporation, or from the date on which the Company obtained effective control.

The consolidated financial statements are prepared based on the financial statements of the subsidiaries and of FIP Inova V, which use the same accounting practices in their preparation. The fiscal year of the subsidiaries matches that of the parent company, while the fiscal year of FIP Inova V begins on March 1 and ends on the last day of February of each year. In this context, the Company made the necessary adjustments in the consolidation. The main consolidation procedures are described in item 4.1.14.

Other investments

The Company has no significant influence on these instruments, which were measured at fair value through profit or loss. Percentages above 50% refer to a temporary situation, not representing the Company's control, in accordance with CPC 36(R3)/IFRS 10.

2.6 Segment information

Operating segments are defined as components of a joint venture for which separated financial information are available and are evaluated on regular basis by the principal operating decision maker to define how to allocate funds to an individual segment and to the evaluation of the performance of the segment.

The Company uses the segments below and evaluates the performance in terms of gross operating profit of each segment, which provides a better management of its operations:

- Mobile devices;
- Office & IT supplies;
- Home products;
- Kids & Sports.

2.7 Reclassification for better comparability

In order to improve the presentation of the financial statements, the Company's Management has reclassified the amounts relating to "Expenses with research and development", which were previously disclosed under "Sales Expenses" in the Statement of Income for the Year.

This expense is now included in "Other net revenues (expenses)" caption. The reclassification impacted not only the Statement of Income for the Year, but also Note 22 (Costs and expenses by type) and Note 24 (Other operating revenues and expenses).

Expenses with research and development incurred by the Company are aimed at improving processes and products and are not eligible for capitalization. Investment in research and development is one of the requirements for the use of the federal tax benefit referred to as Financial Credit, as mentioned in Note 8 (Recoverable Taxes), which is also presented in under "Other net revenues (expenses)" caption.

The effects of reclassifications on the comparative balances in the financial statements for the year ended December 31, 2022, are as follows:

(In thousands of reais, unless otherwise indicated)

Statement of income for the year

	Parent Company			Consolidated		
	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified
Net sales	4,429,009	-	4,429,009	4,383,845	-	4,383,845
Cost of goods sold	(3,938,073)	-	(3,938,073)	(3,246,383)	-	(3,246,383)
Gross income	490,936	-	490,936	1,137,462	-	1,137,462
Operating (expenses) revenues						
From sales	(910,278)	69,486	(840,792)	(1,004,825)	80,031	(924,794)
General and administrative	(99,110)	-	(99,110)	(161,274)	-	(161,274)
Equity in net income of subsidiaries	343,613	-	343,613	-	-	-
Other operating revenues (expenses)	367,705	(69,486)	298,219	213,972	(80,031)	133,941
Income (loss) before financial income (loss)	192,866		192,866	185,335		185,335
Financial revenues	250,825	-	250,825	306,515	-	306,515
Financial expenses	(397,666)	-	(397,666)	(431,127)	-	(431,127)
Net exchange-rate change	51,152	-	51,152	80,057	-	80,057
Financial income (loss)	(95,689)	-	(95,689)	(44,555)	-	(44,555)
Income before income tax and social contribution	97,177	-	97,177	140,780	-	140,780
Current income tax and social contribution	-	-	-	(48,096)	-	(48,096)
Deferred income tax and social contribution	(7,210)	-	(7,210)	(2,717)	-	(2,717)
	(7,210)	-	(7,210)	(50,813)	-	(50,813)
Profit for the period	89,967	-	89,967	89,967	-	89,967

Note 22 - Costs and expenses by type

	Parent Company			Consolidated		
	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified
Cost of goods and products sold						
Costs of materials	3,794,868	-	3,794,868	3,001,606	-	3,001,606
Personnel	101,287	-	101,287	166,974	-	166,974
Depreciation/Amortization	10,197	-	10,197	32,221	-	32,221
Other	31,721	-	31,721	45,582	-	45,582
	3,938,073	-	3,938,073	3,246,384	-	3,246,383
Sales expenses						
Commercial	266,732	-	266,732	311,968	-	311,968
Distribution	248,839	-	248,839	283,714	-	283,714
Promotions and marketing	155,142	-	155,142	155,353	-	155,353
After sales	121,100	-	121,100	121,175	-	121,175
Research and development	69,486	(69,486)	-	80,031	(80,031)	-
Allowance for doubtful accounts	48,979	-	48,979	52,584	-	52,584
	910,278	(69,486)	840,792	1,004,825	(80,031)	924,794
General and administrative expenses						
Personnel	30,408	-	30,408	41,795	-	41,795
Professional services	21,289	-	21,289	44,509	-	44,509
Communication	4,565	-	4,565	6,343	-	6,343
Technology and communication	23,705	-	23,705	38,598	-	38,598
Rentals, insurance, travel, other	19,143	-	19,143	30,029	-	30,029
	99,110	-	99,110	161,274	-	161,274

(In thousands of reais, unless otherwise indicated)

Note 24 – Other operating revenues and expenses

	Parent Company			Consolidated		
	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified	12/31/2022 Originally stated	12/31/2022 Classification	12/31/2022 Reclassified
Other revenues						
Extempore credits	42,661	-	42,661	42,661	-	42,661
Indemnities and contractual fines, property, plant and equipment losses, other expenses	149,251	-	149,251	29,309	-	29,309
Financial credit Law 13969	274,321	-	274,321	292,828	-	292,828
	466,233	-	466,233	364,798	-	364,798
Other expenses						
Tax assessment notices and voluntary confession	(92,071)	-	(92,071)	(100,801)	-	(100,801)
Tax, labor and other provisions	(4,743)	-	(4,743)	(48,082)	-	(48,082)
Indemnities and contractual fines, property, plant and equipment losses, other expenses	(1,714)	(69,486)	(71,200)	(1,943)	(80,031)	(81,974)
	(98,528)	(69,486)	(168,014)	(150,826)	(80,031)	(230,857)
Other net revenues and expenses	367,705	(69,486)	298,219	213,972	(80,031)	133,941

3. New standards, reviews and interpretations issued

3.1 New or reviewed pronouncements applied for the first time in 2023

The new IFRS standards will only be applied in Brazil after the respective standards have been issued in Portuguese by the Accounting Pronouncement Committee and approved by the Federal Accounting Council.

a) Amendment to IFRS 17/CPC 50 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for the reporting period beginning on or after January 1, 2023.

IFRS 17 introduces an internationally consistent approach to the accounting of insurance contracts. Before IFRS 17, there was significant diversity worldwide regarding the accounting and disclosure of insurance contracts.

Given that IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurance companies such as the Company. The Company has assessed its contracts and operations and concluded that the adoption of IFRS 17 had no impact on its consolidated annual financial statements.

b) Amendment to IAS 1/CPC 26 Presentation of Financial Statements;

In February 2021, the IASB issued amendments to IAS 1, which aim to make disclosures of accounting policies more informative, replacing the requirement to disclose “significant accounting practices” with “material accounting policies”. The amendments also provide guidance on the circumstances in which accounting policy information is likely to be considered material and therefore requires disclosure.

These amendments have no effect on the measurement or presentation of any items in the Company’s consolidated financial statements, but do affect the disclosure of its accounting policies.

a) Amendment to IAS 12/CPC 32 Income taxes

i. Deferred tax related to assets and liabilities arising from a single transaction.

In May 2021, the IASB issued amendments to IAS 12, with clarifications on the exemption from initial recognition for certain transactions that result in both an asset and a liability being recognized simultaneously (e.g., a lease under IFRS 16). The amendments clarify that the exemption does not apply to the initial recognition of an asset or liability which, at the time of the transaction, generates equal taxable and deductible temporary differences. These amendments had no effect on the Company's consolidated annual financial statements.

ii. International Tax Reform - Pillar Two Model Rules

In December 2021, the Organization for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax to be used by individual jurisdictions. The purpose of the framework is to reduce the transfer of profits from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidelines on Pillar Two rules.

Stakeholders have raised concerns with the IASB about the potential implications for income tax accounting, especially deferred tax accounting, arising from the Pillar Two model rules.

The IASB issued the final Amendments to the International Tax Reform - Pillar Two Model Rules in response to stakeholders' concerns on May 23, 2023.

The amendments introduce a mandatory exception for entities from recognizing and disclosing information on deferred tax assets and liabilities related to the rules of the Pillar Two model. The exception takes effect immediately and retrospectively. The amendments also provide for additional disclosure requirements regarding an entity's exposure to Pillar Two income tax.

Management has determined that the Company is not within the scope of the OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information on deferred taxes.

b) Amendment to standard IAS 8/CPC 23 - Accounting policies, changes in accounting estimates and errors

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in information or measurement technique are changes in accounting estimates, unless they result from the correction of errors from previous periods. These amendments clarify how entities distinguish between changes in accounting estimates, changes in accounting policy and prior period errors.

These amendments had no effect on the Company's consolidated financial statements for the year ended December 31, 2023.

3.2 New standards, reviews and interpretations are not yet effective as of December 31, 2023

For the following standards or amendments, management has not yet determined whether there will be significant impacts on the Company's financial statements, namely:

a) Amendments to IFRS 16/CPC 06 (R2) - add subsequent measurement requirements for sale and leaseback transactions, which meet the requirements of IFRS 15/CPC 47 - effective for periods beginning on or after 01/01/2024;
b) Amendments to standard IAS 1/CPC 26 – clarifies aspects to be considered for the classification of liabilities as Current and Non-Current, effective for periods beginning on or after January 01, 2024;
c) Amendments to IAS 1/CPC 26 - clarify that only covenants to be met on or before the end of the reporting period affect the entity's right to postpone settlement of a liability for at least 12 months after the reporting date - effective for periods beginning on or after 01/01/2024;
d) Amendments to IAS 7/CPC 03 (R2) and IFRS 7/CPC 40 (R1) - clarify that an entity must disclose supplier financing arrangements, with information that allows users of the financial statements to assess the effects of these arrangements on the entity's liabilities and cash flows - effective for periods beginning on or after 01/01/2024;

e) Amendments to IAS 21/CPC 02 (R2) - require the disclosure of information that allows users of financial statements to understand the impact of a currency not being exchangeable - effective for periods beginning on or after 01/01/2025;

The Company is currently evaluating the impact of these new standards and accounting changes. The Company will assess the impact of the final amendments to IAS 1 on the classification of its liabilities once they are issued by the IASB.

4. Material accounting policies

4.1 Material accounting policies

The main accounting practices adopted consistently for the preparation of all years presented in these individual and consolidated financial statements are as follows:

4.1.1 Statement of income

Income (loss) from operations complies with the accrual basis:

- Revenue

Revenue is recognized when products are delivered and accepted by clients, to the extent that the risks and rewards inherent in the product or service evidence control over such goods by the client. The transfer of the risks and rewards of ownership takes place when the product or goods are delivered to the location designated by the client, accompanied by the respective sales invoice. The criteria are considered met when the goods are shipped for transfer to the buyer, respecting the main freight modalities used by the Company. The adoption of these procedures meets the requirements provided for in NBC TG 47/ IFRS 15.

Revenue presentation

Revenue is presented net of applicable taxes, returns, rebates and discounts, and in the case of the consolidated financial statements, net of sales, in transactions between the Parent Company and its Subsidiaries.

- Financial revenues and expenses

Financial revenues include interest revenues on funds invested, adjustment to present value, inflation adjustments - assets, yields from financial investments, dividend revenue (except dividends received from investees), gains on the disposal of financial assets available for sale, changes in the fair value of financial assets measured at fair value through profit or loss and gains on derivative instruments recognized in profit or loss. Interest revenue is recognized in income (loss) for the year using the effective interest method and on the accrual basis.

Financial expenses include expenses with interest on loans, Inflation adjustments - liabilities, bank fees and expenses and losses on derivative financial instruments that are recognized in income (loss). Loan costs which are not directly attributable to the acquisition, construction, or production of a qualifying asset are accounted for in profit or loss using the effective interest rate method.

Exchange gains and losses are reported on a net basis.

4.1.2 Accounting estimates and critical accounting judgments

The preparation of individual and consolidated financial statements (Parent company), in accordance with accounting practices adopted in Brazil and IFRS, requires Management to use its judgment in determining and recording accounting estimates that affect the presented amounts of revenues, expenses, assets, and liabilities, as well as the disclosures of contingent liabilities, at the reporting date of the financial statements.

These judgments and estimates are based on assumptions arising from historical experience and other factors, including projections of future events, which are considered reasonable and relevant. However, uncertainty on these assumptions and estimates could lead to results that require that assets' or liabilities' book values be significantly adjusted in future periods.

We listed below the main transactions that involve the use of judgments and assumptions that, given the sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the balance sheet date and the complexity of the essence of certain transactions, may generate a significant risk of causing possible significant adjustments in the book value of assets and liabilities in the following fiscal year:

(In thousands of reais, unless otherwise indicated)

Accounts receivable (Note 6)

- Estimated loss on allowance for doubtful accounts (PECLD);

The Company applies the simplified approach of IFRS 9/CPC 48-Financial instruments, in measuring estimated losses from allowance for doubtful accounts (PECLD). The Company established an allowance matrix based on the average historical credit loss and the expected loss adjusted for prospective factors specific to the economic environment in which it operates and for any financial guarantee related to the receivables for the entire balance of accounts receivable.

- Adjustment to present value of accounts receivable;

The Company adjusts accounts receivable to present value when there is a financial component included in them, and whose maturity exceeds 120 days. The discount rates used are the rates implicit in the respective transactions.

Inventory (Note 7)

- Estimated loss in the recoverable value of inventories

Estimated inventory impairment is mainly formed to: (i) cover historical losses of the Company's inventories; (ii) inventories with no turnover or slow turnover and high coverage with uncertain realization forecasts; (iii) the reduction to market value to cover the drop in the sale price of some products acquired by the Company. In the reduction to market value, in addition to inventory costs, other sales expenses linked to the completion of the operation are deducted from the selling price.

Property, plant and equipment (Note 12)

Property, plant and equipment are recorded at acquisition or construction cost, less accumulated depreciation and estimated losses at recoverable value. The financial charges on the financing incurred during the phase of construction are capitalized until the asset starts operating. Subsequent expenses are capitalized only when there is an increase in the economic benefits of the property, plant and equipment item. Any other type of expenditure, when incurred, is recognized in income (loss) as expense for the period.

Depreciation is recognized in income (loss) under the straight-line method, according to the estimated useful life of each property, plant and equipment group. Land is not depreciated.
The estimated useful lives of property, plant and equipment items for the year 2023 are as follows:

Description	Useful lives
Buildings	25 years
Machinery, equipment and instruments	10 years
Furniture and fixtures	10 years
Facilities and improvements	10 years
Vehicles	05 years
Computers	05 years

Taxes and tax incentives

- Recoverable taxes;

The Company periodically analyzes the balances of credits related to recoverable taxes to take preventive measures aimed at realizing such credits and preventing the balances from exceeding its realization capacity.

- Deferred income tax and social contribution;

Regarding deferred income tax and social contribution, the Company assesses the realization of deferred taxes at least annually, based on estimates of future taxable income for a 10-year period.

- Tax incentives;

The Company recognizes a government grant when:

(i) There is reasonable certainty that the entity will comply with all the conditions established and related to the tax incentive; and
(ii) That the grant will be received, in accordance with NBC TG 07 (R1).

Grants are recognized by the Company as a reduction of sales taxes over the benefit period on a systematic basis in relation to the respective expenses whose benefit is intended to offset.

Guaranteed obligations

The Company, within its after-sales program, establishes certain exchange and refund policies for its clients. To cover such expenses, estimates are made to cover warranty costs. Such estimates are based on actual costs and aim to cover one year, after realization of sale to the consumer which is the maximum period established according to the legislation.

Provision for procedural, civil and tax risks (Note 19)

Provisions are recognized when there is a present or not formalized obligation, as a result of past events, and it is likely that an outflow of funds will be necessary to settle the obligation; and the amount can be reliably estimated.

The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. The Company and its subsidiaries review the estimates and assumptions quarterly with their legal advisors.

Business combination

On March 31, 2022, the Company closed the acquisition of 100% of the company Watts Comércio de Patinetes Elétricos e Veículos Recreativos EIRELI, aiming at expanding the category of vehicles and mobility within the Company’s current portfolio by the amount at fair value of 11,157.

In this acquisition, assets and liabilities were generated by the Company, all backed by a report issued by an independent specialized company, which involved accounting estimates that were reviewed and approved by Management.

The transaction above is part of the Company's strategy to increase the offer of products with greater added value to its clients.

Court-ordered debt payments (*precatórios*) realization value

The Company has court-ordered debt payments with the Government of the State of São Paulo and Rio de Janeiro.

Since December 4, 2017, by authorization given by Constitutional Amendment 94/2016, the creditor of the court-ordered debt payment is entitled to request the advance payment of its credits, upon proposal of an agreement with a maximum discount of 38% of the value of its updated credit.

In São Paulo, the State Attorney General's Office published PGE Resolution 13 on April 26, 2017 regulating the procedures for entering into agreements with creditors of court-ordered debt payments.

Discounts applied by private companies and banking institutions to court-ordered debt payments in the State of São Paulo is up to 61% of the amount of restated credit.

In Rio de Janeiro, as the state follows its obligations under the current system in force for the payment of court-ordered debt payments, by which it must settle its inventory of court-ordered debt payments by December 2029, the discounts applied by private companies and banking institutions vary from 35% to 40% on average.

The Company maintains these amounts at fair value in its financial statements according to the discount percentages below:

- State of São Paulo: 40–60%;
- State of Rio de Janeiro: 62%.

4.1.3 Financial instruments

A financial instrument is an agreement that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial instruments are recognized in accordance with NBC TG 48 (IFRS 9) – Financial Instruments, and CVM Resolution 763/16.

The Company has derivative financial instruments on some dates of the individual and consolidated financial statements, but does not adopt hedge accounting.

Financial assets

The Company recognizes a financial instrument on the trading date that becomes part of the contractual provisions of these instruments. Initially, recognition is carried out at fair value, and subsequently, the Company classifies them according to their designation and measured at:

- Amortized cost: when financial assets are held for the purpose of receiving contractual cash flows and the contractual terms of these assets must exclusively originate cash flows arising from the payment of principal and interest on the principal amount outstanding;
- Fair value through other comprehensive income (FVTOCI): when financial assets are held both for the purpose of receiving contractual cash flows and for the sale of these financial assets. Furthermore, the contractual terms must exclusively originate cash flows from the payment of principal and interest on the principal amount outstanding;
- Fair value through profit or loss (FVTPL): when financial assets are not measured at amortized cost, fair value through other comprehensive income or when they are designated as such at initial recognition. Financial instruments are stated at measurement at fair value through profit or loss when the Company manages and makes decisions on purchase and sale of such investments, based on their fair value and according to the strategy of investment and risk management documented by the Company. After the initial recognition, the attributable transaction costs are recognized in income (loss) when incurred, as well as the income (loss) from fluctuations in fair value.

The classification of financial assets is based both on the Company's business model for the management of financial assets and on its cash flow characteristics.

The Company derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company transfers the rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net value reported in the balance sheet only when the Company has a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial liabilities

The Company recognizes financial liabilities on the negotiation date on which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, upon initial recognition, as (i) financial liabilities at fair value through profit or loss, (ii) financial liabilities at amortized cost. All financial liabilities are initially measured at fair value.

For subsequent measurement purposes, financial liabilities are classified in the category described below:

- Financial liabilities at amortized cost (mainly loans and financing): after initial recognition of loans and financing subject to interest are subsequently measured at amortized cost, using the effective rate method. Gains and losses are recognized in income (loss) when liabilities are derecognized, as well as using the effective interest rate amortization process. The amortized cost is calculated considering any discount, goodwill or negative goodwill on the acquisition and fees and costs that are part of the effective rate method. Other financial liabilities of the Company in this category mainly include suppliers and other accounts payable.

The Company derecognizes a financial liability when its contractual obligations are settled, withdrawn or paid. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective book values is recognized in the statement of income.

Derivative financial instruments

The derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is signed, and are subsequently restated also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the fair value is negative.
Any gains or losses resulting from changes in the fair value of derivatives during the year are entered directly in the statement of income.

The Company does not have derivatives designated as hedge accounting for any of the years presented in these individual and consolidated financial statements.

4.1.4 Foreign currency

The Company's Management defined that its functional currency, as well as that of its subsidiaries in Brazil, is the Real, in accordance with the rules described in NBC TG 02/R3 (CVM Resolution 640/10) – Effects of changes in foreign exchange rates and translation of individual and consolidated financial statements.

Multilaser Global Limited's functional currency is the USD.

Thus, foreign currency transactions, that is, all of those that are not carried out in functional currency, are converted by the exchange rate of the dates of each transaction carried out.

Monetary assets and liabilities denominated in foreign currency were translated into functional currency at the foreign exchange rate prevailing at the closing date.

Non-monetary assets and liabilities acquired or contracted in foreign currency are translated based on the exchange rates on the dates of the transactions or on the dates of valuation at fair value when applicable.

Gains and losses and exchange-rate changes on monetary and non-monetary assets and liabilities are recognized in the statement of income.

4.1.5 Current and non-current assets

An asset is classified as current when its realization, or intended consumption or sale, occurs within one year, i.e. in the normal course of the entity's operating cycle, or the item is available for sale.

Assets not included in the situations below are classified as non-current.

The main accounting practices adopted for current and non-current assets are presented below.

- Cash and cash equivalents

Comprise cash, available bank deposits and short-term interest earning bank deposits, payable within 90 days of the original date of the security and considered to be immediately liquid or convertible into a known amount of cash and which are subject to an insignificant risk of change in value.

- Accounts receivable

Trade accounts receivable are recorded at fair value and, when applicable, adjusted to present value, in accordance with NBC TG 12-Adjustment to present value (CVM Deliberation 564/08). Trade accounts receivable are also presented net of any liabilities and rebates granted to clients.

Management establishes credit policies to ensure adequate risk management and limit exposures that impair the Company's working capital. Among the practices adopted, the following should be highlighted: (i) prior assessment of credit release; (ii) establishment of portfolio exposure limits; (iii) credit insurance with prime institutions, when necessary and within pre-established limits; (iv) sale of non-recourse receivables to manage portfolio risk exposure, when necessary; (v) criterion for assigning risk to the client portfolio for purposes of establishing an estimated loss for allowance for doubtful accounts at each accounting closing date; (v) sensitivity analysis of economic market conditions.

The estimated loss from allowance for doubtful accounts is formed in an amount considered sufficient by Management to cover possible losses on the realization of these assets.

- Inventories

Inventories are stated at cost, less the estimate for reduction to realizable values. Inventory costs include all acquisition and conversion costs, as well as other costs incurred to bring inventories to their current condition and location.

- Investments

The parent company's investments in subsidiaries and exclusive investment fund Inova V, are accounted for under the equity method in the individual financial statements.

- Investment properties

Investment properties are initially recognized at acquisition cost, including transaction costs and subsequently at fair value, to reflect their market value at the balance sheet date. NBC TG 28/R3 (CVM Resolution 584/09), and any changes in the fair value are recognized in income (loss).

- Property, plant and equipment

Property, plant and equipment are recorded at their acquisition or construction costs, minus depreciation calculated using the by the straight-line method based on the rates mentioned in Note 12 and consider the estimated useful life of the assets and contractual terms.

The Company annually assesses whether there is any indication that an asset may have been impaired. Only if there is any indication, the asset's recoverable value must be estimated. NBC TG 01/R4-Impairment of Assets (CVM Resolution 639/10).

- Intangible assets;

Intangible assets include assets without physical substance acquired from third parties, including through business combinations, and those generated internally by the Company. They are recorded at acquisition or formation cost, less amortization calculated under the straight-line method and based on estimated recovery periods. The Company's intangible assets are described in Note 13.

- Right-of-use assets (Leases)

As of January 1, 2019, pursuant to NBC TG 06 (R3), lease operations now have a single accounting model. Pursuant to the standard, lessees started recognizing a liability assumed by the lease in return for a right-of-use asset.

The Company opted to use the exemptions proposed by the standard on short-term lease agreements (that is, those that end within 12 months as of the start date), and lease agreements for which the underlying asset is of low value.

4.1.6 Impairment

Non-financial assets, such as property, plant and equipment, intangible assets and right-of-use assets, are tested for impairment whenever events or changes in circumstances indicate that their book value may not be recoverable, or at least annually for goodwill and intangible assets without a defined useful life, as provided for in NBC TG 01 (R4). When the book value of an asset exceeds its recoverable amount (i.e., the greater of value in use and fair value less sales costs), a loss is recognized to bring the book value of that asset to its recoverable amount.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on its cash generating unit (CGU): the smallest group of assets to which the asset belongs and for which there are separately identifiable cash flows.

4.1.7 Current and non-current liabilities

Current and non-current liabilities are stated at known or calculable amounts, plus, when applicable, the corresponding charges, changes in inflation adjustment and/or exchange rate incurred through the balance sheet date.

A liability is classified as current when it will be settled within twelve months, while all other liabilities are classified as non-current.

4.1.8 Provisions

Provisions are recognized whenever there is a present obligation (legal or constructive) resulting from a past event; when an outflow of funds is likely to be required, which include economic benefits to settle the obligation; and the Company can reliably estimate the amount of the obligation.

4.1.9 Income tax and social contribution

Current income tax and social contribution

Income tax and social contribution are calculated based on the rates of 15% for income tax, plus an additional 10% on taxable income in excess of 240 per annum in the Parent Company and in all Subsidiaries, except for GIGA Industria e Comércio and Multilaser Industria de Equipamentos de Informática, where there is a 75% reduction in income tax on operating profit, making the calculation rate approximately 3.75% for income tax, plus an additional 2.5%. This reduction is detailed in Note 27(b)- Income Tax and Social Contribution.

For all companies, the social contribution rate on net income is 9%.

The current tax expense corresponds to the tax payable calculated on the taxable income for the year and any adjustments related to previous years. Current income tax and social contribution are recognized in the balance sheet as a tax liability based on the best estimate of the expected amount of taxes payable, which reflects the uncertainties related to their calculation, if any. Current tax assets and liabilities are not offset, unless they belong to the same tax year, and are presented in a way that reflects a tax right or obligation.

Deferred income tax and social contribution (Note 27)

Deferred income tax and social contribution are recognized on tax losses and temporary differences between the book values of assets and liabilities for financial statement purposes and the amounts used for taxation purposes, pursuant to NBC TG 32(R4) (Resolution CVM 599/09) – Income Taxes, whenever it is probable that future taxable income will be available, against which they will be used. Deferred income tax and social contribution are recognized as deferred income tax and social contribution expense or revenue.

Future taxable income is determined based on the reversal of taxable temporary differences. If the amount of the taxable temporary differences is insufficient to fully recognize a deferred tax asset, the future taxable income, adjusted for reversals of the existing temporary differences, will be considered, based on the business plans of the parent company and of its subsidiaries, individually. The Company reviews deferred tax assets at each balance sheet date and if there is evidence that their realization is no longer likely, deferred tax assets are reduced.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the balance sheet date. Measurement of deferred tax assets and liabilities reflects tax consequences deriving from the way in which the Group expects to recover or settle its assets and liabilities. Deferred tax assets and liabilities are presented net in the balance sheet as in the non-current group.

4.1.10 Dividends and interest on own capital

The proposed distribution of dividends and interest on own capital made by the Company’s Management is recorded as current liabilities, as it is considered a legal obligation provided for in the Company’s Bylaws.

4.1.11 Earnings (loss) per share

Basic

The basic profit/loss per share is calculated by dividing the result attributable to the Company’s controlling and non-controlling shareholders by the weighted average number of common and preferred shares during the period, as provided for by NBC TG 41(R2) (CVM Resolution 636/ 10) – Earnings per share.

Diluted

Diluted earnings per share are calculated by dividing the net earnings attributed to holders of Parent Company’s shares by the weighted average number of shares that would be issued upon conversion of all potential, diluted shares into common and preferred shares. The dilution effect of earnings per share does not generate a material difference between basic and diluted earnings. The dilution percentage is presented in Note 25.

4.1.12 Treasury shares

When the Company acquires shares of its own shareholders’ equity, such shares are placed in treasury. The amount of consideration paid, which includes directly attributable costs, is recognized as a deduction from shareholders’ equity. Shares repurchased, classified as treasury shares, are presented as a deduction from the profit reserve, the balance of which was used. When treasury shares are sold or reissued subsequently, value received is recognized as an increase to shareholders' equity, and gains or losses resulting from transactions are presented as capital reserve.

(In thousands of reais, unless otherwise indicated)

4.1.13 Consolidation

The consolidated financial statements are prepared based on the financial statements of the subsidiaries and of FIP Inova V, which use the same accounting practices in their preparation. The year of the subsidiaries coincides with that of the parent company. The consolidation process includes the following main procedures:

- Elimination of balances of accounts receivable and accounts payable held between consolidated companies;
- Elimination of investments, proportionally to the parent company's interest in the shareholders' equity of subsidiaries;
- Elimination of intercompany revenues and expense balances arising from consolidated intercompany transactions;
- Elimination of unrealized profits arising from transactions between consolidated companies, when relevant.

4.1.14 Statement of added value

The Company is presenting the Statement of Added Value, individual and consolidated, as required by Brazilian Corporate Law and by the accounting practices adopted in Brazil applicable to publicly-held companies, pursuant to NBC TG 09 / (CVM Resolution 557/08). IFRS standards do not require presentation of this statement. Therefore, for the purposes of the IFRS standards, this statement is presented as supplementary information.

4.1.15 ITG 22 - Uncertainty on Income Tax Treatments

ITG 22 explains how to apply the requirements of recognition and measurement of NBC TG 32 (R4) (IAS 12) – Income Taxes (CVM Resolution 804/18), when there is uncertainty over the treatments of tax on income.

The Company must recognize and measure its current or deferred tax assets or liabilities, applying the requirements of the standard based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits, and certain tax rates, applying this Interpretation.

There are no impacts as a result of the interpretation in the assessment of the Company's management, since all the procedures adopted for the calculation and payment of income taxes are supported by the legislation and previous decisions of administrative and judicial courts.

5. Cash and cash equivalents

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash	-	-	10	159
Banks	5,928	38,399	14,130	47,770
Interest earning bank deposits	837,359	374,950	1,031,847	615,196
	843,287	413,349	1,045,987	663,125

(In thousands of reais, unless otherwise indicated)

Financial investments have immediate liquidity, being redeemable in up to 90 days. They are represented by: (i) Bank deposit certificates ("CDB"); (ii) securities issued in repurchase and resale agreements by first-rate financial institutions, which yield an average of 102.0% (102.8% in 2022) of the CDI (Interbank Deposit Certificate).

The revenue generated by these investments is recorded as financial revenue in the income (loss) for the year.

6. Accounts receivable

Breakdown of trade accounts receivable:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Accounts receivable	787,090	1,095,833	942,621	1,227,472
Trade notes overdue (days)*:				
01–30	31,339	252,487	72,565	255,984
31–60	42,867	33,391	20,701	32,837
61–90	31,702	14,407	13,290	11,692
91–180	42,542	24,413	42,674	22,462
>180	166,854	55,553	171,614	55,085
	315,304	380,251	320,844	378,060
Estimated loss from allowance for doubtful accounts	(122,377)	(95,550)	(126,441)	(100,559)
Adjustment to present value - AVP	(32,628)	(25,581)	(32,628)	(25,581)
	947,389	1,354,953	1,104,396	1,479,392
Division:				
Current assets	875,338	1,294,551	1,032,345	1,418,990
Non-current assets	72,051	60,402	72,051	60,402
	947,389	1,354,953	1,104,396	1,479,392

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	(95,550)	(50,269)	(100,559)	(52,516)
(Additions) /Reversals	(40,616)	(45,281)	(39,771)	(48,043)
Write-offs	13,789	-	13,889	-
Closing balance	(122,377)	(95,550)	(126,441)	(100,559)

Credit sales were brought to present value at the date of the transactions based on the rate estimated by the collection period, when there is a financial component included in them, and whose maturities are greater than 120 days. The discount rates used are the rates implicit in the respective transactions based on the risk-free rate (SELIC) and varied between 12.25% and 13.75% p.a. in 2023 (between 9.25% and 13.75% in 2022).

The adjustment to present value is recognized in the statement of income in the revenue account, against the customer account. Its recovery is recorded as financial revenue in the financial income (loss).

The Company applies the simplified approach of IFRS 9/CPC 48-Financial instruments, in measuring expected credit losses.

(In thousands of reais, unless otherwise indicated)

The Company established an allowance matrix based on the average historical credit loss and the expected loss adjusted for prospective factors specific to the economic environment in which it operates and for any financial guarantee related to the receivables for the entire balance of accounts receivable.

7. Inventories

Breakdown of inventories:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Finished goods	1,063,715	1,342,164	1,048,926	1,391,516
Raw materials	374,094	907,691	503,519	1,123,292
Imports in progress	153,731	392,548	255,526	533,971
Packaging material	13,967	12,305	18,310	14,933
Provision for adjustment of net realizable value of inventories	(268,181)	(130,408)	(304,844)	(137,579)
	1,337,326	2,524,300	1,521,437	2,926,133

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Opening balance	(130,408)	(89,894)	(137,579)	(94,547)
Additions	(137,773)	(40,514)	(167,265)	(43,032)
Closing balance	(268,181)	(130,408)	(304,844)	(137,579)

The Company recognized the amounts of 3,223,598 in the Parent Company and 3,308,081 in the Consolidated (3,938,073 and 3,246,383 in 2022, respectively) in income (loss) for the year, under “Cost of goods and products sold”.

8. Recoverable taxes

The balances of taxes recoverable are as follows:

Recoverable taxes

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Recoverable IPI	25,489	8,228	25,579	8,405
Recoverable ICMS	194,154	88,006	204,816	96,717
Recoverable PIS and COFINS	128,203	246,068	129,977	247,433
IRPJ and CSLL recoverable	5,941	31,187	36,200	58,435
Other recoverable taxes	24,037	9,184	24,346	10,258
Financial credit	364,627	423,270	389,353	446,305
	742,451	805,943	810,271	867,553
Current assets	350,223	454,946	401,666	500,420
Non-current assets	392,228	350,997	408,605	367,133
	742,451	805,943	810,271	867,553

Financial credit

With the approval of Law 13969 of December 2019, in April 2020, new provisions for the Information Technology and PADIS Laws came into force. Among the changes implemented by the new legislation is the change in the Excise Tax - IPI reduction incentive.

The new law, which removed the incentive, implemented a new tax benefit, which will be used by means of a financial credit that takes into account the amount of investment in research, development, and innovation of the companies (PD&I), and the amount of sales of products that comply with the rules of the basic productive process (PPB) - Law 8248/91.

Under the law, said financial credit must be used to offset taxes administered by the Brazilian Federal Revenue Service.

IRPJ

In September 2021, the Company recognized the right to reduce the Corporate Income Tax - IRPJ and non-refundable surcharges levied on operating income, related to the project to diversify the enterprise in the area of operation of SUDAM, for its parent company Giga Industria e Comercio de Produtos de Segurança Eletrônica S/A. The benefit reduces to 75% (seventy-five percent) of the tax on corporate income and non-refundable surcharges, levied on the operating income, related to the diversification of the enterprise in the area of operation of SUDAM for the production of “assembled printed circuit board (computer use)” for a period of 10 (ten) years, starting in the calendar year 2021 and ending in the calendar year 2030.

Additionally, in September 2023, Speakers were included in the benefit for a period of ten (10) years, starting in the calendar year 2023 and ending in the calendar year 2032, and color televisions with liquid crystal display, also for ten (10) years, but starting in the calendar year 2024 and ending in 2033.

Recoverable ICMS

The Company reviewed the state legislation on the ICMS rate differential (Difal) in some states and found that they are entitled to recover amounts paid in excess, relating to sales made to state government agencies between 2019 and 2023, as there is no obligation to pay Difal on these transactions.

Regarding the amount arising from sales made in 2023, the amounts of 43,466 were recognized under “Net revenue”, Note 21; the amounts of 35,115 relating to the other years were recognized in “Extemporaneous credits” caption in the group of Other net revenues (expenses), Note 24.

In addition, the Company identified the amount of 42,867 of ICMS tax replacement unduly paid on freight between 2019 and 2023. This amount was recognized under the headings of: “Sales expenses” of 6,239 in Note 22 Costs and expenses by type, and; “Extemporaneous credits” of 36,627 in the Other revenues (expenses) group, Note 24.

(In thousands of reais, unless otherwise indicated)

9. Investments

	Parent Company		Consolidated	
Summary of investments	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Investments in Subsidiaries	1,187,828	1,340,877	-	-
Indirect investment via Fundo Inova V	-	-	3,626	7,080
Other investment funds	92,232	75,567	117,702	85,878
	1,280,060	1,416,444	121,328	92,958
Provision for losses on investment in subsidiaries	(7,775)	(103,857)	-	-
	1,272,286	1,312,588	121,328	92,958

Investments in subsidiaries

Information on the Group’s subsidiaries at the end of the reporting period is presented below:

		Parent Company	
Subsidiaries	Interest	12/31/2023	12/31/2022
Investments with positive shareholders’ equity of the investee			
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.	100.00%	375,336	354,442
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	100.00%	786,546	974,515
(6) Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI	100.00%	11,094	11,920
(7) Multilaser Global Limited	100.00%	14,852	-
		1,187,828	1,340,877
Investments with negative shareholders’ equity of the investee			
(3) Proinox Brasil Ltda (*)	100.00%	-	(93,343)
(4) Lojas Multilaser - Comércio Varejista Ltda	100.00%	(7,775)	(4,517)
(5) Expet Indústria e Comércio de Tapetes Ltda. (*)	100.00%	-	(5,997)
		(7,775)	(103,857)
Total net investments in subsidiaries		1,180,053	1,237,020

(*) The subsidiaries Proinox Brasil Ltda. and Expet Indústria e Comércio de Tapetes Ltda were merged on July 27, 2023.

(In thousands of reais, unless otherwise indicated)

Changes in investments in equity interests in the parent company’s individual financial statements in 2023:

	Balance on 12/31/2022	Acquisitions and contributions	Equity in net income of subsidiaries	Interest on own capital and dividends distributed	Mergers of subsidiaries	Accumulated translation adjustment	Balance on 12/31/2023
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.	354,442		20,894				375,336
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	974,515		(148,055)	(39,914)			786,546
(3) Proinox Brasil Ltda	(93,343)		(7.634)		100,977		
(4) Lojas Multilaser - Comércio Varejista Ltda	(4,517)		(3,258)				(7,775)
(5) Expet Indústria e Comércio de Tapetes Ltda.	(5,997)		(787)		6.784		
(6) Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI	11,920		(826)				11,094
(7) Multilaser Global Limited		370	14,848			(366)	14,852
Subtotal	1,237,020	370	(124,818)	(39,914)	107,761	(366)	1,180,053

Relevant information on investments in equity interests and in FIP Inova V on December 31, 2023 and 2022:

12/31/2023	Multilaser Componentes Ltda.	Giga Ind. Com. Prod. Seg. Eletr. S.A.	Proinox Brasil Ltda.	Lojas Multilaser Ltda.	Expet Ind. Com.Tapetes Ltda.	Watts	Inova V	Multilaser Global Limited
Ownership percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total assets	399,373	1,369,661	-	10,134	-	6,243	120,498	32,952
Total liabilities	21,120	446,169	-	17,909	-	2,762	69	18,100
Capital	75,863	26,346	4,788	500	-	2,000	125,267	371
Shareholders’ equity	378,253	923,492	-	(7,775)	-	3,480	120,429	14,852
Net revenue	92,388	927,331	1,673	3,272	-	2,463	-	31,087
Net income (loss) for the year	26,307	(63,838)	(9,968)	(3,258)	(787)	(826)	(5,071)	14,847
Shareholders’ equity according to interest (%)	378,253	923,492	-	(7,775)	-	3,480	120,429	14,852
Group's profit sharing	26,307	(63,838)	(9,968)	(3,258)	(787)	(826)	(5,071)	14,847

(In thousands of reais, unless otherwise indicated)

12/31/2022	Multilaser Componentes Ltda.	Giga Ind. Com. Prod. Seg. Eletr. S.A.	Proinox Brasil Ltda.	Lojas Multilaser Ltda.	Expet Ind. Com.Tapetes Ltda.	Inova V	Watts Com. de Patinetes Elét e de Veí. Recr. EIRELI
Ownership percentage	100,00%	100,00%	100,00%	100.00%	100,00%	100,00%	100,00%
Total assets	357,662	1,647,567	36,215	9,780	9,376	120,972	7,955
Total liabilities	5,716	620,323	128,383	14,297	25,162	122	3,650
Capital	75,863	26,346	4,788	500	10	89,450	2,000
Shareholders’ equity	351,946	1,027,244	(92,168)	(4,517)	(15,786)	120,850	4,306
Net revenue	87,139	1,784,960	322,344	2,355	15,364	-	4,320
Net income (loss) for the year	34,242	419,312	(92,943)	(2,661)	(2,927)	30,393	(627)
Shareholders’ equity according to interest (%)	351,946	1,027,244	(92,168)	(4,517)	(15,786)	120,850	4,306
Group's profit sharing	34,242	419,312	(92,943)	(2,661)	(2,927)	30,393	(627)

(In thousands of reais, unless otherwise indicated)

Business combination – Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI

On March 31, 2022, the Company closed the acquisition of 100% of the company Watts Comércio de Patinetes Elétricos e Veículos Recreativos EIRELI, aiming at expanding the category of vehicles and mobility within the Company's current portfolio.

As consideration for the acquisition of control of this company, in addition to the amount paid on the closing date of the transaction in the amount of 10,784, the Company will pay an Earn-out to the former partners, as of July 2022, the amount corresponding to 15% of the monthly contribution margin calculated by management. This payment will occur for 60 months.

On the acquisition date, as provided for in NBC TG 15 (R3) – Business Combination, the Company measured the identifiable assets and liabilities assumed at fair value (provisional amounts), based on a report prepared by external experts hired by the Company, considering criteria, assumptions, and methodology of adequate and consistent projections for businesses of this nature. Additionally, liabilities and provision for contingencies to be recognized on the acquisition date and in this quarter were not identified.

As provided for in items 45 and 49 of CPC 15 (R1)/NBC TG 15 (R3), the fair values of these identifiable assets and assumed liabilities are presented and allocated as follows, including the effects of deferred taxes on capital gains:

=	Balance of accounting shareholders' equity	1,816
(+)	Intangible assets - Trademarks and patents	2,617
(+)	Intangible assets – Client portfolio	-
	Interim fair value of identifiable assets	2,617
(-)	Liabilities - Deferred tax taxes	(890)
=	Balance of shareholders' equity at fair value	3,543
	Acquisition value at present value	11,157
=	Goodwill for future profitability	7,614

These amounts are included in the note of Intangible assets (Note 13).

(In thousands of reais, unless otherwise indicated)

Private investment funds

In 2020, the Company started investing in private equity investment funds. Contributions to new funds were initiated in 2021. The Company's purpose is to invest in technology-based startups, in accordance with the policy of each fund. These funds are measured at fair value at each reporting date. The balances and changes in these funds are shown below:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Inova We Empreendendorismo Feminino	16,215	16,007	16,215	16,007
Indicador 2 IOT Fundo Investimentos	19,630	16,514	19,630	16,514
Inova IV Fundo de Investimento	-	-	25,470	10,311
Inova VII Fundo de Investimento	31,090	22,638	31,090	22,638
Inova X Fundo de Investimento	14,663	10,098	14,663	10,098
Inova IX Fundo de Investimento	10,634	10,310	10,634	10,310
	92,232	75,567	117,702	85,878

These funds are measured at fair value on each reporting date, whose changes are presented below:

Parent Company	Balance at 12/31/2022	Capital investments	Fair value	Balance at 12/31/2023
Inova We Empreendendorismo Feminino	16,007	-	208	16,215
Indicador 2 IOT Fundo Investimentos	16,514	3,000	116	19,630
Inova VII Fundo de Investiento	22,638	4,000	4,452	31,090
Inova X Fundo de Investimento	10,098	3,500	1,065	14,663
Inova IX Fundo de Investimento	10,310	-	324	10,634
	75,567	10,500	6,165	92,232

Consolidated	Balance at 12/31/2022	Capital investments	Fair value	Balance at 12/31/2023
Inova We Empreendendorismo Feminino	16,007	-	208	16,215
Indicador 2 IOT Fundo Investimentos	16,514	3,000	116	19,630
Inova IV Fundo de Investimento	10,311	14,498	661	25,470
Inova VII Fundo de Investiento	22,638	4,000	4,452	31,090
Inova X Fundo de Investimento	10,098	3,500	1,065	14,663
Inova IX Fundo de Investimento	10,310	-	324	10,634
	85,878	24,998	6,826	117,702

Inova V Fundo de Investimento em participações – Empresas emergentes

As described in Note 2.5, the Company controls this exclusive fund and consolidates its operation. Inova V Fundo de Investimento em Participações – Empresas Emergentes ("Fund") began its activities on December 16, 2020, as a closed-end fund and governed by these Regulations, pursuant to CVM instructions 578/16, 579/16, 555/14, by the ABVCAP/ANBIMA Code, in addition to the ME and SUFRAMA Regulations involved, as well as other applicable legal and regulatory provisions. The Fund will have a Term of 10 (ten) years from the first payment of Shares, and may be extended for another 2 (two) years, upon proposal by the Management Company and approval at the General Meeting. The General Meeting may close early or extend the Term.

(In thousands of reais, unless otherwise indicated)

As of December 31, 2023, FIP Inova V held investments in privately held companies, not listed on a stock exchange or organized market, as follows:

- Luby Tecnologia S.A. ("Luby"): headquartered in the City of São Paulo, State of São Paulo, and branch in Manaus, State of Amazonas.

Luby develops customized software solutions for various business segments in the form of outsourcing and projects. As of December 31, 2023, FIP Inova V holds 49% of the capital of Luby, corresponding to 100% of the Class A Preferred Shares, whose estimated fair value, based on the best available information, is 10,884.

The changes in FIP Inova V are presented below:

Consolidated	Balance at 12/31/2022	Capital investments/ reversal	Equity in net income of subsidiaries	Balance at 12/31/2023
Inova V Fundo de Investimento	120,850	4,650	(5,071)	120,429
	120,850	4,650	(5,071)	120,429

Investment and Goodwill via Inova V	Balance at 12/31/2022	Capital investments/ reversal	Equity in net income of subsidiaries	Balance at 12/31/2023
Luby Tecnologia S.A.	14,339	-	(3,455)	10,884
	14,339	-	(3,455)	10,884

10. Judicial deposits and other assets

The following is a breakdown of the Company's escrow deposits and other assets:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Judicial deposits (1)	31,436	74,202	33,950	74,209
	31,436	74,202	33,950	74,209
Court-ordered debt payments (2)	20,055	40,144	20,055	40,144
Loan convertible into equity interest – Watch	-	-	73,500	69,300
Loan convertible into equity interest – ISP	-	-	5,000	5,000
Loan convertible into equity interest - Ziyou	-	-	11,500	-
Loan convertible into equity interest - Map	-	-	4,000	-
Other assets	2,198	2,030	2,738	2,071
	22,253	42,174	116,793	116,515
Current assets	2,198	2,030	2,737	1,909
Non-current assets	20,055	40,144	114,056	114,606
	22,253	42,174	116,793	116,515

(1) In 2023, part of the judicial deposits were received directly from the state government, and part of the deposits were also assigned to a financial institution, with a discount of approximately 30%, relating to the collection of the Differential Rate of the State VAT (ICMS) - DIFAL calculated on sales to non-taxpayers, relating to the period prior to March 2022.

(2) In 2023, there was an assignment of court-ordered debt payments, with no relevant loss compared to the value that the Company measured these bonds, already considering a discount, as per Note 4.1.2

Convertible loans receivable measured at fair value

A brief description of each of the existing convertible loans is presented below:

Watch TV Entretenimentos S.A. ("Watch"): headquartered in the City of Curitiba, State of Paraná, and branch in Manaus, State of Amazonas.

Watch is an exclusive Brazilian streaming platform for Internet Service Providers (ISPs), and aims to enable the regional provider to compete with major carriers, by offering content from the largest studios in the world, adding value to the carrier's internet service.

In September 2021, a loan convertible into equity interest of 42% of the Company's total and voting capital, in the total amount of 28,000 was entered into, whose financial contributions occurred as follows: (i) 20,000 as of September 24, 2021; (ii) 8,000 as of December 02, 2021.

On June 27, 2022, an additional contribution was made in the amount of R$ 10,500, also as part of the loan convertible into equity interest, increasing the equity interest from 42% to 49% of the total and voting capital, which must be converted into corporate shares until 09/24/2026.

As of December 31, 2023, the fair value of this contract is 73,500.

ISP CredTech Tecnologia S.A. ("ISP CredTech"): ISP CredTech is a business intermediary founded in 2022 with the purpose of promoting access to credit for small and medium telecommunications companies.

The services of prepayment of receivables and loans via FIDC allows the organization to positively and actively impact the allocation efficiency of available funds along the chain that involves the internet provision service.

In September 2022, a loans convertible into equity interest of 3.33% of the total and voting capital of the Company was established, in the amount of 5,000 at fair value.

As per CPC 48/IFRS 9, paragraph B5.1.2: "The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price (i.e., the fair value of the consideration given or received) (...)".

In this context, the Company's Management understands that the most reliable way of evidencing fair value is through the use of the amount invested in the last contributions made by the Company, through the Inova V Fund, and adjusted, when applicable, by new facts and circumstances observed in the market between the measurement base date and the date of the last round of contributions.

(In thousands of reais, unless otherwise indicated)

However, the Company uses the value of the last contribution only when it concludes that there are not enough observable and relevant data available. Otherwise, the Company uses valuation techniques to measure fair value, in accordance with IFRS 13/CPC 46 (Preparation of an appraisal report at fair value).

Ziyou Intermediação, Locação e Serviços S/A ("Ziyou"): headquartered in the City of São Paulo - SP.

ZiYou operates under the Equipment as a Service business model by offering the sale and rental of equipment, such as treadmills, spinning bikes, elliptical machines, paddles, weight training stations and other, fully online, without bureaucracy and connected to a proprietary owner.

In March 2023, a loan convertible into equity interest of 18.7% of the Company's total and voting capital, in the total amount of 11,500 was entered into, whose financial contribution occurred as of March 09, 2023.

As of December 31, 2023, the fair value of this contract is 11,500.

Map Intelligence Inovação em tecnologia educacionais e assistivas Ltda ("Map"): headquartered in the City of Manaus in the State of Amazonas.

Map is a technological innovation company with a strong performance in assistive technologies, industrial automation and the application of artificial intelligence areas.

In February 2023, a loan convertible into equity interest of 30% of the Company's total and voting capital, in the total amount of 4,000 was entered into, whose financial contribution occurred as follows: (i)1,000 as of January 20, 2023; (ii) 3,000 as of February 27, 2023.

As of December 31, 2023, the fair value of this contract is 4,000.

11. Investment properties

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Commercial properties	5,020	5,020	5,020	5,020
	5,020	5,020	5,020	5,020

(a) Investment properties

Investment properties include two commercial properties that were acquired in 2018, and which are leased to third parties. Subsequent renewals are negotiated with the lessees with an average period of six months prior to the end of the agreement. There are no contingency charges in any of the agreements. Firstly, the Company does not intend to continue with these properties in the medium/long term.

(In thousands of reais, unless otherwise indicated)

(b) Measurement of investment properties

Investment properties were initially recognized at acquisition cost. As of December 31, 2023, this amount was not adjusted to fair value, as the Company believes that the acquisition value is close to fair value (measurement after recognition).

12. Property, plant and equipment

The Company and its subsidiaries declare that they do not have: (i) property, plant and equipment that are temporarily idle; (ii) property, plant and equipment withdrawn from use and not classified as held for sale.

We highlight below the fully depreciated and amortized property, plant and equipment and intangible assets that are still in operation:

Parent Company	Average annual depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 12/31/2023	Net 12/31/2022
Land	N/A	59,036	-	-	59,036	15,030
Buildings	3.96%	73,310	(17,636)	-	55,674	41,287
Machinery and facilities	11.40%	163,211	(51,104)	(822)	111,285	57,186
Furniture, IT equipment, other	12.59%	29,270	(16,895)	-	12,375	8,344
Works in progress	N/A	4,480	-	-	4,480	80,125
		329,307	(85,635)	(822)	242,850	201,972

Consolidated	Average annual depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 12/31/2023	Net 12/31/2022
Land	N/A	59,036	-	-	59,036	15,030
Buildings	4.43%	82,998	(21,558)	-	61,440	47,809
Machinery and facilities	9.90%	391,130	(149,340)	(822)	240,968	151,086
Furniture, IT equipment, other	12.24%	34,183	(18,812)	-	15,371	10,051
Works in progress	N/A	14,165	-	-	14,165	139,808
		581,512	(189,710)	(822)	390,980	363,784

Changes in property, plant and equipment

Parent Company	12/31/2022	Net additions of transfers	Depreciation	Mergers in subsidiaries	Write-offs	12/31/2023
Land	15,030	44,006	-	-	-	59,036
Buildings	41,287	17,745	(2,906)	-	(452)	55,674
Machinery and facilities	57,186	73,079	(18,603)	34	(411)	111,285
Furniture, IT equipment, other	8,344	7,797	(3,684)	-	(82)	12,375
Works in progress	80,125	(75,645)	-	-	-	4,480
	201,972	66,982	(25,193)	34	(945)	242,850

Consolidated	12/31/2022	Net additions of transfers	Depreciation	Write-offs	12/31/2023
Land	15,030	44,006	-	-	59,036
Buildings	47,809	17,760	(3,677)	(452)	61,440
Machinery and facilities	151,086	129,101	(38,738)	(481)	240,968
Furniture, IT equipment, other	10,051	9,915	(4,183)	(412)	15,371
Works in progress	139,808	(125,643)	-	-	14,165
	363,784	75,139	(46,598)	(1,345)	390,980

(In thousands of reais, unless otherwise indicated)

Impairment

In 2023 and 2022, the Company has not identified indications that its assets have deteriorated, or that they are recorded at amounts greater than what they expect to obtain from future economic benefits from the use of the asset.

13. Intangible assets

		Parent Company		Consolidated	
	Amortization rates (%)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Software	12.16%	2,756	2,482	9,874	6,361
Trademarks and patents	N/A	7,679	1,303	10,296	8,392
Client portfolio	N/A	1,417	-	1,418	2,623
Know-how	N/A	806	1,327	806	1,327
Goodwill in the acquisition of associated company	N/A	-	-	7,258	7,258
Goodwill in the acquisition of subsidiary	N/A	24,968	17,082	32,582	35,645
		37,626	22,194	62,234	61,606

We present below the changes in intangible assets:

Parent Company	12/31/2022	Net additions of transfers	Amortization	Effects from subsidiary's merger	(*) Write-offs	12/31/2023
Software	2,482	850	(576)	-	-	2,756
Trademarks and patents	1,303	1,904	-	4,472	-	7,679
Client portfolio	-	-	(1,206)	2,623	-	1,417
Know-how	1,327	-	(521)	-	-	806
Goodwill in the acquisition of subsidiary	17,082	(1,904)	-	10,949	(1,159)	24,968
	22,194	850	(2,303)	18,044	(1,159)	37,626

Consolidated	12/31/2022	Net additions of transfers	Amortization	(*) Write-offs	12/31/2023
Software	6,361	5,197	(1,684)	-	9,874
Trademarks and patents	8,392	1,904	-	-	10,296
Client portfolio	2,623	-	(1,205)	-	1,418
Know-how	1,327	-	(521)	-	806
Goodwill in the acquisition of associated company	7,258	-	-	-	7,258
Goodwill in the acquisition of subsidiary	35,645	(1,904)	-	(1,159)	32,582
	61,606	5,197	(3,410)	(1,159)	62,234

The amortization of trademarks and patents, client portfolio, software, know-how, when applicable, is recognized on a straight-line basis based on the estimated useful life of the assets. The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in estimates are based on a report prepared by external specialists engaged by the Company and are accounted for prospectively.

(In thousands of reais, unless otherwise indicated)

Goodwill impairment test

As provided for in CPC 01/IAS 36, the impairment test on goodwill and intangible assets with an indefinite useful life must be carried out whenever there are indications of impairment or, at least, annually.

(*) On December 31, 2023, the Company performed the impairment test of goodwill for future profitability and identified the need to write off the goodwill by 1,159 related to the acquisition of Proinox. For the others, no adjustments needed to be made.

14. Leases

The Company and its subsidiaries have lease agreements for the buildings where they are located, their headquarters, and the factories and warehouses of certain group companies. The average lease term is five years.

The Company chose to present rights-of-use assets and lease liabilities in specific subgroups on the balance sheet, although the standard does not establish such an obligation.

Right-of-use assets

	Parent Company	Consolidated
Balances at December 31, 2022	34,537	38,545
Additions due to remeasurement and addition of new contracts	17,446	31,040
(-) Depreciation of rights-of-use assets	(13,315)	(17,859)
Write-off of lease agreements (*)	(3,463)	(3,677)
Balances at December 31, 2023	35,205	48,049

Lease liabilities

	Parent Company	Consolidated
Balances at December 31, 2022	36,131	39,780
Additions due to remeasurement due by the addition of new contracts	17,446	31,040
Interest appropriation	3,636	1,367
(-) Consideration paid	(16,217)	(17,647)
Write-off of lease agreements (*)	(3,722)	(3,928)
Balances at December 31, 2023	37,274	50,612
Current	11,405	15,341
Non-current	25,869	35,271
Total	37,274	50,612

(*) In 2023, the Company terminated the lease agreement for a warehouse that it used to store products.

(In thousands of reais, unless otherwise indicated)

	Parent Company	Consolidated
Payment schedule (in years):		
≤01	11,405	15,341
02–03	4,206	7,067
03–04	2,289	3,362
04–05	19,374	24,842
	37,274	50,612

Current discount rate	Parent Company	Consolidated
Minimum rate	6%	6%
Maximum rate	15.18%	15.18%

In 2023, the Company entered into a new lease agreement for a space at the Parent Company to be used as a showroom for its products. It also renewed the contracts for its headquarters for a period of five (5) years and for a warehouse in Manaus owned by its subsidiary GIGA, where it manufactures speakers and televisions.

15. Suppliers

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Suppliers of raw materials, products and services - International	246,214	500,795	403,113	688,027
Suppliers of raw materials, products and services - Domestic	784,608	906,538	173,764	123,078
	1,030,822	1,407,333	576,877	811,105

Raw material suppliers – foreign

As described in Note 26, commercial transactions carried out with foreign raw material suppliers are almost fully established in U.S. dollars, to which the Company does not contract derivative financial instruments, designated as hedge accounting, to protect against foreign exchange exposure, except when certain agreements signed with customers are defined at a fixed selling price.

The Company contracts letters of credit with first-rate financial institutions as a guarantee/means of payment to foreign suppliers.

The Company does not carry out transactions involving drawee or similar risks that involve financial costs.

(In thousands of reais, unless otherwise indicated)

16. Loans and financing

			Parent Company		Consolidated	
Type	Charges	Weighted average interest rate (% p.a.)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
In local currency						
Working capital	Average rate	13.46%	106,628	135,443	106,628	135,443
FINEP	Fixed rate	3.00%	45,104	61,858	45,104	61,887
			151,732	197,301	151,732	197,330
In foreign currency						
Working capital	Avg. rate + FX	5.64%	650,936	828,343	650,936	828,343
FINIMP	Avg. rate + FX	4.27%	17,564	90,514	17,564	184,328
			668,500	918,857	668,500	1,012,671
			820,232	1,116,158	820,232	1,210,001
Current liabilities			357,645	964,458	357,645	1,058,301
Non-current liabilities			462,587	151,700	462,587	151,700
			820,232	1,116,158	820,232	1,210,001

FINEP – Financing Agency for Studies and Projects.
FINIMP – Import financing. The consolidated schedule of maturities of long-term loans and financing is presented below:

Maturity	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
2024	-	37,013	-	37,013
2025	211,094	37,226	211,094	37,226
>2025	251,493	77,462	251,493	77,461
	462,587	151,700	462,587	151,700

a. FINEP - Financiadora de Estudos e Projetos (FINEP - Financing Agency for Studies and Projects)

The Company has innovation programs that seek to develop and acquire new technologies. Such innovation programs are supported by programs to encourage research and technological development with FINEP.

b. FINIMP – Import financing

The Company raised credit facilities for import financing (FINIMP).
In this modality, the financing is raised from a financial institution, where funds are transferred directly to the supplier abroad, thus having no direct impact on the Company’s cash.

c. Contractual guarantees and restrictions

Bank loans are partially guaranteed by an average of 30% of the Company’s receivables.

(In thousands of reais, unless otherwise indicated)

On the date of said financial statements, the Company and its subsidiaries hold some financing agreements that have covenants and establish obligations regarding the maintenance of financial ratios on the contracted operations, whose non-compliance may provoke, without any notice or interpellation, the early settlement of the debt, which would affect the Company's right to defer payments according to the original maturities established in said contracts *(Covenants).* For the aforementioned agreements, the Company complied with the restrictive clauses.

The loan and financing agreements, in addition to the aforementioned Covenants clauses, also have a cross-default on the financial debt.

d. Changes in loans and financing

Changes in balance of loans and financing are as follows:

	Parent Company		
	Current	Non-current	Total
Closing balance at 12/31/2021	615,822	381,491	997,313
New loans	341,638	462,080	803,718
Financial charges	41,685	(2,489)	39,196
Exchange-rate change	(48,988)	-	(48,988)
Payment of principal	(652,757)	-	(652,757)
Interest payment	(22,967)	-	(22,967)
Transaction cost	643	-	643
Transfer	689,382	(689,382)	-
Closing balance at 12/31/2022	964,458	151,700	1,116,158

	Parent Company		
	Current	Non-current	Total
Closing balance at 12/31/2022	964,458	151,700	1,116,158
New loans	284,327	-	284,327
Financial charges	64,850	(2)	64,848
Exchange-rate change	(66,318)	-	(66,318)
Payment of principal	(521,506)	-	(521,506)
Interest payment	(58,394)	-	(58,394)
Transaction cost	1,117	-	1,117
Transfer	(310,889)	310,889	-
Closing balance on 12/31/2023	357,645	462,587	820,232

(In thousands of reais, unless otherwise indicated)

	Consolidated		
	Current	Non-current	Total
Closing balance at 12/31/2021	615,822	381,491	997,313
New loans	430,890	462,080	892,970
Financial charges	42,223	(2,491)	39,732
Loans and financing from business combination	30	-	30
Exchange-rate change	(44,963)	-	(44,963)
Payment of principal	(652,757)	-	(652,757)
Interest payment	(22,967)	-	(22,967)
Transaction cost	643	-	643
Transfer	689,380	(689,380)	-
Closing balance at 12/31/2022	1,058,301	151,700	1,210,001

	Consolidated		
	Current	Non-current	Total
Closing balance at 12/31/2022	1,058,301	151,700	1,210,001
New loans	315,005	-	315,005
Financial charges	66,884	(2)	66,882
Exchange-rate change	(70,200)	-	(70,200)
Payment of principal	(644,149)	-	(644,149)
Interest payment	(58,394)	-	(58,394)
Transaction cost	1,087	-	1,087
Transfer	(310,889)	310,889	-
Closing balance on 12/31/2023	357,645	462,587	820,232

17. Labor and social security obligations

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Salaries and social charges	46,449	27,963	54,999	34,194
Provision for vacation, 13th salary and social security charges	18,996	19,807	22,306	22,826
Directors' fees	1,114	5,172	1,114	5,172
	66,559	52,942	78,419	62,192
Current liabilities	29,524	45,445	34,796	53,004
Non-current liabilities	37,035	7,497	43,623	9,188
	66,559	52,942	78,419	62,192

INSS

Those of labor and social obligations classified as current liabilities refer to the following writs of mandamus that the Company has regarding the unenforceability of payment of INSS:

(i) The unenforceability of payment of the contributions provided for in items I and II of Article 22 of Law 8212/1991, levied on amounts paid as maternity pay, including contributions to the SAT and third parties (education allowance, INCRA, SENAI, SESI, SENAC, SESC, SEBRAE, DPC, E. Era and SENAR. The amount outstanding for the year ended December 31, 2023, is 17,304 in the Parent Company and Consolidated.

(In thousands of reais, unless otherwise indicated)

(ii) Payment of contributions to FNDE (Education Allowance), INCRA, SEBRAE, SESI and SENAI, following the limit value of twenty (20) minimum wages for the total calculation basis of each of these Contributions, suspending the enforceability of said tax credit, under the terms of Article 151, IV, of the CTN. The recognition of the right to credits substantiated in the amounts improperly collected in the last five (5) years prior to the filing of the Writ of Mandamus is also requested. The amount outstanding for the year ended December 31, 2023, is 19,730 in the Parent Company and 26,317 in Consolidated.

18. Tax liabilities

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
IPI payable	2,960	431	2,961	487
ICMS payable	14,176	-	14,196	963
PIS and COFINS payable	13,439	-	192,720	121,723
IRPJ and CSLL	-	6,803	-	27,023
Other taxes payable	1,740	24,858	3,115	26,360
PERT installment	250	-	250	1,118
Installment payment of ICMS[1]	160,169	159,268	160,169	159,269
	192,734	191,360	373,411	336,943
Division:				
Current liabilities	56,421	63,992	59,665	88,233
Non-current liabilities	136,313	127,368	313,746	248,710
	192,734	191,360	373,411	336,943

VALUE ADDED TAX ON EXPORTS AND INVESTMENTS (ICMS)

[1]Two ICMS installment payments were entered into in the quarter ended June 30, 2023 due to three two tax assessment notices in the state of Minas Gerais. The amount of the tax was 27,463 and is recorded under “Tax assessment notices and voluntary confession” in Note 24, Other operating revenues/(expenses), while interest and inflation adjustment totaled 8,112, recorded under “Inflation adjustments - liabilities” in Note 23, Financial income (loss).

19. Provision for tax, labor and civil risks

The Company is a party to several proceedings arising in the normal course of its business, for which provision was made based on the estimates of its legal advisors and/or on the expectation of probable future cash disbursement.

(In thousands of reais, unless otherwise indicated)

The main information about these proceedings, for the year ended December 31, 2023 and 2022, is represented as follows:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax	125,634	100,420	127,169	160,029
Labor and social security	3,694	1,592	3,707	1,605
Civil	2,301	2,133	2,301	2,133
Regulatory	471	366	471	366
	132,100	104,511	133,648	164,133

Changes in the consolidated balances of provision in 2023 are shown below:

Parent Company	12/31/2021	Additions	Reversals	Write-offs	Restatements	12/31/2022
Tax	98,167	3,123	-	(86)	(784)	100,420
Labor and social security	1,228	329	-	(129)	164	1,592
Civil	893	3,961	(2,461)	(768)	508	2,133
Regulatory	366	-	-	-	-	366
Total	100,654	7,413	(2,461)	(983)	(112)	104,511

Consolidated	12/31/2021	Additions	Reversals	Write-offs	Restatements	12/31/2022
Tax	99,795	60,981	-	(86)	(661)	160,029
Labor and social security	1,228	329	-	(128)	177	1,605
Civil	914	3,940	(2,461)	(768)	508	2,133
Regulatory	366	-	-	-	-	366
Total	102,303	65,250	(2,461)	(983)	24	164,133

Parent Company	12/31/2022	Additions[(iii)]	Effects from subsidiary's merger	Write-offs	Restatements	12/31/2023
Tax	100,420	116,834	62,463	(155,904)	1,821	125,634
Labor and social security	1,592	2,007	-	-	95	3,694
Civil	2,133	-	-	-	168	2,301
Regulatory	366	-	-	-	105	471
Total	104,511	118,841	62,463	(155,904)	2,189	132,100

Consolidated	12/31/2022	Additions[(iii)]	Write-offs	Restatements	12/31/2023
Tax	160,029	116,834	(156,186)	6,492	127,169
Labor and social security	1,605	2,007	-	95	3,707
Civil	2,133	-	-	168	2,301
Regulatory	366	-	-	105	471
Total	164,133	118,841	(156,186)	6,860	133,648

(i) Among the lawsuits added in the changes presented above, we highlight the tax lawsuit referring to the matter of the STF on the change of understanding related to res judicata in tax matters, which resulted in a provision in the amount of 58,176. The amount was paid in full through offsetting against tax credits within the Parent Company in August 2023, with a restated value of 62,463.

(ii) In 2023, in an analysis carried out together with our legal advisors, there was a change in the prognosis from probable to possible loss, relating to the process of enabling extempore PIS and COFINS credits of 88,801 on imports.

(In thousands of reais, unless otherwise indicated)

(iii) The Company identified some tax inconsistencies relating to transactions taxed by ICMS in the state of Minas Gerais, covering the period from April 2019 to December 2022:

- Discussion on the use of the special regime in sales to individuals. The amount of tax due is 43,403;
- Discussion of the moment of use of the special regime in the assessment of tax, whether from the filing of the application, or upon approval by the State Treasury 28,175; and
- Other less relevant discussions for which the tax due is 2,132.

The Company has judged all the above issues to be probable losses, and is in negotiations with the State tax authorities to settle the amounts in installments.

The amount of the tax due was 84,767 and is recorded under "Tax, labor and other provision" in Note 24, Other operating revenues/(expenses), while interest and inflation adjustment totaled 21,154, recorded under "Inflation adjustments - liabilities" in Note 21, Financial income (loss).

(a) Nature of contingencies

The Company is a party to labor and tax lawsuits and has been discussing these issues in both the administrative and judicial scopes and, when applicable, said lawsuits are backed by judicial deposits. The respective provision for contingencies is set up considering the estimates made by the legal advisors, for lawsuits whose likelihood of loss in the respective outcomes was assessed as 'probable'. Company Management believes that resolving these issues will not have an effect significantly different from the provisioned amount.

Labor and social security contingencies refer to lawsuits filed by former employees linked to funds arising from the employment relationship and to various claims for damages.

(b) Possible losses, not provisioned in the balance sheet

In 2023, the Company and its subsidiaries were defendants in other tax, labor and civil proceedings, involving risk of loss for the Company assessed as "possible" according to the amounts shown below:

	Parent Company		Consolidated	
Nature of contingencies	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Tax	1,909,776	645,700	1,926,303	1,556,182
Labor and social security	912	494	1,282	494
Civil	1,400	414	1,400	440
Total	1,912,088	646,608	1,928,985	1,557,116

The most recent and relevant lawsuits received by the Company and its subsidiaries with a prognosis of Possible loss indicated by its legal advisors, and the details are as follows:

Proinox:

A tax assessment notice alleging concealment of the actual importer in the imports of products made by Proinox (a company merged by Multilaser in July 2023) and subsequently sold to Multilaser and customers, in the updated amount of 867,118, equivalent to the customs amounts of the imports made by Proinox in the period from April 2019 to October 2021. Multilaser is jointly and severally liable in the tax assessment notice.

A tax assessment notice alleging assignment of Multilaser's name to Proinox in foreign trade operations in order to cover up the actual importer, in the updated amount of 87,712. A tax assessment notice related to the notice described in the previous item. Multilaser is jointly and severally liable in the tax assessment notice.

The notices of infraction were reevaluated by the plaintiff's attorney and by a second renowned law firm, and both had convergent opinions on the possible loss prognosis for the year ended December 31, 2023.

Both opinions reinforce the solid arguments for the Company to dismiss the tax requirement, since the imports were carried out in a transparent manner and based on valid and sound contracts, and there was no simulation or damage to customs controls, or damage to the public treasury, so much so that the Tax Assessment Notice was based on the customs value of the imports and not on the value of the taxes.

Multilaser

Two notices of tax assessment notices related to ICMS (sales tax) received in May and June 2023, resulting from a recalculation made by the Minas Gerais Finance Department regarding spontaneous complaints made in the period ended June 30, 2022. The amounts considered as owed by the Company were paid in installments, as informed in Note 16, and the remaining amounts were challenged by the Company since the assessment did not consider the benefit of the presumed credit in the calculation of the assessed amount, with the contested amount of 131,971.

Notice of tax infraction also related to the amount of ICMS in the state of Minas Gerais due to inaccuracies in the calculations made in the same spontaneous complaints commented on in the previous item; however, referring to the accrual periods of July and August 2018. Such inaccuracies did not affect the balance of tax payable, which is why it was also object of a Challenge in the total amount of 34,785.

Additionally, the tax lawsuits with a forecast of possible loss increased to 967,183 in the Company due to the merger of the subsidiary Proinox.

(In thousands of reais, unless otherwise indicated)

20. Shareholders' equity

20.1 Capital

As of December 31, 2023, the authorized capital was 2,228,068. The subscribed and paid-up capital was 1,713,377. The quantity of shares is 820,539,225, all of which are common shares (1,713,377, divided into 820,539,225 common shares, with no par value, as of December 31, 2022) distributed as follows:

Shareholders	12/31/2023	12/31/2022
Controlling Shareholders and Directors	336,817,752	329,423,152
Non-controlling shareholders, related parties and officers	475,829,588	483,224,188
Treasury shares	7,891,885	7,891,885
	820,539,225	820,539,225

According to the Company's bylaws, the authorized capital is 1,067,025,987 common shares.

20.2 Profit reserves

a) Legal reserve

The legal reserve is set up annually by the allocation of 5% of net income for the year and may not exceed 20% of the Company's capital.

The purpose of the legal reserve is to guarantee that the capital is paid up and it is used solely to offset losses and increase capital.

b) Tax incentive reserve

Tax incentive reserves arise from government subsidies and assistance, recognized when there is reasonable certainty that the benefit will be received and that the conditions established by the granting governments have been met.

They are calculated and governed in accordance with the agreements, agreement terms, and legislation applicable to each benefit.

The Company holds a government grant with the State of Minas Gerais, which authorizes the deferral of the payment of State VAT - ICMS on the inflow of the goods it indicates, as a result of direct imports from abroad, and ensures partial presumed credit for the State VAT - ICMS on the outflow of the goods marketed by the Company.

The Company's main obligation to take advantage of this incentive comprises making investments, which are being fulfilled and proven with the State Treasury.

The effects on the income are recorded in the accounting on the accrual basis, in the group of sales deductions – incurred taxes.

Pursuant to income tax legislation, this tax incentive reserve can only be used to capital increase and loss absorption, and cannot be distributed as dividends since it relates to a benefit granted by the State to the Company for a specific activity.

(In thousands of reais, unless otherwise indicated)

In 2023, as approved by the Board of Directors, the amount of 250,000 was transferred to the Investment Reserve, reducing the amount of the Tax Incentive Reserves from 1,201,163 in the year ended December 31, 2022, to 951,163 in the year ended December 31, 2023.

The above amount was added in the calculation of income tax and social contribution for the year.

c) Capital reserve, statutory reserve and treasury shares

c.1) Capital reserve

As of December 31, 2023, the Company's capital reserve balance of 975,378, comprises the amount of goodwill on the subscription of shares on the occasion of the IPO in 2021, in addition to the income from treasury shares, allocated to the respective reserve in December 2021.

c.2) Statutory reserve

Reserve for purchase of treasury shares

In 2020, the Company allocated part of its income to the creation of a statutory reserve, intended for the repurchase of treasury shares in the amount of 22,711.

The purpose of the buyback is to obtain shares to: (i) future share-based incentive plan; (ii) resell them in the future; and (iii) provide intermediation and transfer of shares between partners. There were no changes to this reserve in 2023, maintaining the value of 22,711.

Investment reserve

The purpose of the investment reserve is to fund investments for growth and expansion, as well as to finance the Company's working capital, and it may also be used to distribute dividends, according to the decision of the shareholders. The following changes occurred in 2023:

The total amount of this reserve, added to the other profit reserves, cannot exceed the value of the capital.

Parent Company	Statutory reserve
Balance at January 1, 2022	164,788
Distribution of dividends	(45,071)
Balance at December 31, 2022	119,717
Formation of reserve	250,000
Balance at December 31, 2023	369,717

c.3) Treasury shares

The amount of treasury shares in the year ended December 31, 2023, is 9,216, made up of 7,891,885 shares, which is the same amount and quantity as in the year ended December 31, 2022.

(In thousands of reais, unless otherwise indicated)

d) Dividends and Interest on own capital

The Company's bylaws establish, as of September 2021, the distribution of a mandatory minimum dividend of 25% of the income (loss) for the year, adjusted in accordance with the law. In the period, the Company did not make any distribution of dividends related to the income (loss) for the period ended December 31, 2023.

Description	12/31/2023	12/31/2022
Net income (loss) for the year	(836,178)	89,967
(-) Legal reserve	-	(4,498)
(-) Tax incentive reserve	-	(85,469)
Adjusted net income (loss) for dividend purposes	-	-

21. Net sales

The Company's net revenue is made up as shown below:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Gross sales				
Sale of products	4,798,093	6,074,087	5,011,952	6,079,880
	4,798,093	6,074,087	5,011,952	6,079,880
Sales deductions				
Refunds and rebates	(714,677)	(626,138)	(740,340)	(660,778)
Sales taxes	(743,305)	(1,018,940)	(772,533)	(1,035,257)
	(1,457,982)	(1,645,078)	(1,512,873)	(1,696,035)
Net revenue	3,340,111	4,429,009	3,499,079	4,383,845

On the breakdown of revenues by segment, see Note 31.

22. Costs and expenses by type

	Parent Company		Consolidated	
	12/31/2023	12/31/2022 Reclassified	12/31/2023	12/31/2022 Reclassified
Cost of goods and products sold				
Costs of materials	2,956,943	3,794,868	2,974,896	3,001,606
Personnel	95,285	101,287	150,785	166,974
Depreciation/Amortization	10,804	10,197	29,918	32,221
Other	160,566	31,721	152,482	45,582
	3,223,598	3,938,073	3,308,081	3,246,383
Sales expenses				
Commercial	279,025	266,732	307,431	311,968
Distribution	278,298	248,839	325,205	283,714
Promotions and marketing	147,581	155,142	161,828	155,353
After sales	83,047	121,100	84,626	121,175
Allowance for doubtful accounts	23,698	48,979	26,355	52,584
	811,649	840,792	905,445	924,794
General and administrative expenses				
Personnel	40,377	30,408	43,309	41,795
Professional services	19,417	21,289	21,568	44,509
Communication	1,679	4,565	1,854	6,343
Technology and communication	29,157	23,705	34,089	38,598
Rentals, insurance, travel, other	26,352	19,143	34,345	30,029
	116,982	99,110	135,165	161,274

(In thousands of reais, unless otherwise indicated)

23. Financial income (loss)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Financial revenues				
Yield from interest earning bank deposit	61,160	40,659	84,610	64,445
Asset interest	5,572	2,717	6,215	2,768
Inflation adjustment assets	14,481	11,919	17,867	11,919
Adjustments to present value	53,603	50,832	48,532	50,832
Fair value - loan convertible into equity interest	-	-	-	30,393
Gains with foreign exchange hedging instruments	66,553	141,700	66,553	141,700
Other	13,985	2,998	14,525	4,458
	215,354	250,825	238,302	306,515
Financial expenses				
Liability interest	(71,848)	(45,437)	(76,250)	(52,497)
Inflation adjustments - liabilities	(89,337)	(53,465)	(121,129)	(74,626)
Losses on foreign exchange hedging instruments	(211,116)	(278,437)	(211,116)	(278,437)
Banking expenses	(16,079)	(11,034)	(16,360)	(13,839)
Other expenses	(39,832)	(9,293)	(40,621)	(11,728)
	(428,212)	(397,666)	(465,476)	(431,127)
Exchange-rate change				
Assets	342,037	191,252	436,839	350,813
Liabilities	(255,423)	(140,100)	(351,900)	(270,756)
	86,614	51,152	84,939	80,057
Net financial income (loss)	(126,245)	(95,689)	(142,235)	(44,555)

24. Other operating revenues/(expenses)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022 Reclassified	12/31/2023	12/31/2022 Reclassified
Other revenues				
Extempore credits	81,826	42,661	81,826	42,661
Indemnities, intermediations, sale of property, plant and equipment, other revenues	92,617	149,251	21,492	29,309
Financial credit Law 13969	161,799	274,321	170,772	292,828
	336,242	466,233	274,090	364,798
Other expenses				
Tax assessment notices and voluntary confession	(56,235)	(92,071)	(59,526)	(100,801)
Tax, labor and other provisions	3,995	(4,743)	3,969	(48,082)
Research and development	(53,729)	(69,486)	(75,884)	(80,031)
Indemnities and contractual fines, property, plant and equipment losses, other expenses	(9,932)	(1,714)	(19,429)	(1,943)
	(115,901)	(168,014)	(150,870)	(230,857)
Other net revenues and expenses	220,341	298,219	123,220	133,941

(In thousands of reais, unless otherwise indicated)

25. Earnings (loss) per share

The table below reconciles the income calculated in 2023 and 2022 in the calculation of basic and diluted earnings per share:

	Accumulated	
	12/31/2023	12/31/2022
Income (loss) for the year attributed to shareholders	(836,178)	89,967
Number of common shares	812,647,340	812,647,340
Weighted average number of common and preferred shares (in units)	812,647,340	812,647,340
Basic and diluted earnings (in R$) per common share	(1,028955)	0,110709

26. Financial risk management

26.1. Sundry considerations and policies

Risk management is carried out by the Company’s Treasury, which is also responsible for presenting all investment and loan operations carried out by the Company’s subsidiaries, for approval by the Top Management and Board of Directors.

26.2. Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), price risk, credit risk and liquidity risk. The Company’s risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

The risk management is conducted by the Company's Top Management, under the policies approved by shareholders. The Company’s Top Management identifies, evaluates, and protects the Company against possible financial risks.

(a) Market risk

The Company and its subsidiaries are exposed to market risks arising from their business activities. These market risks primarily involve the possibility of exchange rate fluctuations, changes in interest rates, and changes in Brazilian legislation in all spheres and default of clients and suppliers.

(b) Currency risk

The related risk derives from the possibility of incurring losses due to fluctuations in exchange rates that reduce billed nominal amounts or increase amounts raised in the market. Below is the Company’s exposure to financial instruments.

b.1) Obligations exposed to exchange change

Through the application of procedures to evaluate the debt structure and its exposure to exchange change, derivative financial instruments, swap contracts, were contracted, aiming to mitigate the risks of possible financial losses on loans and financing (see Note 16).

Regarding balance payable, in US dollars, to international raw material suppliers, as described in Note 15, the Company does not have a policy for contracting derivative financial instruments to mitigate the risk of exposure to exchange rate fluctuations, as, any increases in the cost of raw materials related to the exchange rate change, the Company seeks alternatives to transfer, substantially, such costs to the final sale price of the finished product.

(In thousands of reais, unless otherwise indicated)

b.2) Composition of balances recorded in the balance sheet accounts for loans and financing

Liability operations
Objective of market risk hedge (a)

				Fair value on 12/31/2023			Fair value at 12/31/2022		
Swap	Index	Maturity date	Notional value	Long position	Short position	Balance	Long position	Short position	Balance
Bank									
Citibank	USD-CDI	Aug 2027	34,837	104,525	(117,050)	(12,525)	184,849	(191,794)	(6,943)
Citibank	USD-CDI	Dec 2025	11,000	35,682	(39,636)	(3,954)	-	-	-
Bradesco	USD-CDI	Feb 2025	34,837	59,545	(73,601)	(14,056)	116,757	(135,142)	(18,385)
(*) Santander	USD-CDI	June 2027	63,597	291,540	(317,843)	(26,303)	340,988	(335,602)	5,386
Crop	USD-CDI	Mar 2024	17,763	9,538	(11,273)	(1,735)	151,952	(156,708)	(4,758)
Votorantim	USD-CDI	Mar 2024	12,490	6,701	(7,889)	(1,188)	36,238	(40,080)	(3,842)
Banco do Brasil	EUR-CDI	Mar 2025	10,000	54,570	(58,535)	(3,965)	-	-	-
Banco do Brasil	USD-CDI	Mar 2025	27,317	103,024	(111,690)	(8,666)	-	-	-
Total			211,841	665,125	(737,517)	(72,392)	830,784	(859,326)	(28,542)

(*) The Swap contracted above with Banco Santander (Brasil) S.A. to protect the loan of 63,597 dollars, taken out with the financing agent Banco Santander (Brasil) S.A., Luxembourg Branch, has a limit of USD/BRL 7.50.

(In thousands of reais, unless otherwise indicated)

b.3) Balances of derivative assets and liabilities presented in the balance sheet

Derivative financial assets and liabilities, presented in the balance sheet, whose purpose is asset protection, are summarized below:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Amounts receivable				
SWAP	-	6,325	-	6,325
	-	6,325	-	6,325
Amounts payable				
SWAP	(72,392)	(34,867)	(72,392)	(34,867)
	(72,392)	(34,867)	(72,392)	(34,867)
Net effect	(72,392)	(28,542)	(72,392)	(28,542)

(In thousands of reais, unless otherwise indicated)

c) Sensitivity analysis of foreign exchange risk

In order to provide information on the behavior of market risks to which the Company and its subsidiaries were exposed as of December 31, 2023 and 2022, in relation to the balance of foreign suppliers payable (Note 15) and loans in foreign currency as FINIMP (Note 16), three scenarios were considered, with the probable scenario, which is the fair value on December 31, 2023, and 2022, and two more scenarios with deterioration of 25% and 50% of the risk variable considered, are referred to as Possible and Remote, respectively.

	12/31/2023									
	Parent Company					Consolidated				
		Possible		Remote			Possible		Remote	
	Book balance	25%	Effect on income (loss)	50%	Effect on income (loss)	Book balance	25%	Effect on income (loss)	50%	Effect on income (loss)
Foreign suppliers	(246,214)	(307,768)	(61,554)	(369,321)	(123,107)	(403,113)	(503,891)	(100,778)	(604,670)	(201,557)
Financing - FINIMP	(17,564)	(21,955)	(4,391)	(26,346)	(8,782)	(17,564)	(21,955)	(4,391)	(26,346)	(8,782)
	(263,778)	(329,723)	(65,945)	(395,667)	(131,889)	(420,677)	(525,846)	(105,169)	(631,016)	(210,339)

	12/31/2022									
	Parent Company					Consolidated				
		Possible		Remote			Possible		Remote	
	Book balance	25%	Effect on income (loss)	50%	Effect on income (loss)	Book balance	25%	Effect on income (loss)	50%	Effect on income (loss)
Foreign suppliers	(500,795)	(625,994)	(125,199)	(751,193)	(250,398)	(688,028)	(860,035)	(172,007)	(1,032,042)	(344,014)
Financing - FINIMP	(90,514)	(113,143)	(22,629)	(135,771)	(45,257)	(184,328)	(230,410)	(46,082)	(276,492)	(92,164)
	(591,309)	(739,136)	(147,827)	(886,964)	(295,655)	(872,356)	(1,090,445)	(218,089)	(1,308,534)	(436,178)

(In thousands of reais, unless otherwise indicated)

The 2023 working capital loan balances, in foreign currency, were not included in the above analysis, as the Company contracted, with financial institutions, a swap operation observing the same dates, maturities and values of the aforementioned liability exposures contracted in foreign currency, replacing it for the percentage change of the CDI applied in an amount in reais.

d) Interest rate risk

The Company's interest rate risk arises from long-term loans, including the short position of the Swaps contracted, whose exchange rate change was replaced by the CDI exchange rate change. Loans issued at floating rates expose the Company to cash flow interest rate risk. Loans issued at fixed rates expose the Company to fair value risk associated to interest rate.

This risk is partially mitigated by the financial investments made by the Company.

In order to provide information on the behavior of the interest rate risk to which the Company and its subsidiaries were exposed as of December 31, 2023, in relation to loan balances (note 16), three scenarios are considered, with the probable scenario, which is the fair value on December 31, 2023, and two more scenarios with deterioration of 25% and 50% of the risk variable considered, are referred to as Possible and Remote, respectively. The futures curve of the market on December 31, 2023, was used.

Sensitivity analysis - Interest rate exposure

	Book balance			
	Parent Company	Consolidated	CDI on 12/31/2023	Current cost/gain
In domestic currency				
Interest earning bank deposits	837,359	1,031,847	11.65%	102.0% CDI
Working capital	(106,628)	(106,628)	11.65%	115.51% CDI
FINEP	(45,104)	(45,104)	11.65%	25.75% CDI
In foreign currency				
Working capital considering the SWAP liability	(737,517)	(737,517)	11.65%	118.73% CDI
FINIMP	(17,564)	(17,564)	11.65%	36.65% CDI
Total interest rate exposure	(69,454)	125,034		

	Scenario (I) without rate change			Scenario (II) with 25% rate change			Scenario (III) with 50% rate change		
		Effect on income (loss)			Effect on income (loss)			Effect on income (loss)	
	Rate	Parent Company	Consolidated	Rate	Parent Company	Consolidated	Rate	Parent Company	Consolidated
In domestic currency									
Interest earning bank deposits	11.88%	99,503	122,614	14.85%	124,379	153,268	17.82%	149,255	183,922
Working capital	13.46%	(14,349)	(14,349)	16.82%	(17,936)	(17,936)	20.19%	(21,523)	(21,523)
FINEP	3.00%	(1,353)	(1,353)	3.75%	(1,691)	(1,691)	4.50%	(2,030)	(2,030)
In foreign currency									
Working capital considering the SWAP liability	13.83%	(102,014)	(102,014)	17.29%	(127,517)	(127,517)	20.75%	(153,021)	(153,021)
FINIMP	4.27%	(750)	(750)	5.34%	(937)	(937)	6.40%	(1,125)	(1,125)
		(18,962)	4,149		(23,703)	5,186		(28,443)	6,223

(In thousands of reais, unless otherwise indicated)

e) Credit risk

The credit risk arises from cash and cash equivalents, deposits in banks, financial institutions, and exposure to client credit.

For banks and financial institutions, only securities from entities considered as prime line are accepted.
The Credit Analysis area evaluates the client's creditworthiness by taking into account their financial position, past experience and other factors, as described in Note 4.1.2. Accounting estimates and critical accounting judgments.

Individual risk limits are determined with basis on internal or external classifications in accordance with limits determined by Management. The use of credit limits is regularly monitored.

The amounts of the financial assets subject to credit risk are below:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Cash and cash equivalents	843,287	413,349	1,045,987	663,125
Accounts receivable	947,389	1,354,953	1,104,396	1,479,392
	1,790,676	1,768,302	2,150,383	2,142,517

f) Liquidity risk

Management monitors the continuous forecasts of liquidity requirements to ensure the Company has sufficient cash to meet its operational needs.

This forecast takes into consideration the Company's debt financing plans, compliance with clauses, attainment of the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requirements - for example, currency restrictions.

Surplus cash held by the Company beyond the balance required for administration of working capital, is invested in checking accounts with incidence of interest, term deposits, short-term deposits, choosing instruments with appropriate maturities and sufficient liquidity to provide sufficient margin as determined by the above predictions.

The table below analyzes the non-derivative financial liabilities of the Company per maturity brackets, corresponding to balance sheets' remaining period until contract maturity date.

(In thousands of reais, unless otherwise indicated)

	12/31/2023				
Parent Company	≤01 year	01–02 years	02–05 years	>05 years	Book balance
Loans and financing	357,645	211,094	251,493	-	820,232
Suppliers	1,030,822	-	-	-	1,030,822
	1,388,467	211,094	251,493	-	1,851,054

	12/31/2023				
Consolidated	≤01 year	01–02 years	02–05 years	>05 years	Book balance
Loans and financing	357,645	211,094	251,493	-	820,232
Suppliers	576,877	-	-	-	576,877
	934,522	211,094	251,493	-	1,397,109

	12/31/2022				
Parent Company	≤01 year	01–02 years	02–05 years	>05 years	Book balance
Loans and financing	964,458	37,013	114,687	-	1,116,158
Suppliers	1,407,333	-	-	-	1,407,333
	2,371,791	37,013	114,687	-	2,523,491

	12/31/2022				
Consolidated	≤01 year	01–02 years	02–05 years	>05 years	Book balance
Loans and financing	1,058,301	37,013	114,687	-	1,210,001
Suppliers	811,105	-	-	-	811,105
	1,869,406	37,013	114,687	-	2,021,106

g) Early payment risk management (Covenants)

Certain loan and financing agreements of the Company are subject to covenants, including clauses that require the maintenance of certain financial ratios within pre-established parameters, calculated quarterly, as described in Note 16.

The Company’s Management regularly monitors these indicators, as a means of monitoring and remediation with the financial institutions involved, when necessary.

The Company assessed compliance with the contractual clauses on December 31, 2023, in order to ensure that all the covenants were met in accordance with the pre-established clauses in the contracts.

26.3. Capital management

The Company's objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders and benefits to the other shareholders besides maintaining an optimal capital structure to reduce this cost.

(In thousands of reais, unless otherwise indicated)

In order to keep or adjust the capital structure, the Company may review the dividend payment policy, refund capital to the shareholders or, also, sell assets to reduce, for instance, the indebtedness level. The Company monitors capital based on the ratio of financial leverage. That index corresponds to the ratio divided between net debt and total capital.

Net debt, in turn, corresponds to total loans (including short-term and long-term loans, as shown in the balance sheet), less the amount of cash and cash equivalents and interest earning bank deposits. The total capital is calculated through the sum of shareholders' equity, as shown in the balance sheet, with net debt.

The financial leverage ratios in 2023 and 2022 are as follows:

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Loans and financing	820,232	1,116,158	820,232	1,210,001
Cash and cash equivalents	(843,287)	(413,349)	(1,045,987)	(663,125)
Net debt (cash)	(23,055)	702,809	(225,755)	546,876
Shareholders' equity	3,217,030	4,053,574	3,217,030	4,053,574
Leverage ratio	-0.7%	17.3%	-7.0%	13.5%

26.4. Financial instrument

The Company carries out operations with financial instruments. The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and protection.

The policy relating to the contracting of financial instruments for hedging purposes is approved by the shareholders and Management, and subsequently analyzed periodically in relation to exposure to the risk that management intends to hedge. The Company does not carry out any transaction and investment in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies and strategies defined and approved by Management.

The estimated market values of financial assets and liabilities of the Company were calculated through information available in the market and appropriate valuation methodologies. Judgments were required for interpreting the market data, to arrive at the best estimates of the realizable values.

Thus, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable value.

The Company's risk management policies were established by shareholders and Management in order to identify and analyze risks faced by the Company, to establish appropriate limits of risks and controls required to monitor the adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and in the Company's activities.

Classification of financial instruments

Pursuant to NBC TG 40/R3 (CVM Resolution 684/12), the Company evaluated its financial instruments, in accordance with the following general considerations:

In 2023, the main financial instruments are described below:

- Cash and cash equivalents: they are classified as fair value through profit or loss or amortized cost. The market value of such assets nears the values recorded in the balance sheets;
- Trade accounts receivable and other credits: they arise directly from the Company's operations and are classified as receivables and are recorded at their original values, subject to estimated losses and adjustments to present value and rebates granted to customers, when applicable;
- Related parties: they arise from operations carried out with the Company's subsidiaries, and are eliminated in the consolidation process. The market values of these financial instruments are equivalent to their book values;
- Loan agreements convertible into equity interest: arise from contracts between the Inova V investment fund and technology-based startups, where there is an option to convert the loan into a stake in the capital of these companies after specific periods have elapsed and certain conditions have been met. This financial instrument is valued at fair value through profit or loss;
- Suppliers and other accounts payable: they arise directly from the Company's operations and are classified as financial liabilities;
- Loans and financing: The book values of loans and financing approximate their fair values, as they are linked to a floating interest rate, in this case, the change of the CDI. The book values of financing linked to the TJLP (Long-Term Interest Rate) approximate their fair values as the TJLP is correlated with the CDI and is a floating rate. The fair values of loans and financing contracted with fixed-rate interest correspond to values close to the book balances disclosed in Note 16;
- Derivative financial instruments: Derivative financial instruments are presented as financial assets when the fair value of the instrument is positive; and as financial liabilities when the fair value is negative. Any gains or losses resulting from changes in the fair value of derivatives during the year are entered directly in the statement of income. The Company does not have derivatives designated as hedge accounting for any of the years presented in these individual and consolidated financial statements.

(In thousands of reais, unless otherwise indicated)

The classification of financial instruments is presented in the table below, and there are no other financial instruments classified in other categories besides those informed in 2023 and 2022:

- CA – Amortized cost;
- FVTPL – Fair value through profit or loss.

	Parent Company				
	12/31/2023		12/31/2022		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	843,287	843,287	413,349	413,349	C.A.
Accounts receivable	947,389	947,389	1,354,953	1,354,953	C.A.
Related parties	22,128	22,128	215,286	215,286	C.A.
Derivative financial instruments	-	-	6,325	6,325	FVTPL
Other receivables	22,253	22,253	42,174	42,174	C.A.
	1,835,057	1,835,057	2,032,087	2,032,087	
Liabilities					
Suppliers	1,030,822	1,030,822	1,407,333	1,407,333	C.A.
Loans and financing	820,232	822,505	1,116,158	1,119,828	C.A.
Related parties	18,066	18,066	6,861	6,861	C.A.
Derivative financial instruments	72,392	72,392	34,867	34,867	FVTPL
Lease liabilities	37,274	37,274	36,131	36,131	C.A.
Other accounts payable	59,808	59,808	69,872	69,872	C.A.
	2,038,594	2,040,867	2,671,222	2,674,892	

	Consolidated				
	12/31/2023		12/31/2022		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	1,045,987	1,045,987	663,125	663,125	C.A.
Accounts receivable	1,104,396	1,104,396	1,479,392	1,479,392	C.A.
Loan convertible into equity interest	94,000	94,000	74,300	74,300	FVTPL
Derivative financial instruments	-	-	6,325	6,325	FVTPL
Other receivables	22,793	22,793	42,215	42,215	C.A.
	2,267,176	2,267,176	2,265,357	2,265,357	
Liabilities					
Suppliers	576,877	576,877	811,105	811,105	C.A.
Loans and financing	820,232	822,505	1,210,001	1,213,671	C.A.
Derivative financial instruments	72,392	72,392	34,867	34,867	FVTPL
Lease liabilities	50,612	50,612	39,780	39,780	C.A.
Other accounts payable	87,688	87,688	71,631	71,631	C.A.
	1,607,801	1,610,074	2,167,384	2,171,054	

Derivative financial instruments

In 2023, the Company contracted swaps to minimize the exchange rate effects of the "Loans and financing" agreements (Note 26.2 (b.2)).

The effect of the measurement at the fair value of these derivative instruments is recorded in the statement of income, in the financial income (loss).

The position of the derivative financial instruments mentioned above is shown in Note 26.2 (b.2).

(In thousands of reais, unless otherwise indicated)

Fair value of financial and non-financial instruments

The market value calculation method used by the Company consists of calculating the future value based on the contracted conditions and determining the present value based on market curves, except for future market derivatives that have their fair values calculated based on the adjustments of changes in the market quotations of the commodity and futures exchanges that act as counterparty. In accordance with NBC TG 40/R3 (CVM Resolution CVM 684/12), the Company classifies measurement of fair value in accordance with hierarchical levels that reflect significance of rates used in this measurement, according to the following levels:

- Level 1: Prices quoted in active markets (unadjusted) for identical assets and liabilities;
- Level 2: Other information available, except those of Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly, by using evaluation techniques that input active market data;
- Level 3: Indices used in calculation do not derive from an active market.

Currently, all the Company's financial and non-financial instruments have their fair value measured reliably, thus classified and shown below in accordance with the fair value hierarchy:

In 2023

Parent Company	Level 1	Level 2	Level 3
Cash and cash equivalents	-	843,287	-
Derivative financial instrument	-	(72,392)	-
Investment properties	-	-	5,020
	-	770,895	5,020

Consolidated	Level 1	Level 2	Level 3
Cash and cash equivalents	-	1,045,987	-
Derivative financial instrument	-	(72,392)	-
Loan convertible into equity interest	-	-	94,000
Investment properties	-	-	5,020
	-	973,595	99,020

In 2022

Parent Company	Level 1	Level 2	Level 3
Cash and cash equivalents	-	413,349	-
Derivative financial instrument	-	(28,542)	-
Investment properties	-	-	5,020
	-	384,807	5,020

Consolidated	Level 1	Level 2	Level 3
Cash and cash equivalents	-	663,125	-
Derivative financial instrument	-	(28,542)	-
Loan convertible into equity interest	-	-	74,300
Investment properties	-	-	5,020
	-	634,583	79,320

(In thousands of reais, unless otherwise indicated)

Management believes that the results obtained from these operations (including derivative instruments) meet the risk management strategy adopted by the Company.

27. Income tax and social contribution

a) Deferred income tax and social contribution

These tax credits/debits refer to the deferred Income Tax and Social Contribution, calculated on the temporary additions/exclusions that were added/excluded in the calculation of the taxable income and in the calculation basis of the social contribution of the current and previous years, in addition to the amounts on tax losses, which the Company expects to realize in the next ten years.

The reconciliation of deferred taxes in the balance sheet for the year ended December 31, 2023, is below:

Description	Parent Company	Consolidated
Closing balance at December 31, 2022	143,807	171,426
Deferred taxes on temporary additions/exclusions	6,662	18,164
Merger of subsidiary	(2,412)	-
Previous year adjustment		87
Closing balance as of December 31, 2023	148,057	189,677

The realization of the “Deferred Tax Assets” is based on projections of future taxable income, whose projections took into account the assumptions of expected results and history of profitability of the business in the coming years, in view of the economic scenario expected by the Company during the definition of its business strategy.

The expectation of realization of the “Deferred Tax Asset”, based on a technical feasibility study according to NBC TG 32, is defined as follows:

Consolidated

Year	2023	2022
2023	-	9,887
2024	28,186	17,579
2025	32,615	39,514
2026	37,732	68,523
>2026	91,144	35,923
	189,677	171,426

(In thousands of reais, unless otherwise indicated)

b) Reconciliation of current income tax and social contribution on income (loss)

	Parent Company		Consolidated	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net income (loss) before taxes	(842,840)	97,177	(868,627)	140,780
Current rate	34%	34%	34%	34%
Taxes at the current rate	286,565	(33,040)	295,333	(47,865)
Tax effect of permanent additions and exclusions:				
Tax incentives - Financial credit	55,012	93,269	58,062	99,561
Tax incentives - Deemed credit	115,232	145,715	128,219	210,940
Equity in net income of subsidiaries	(42,438)	116,828	-	-
Deferred tax assets not recognized on tax losses	(318,805)	(235,117)	(350,590)	(271,893)
Incentives - PAT / Rouanet Law, others	-	-	-	954
Exploration profit	-	-	-	44,292
Other permanent differences	(7,683)	(87,655)	(8,103)	(84,084)
Other temporary differences	(81,222)	(7,210)	(90,473)	(2,717)
Income tax and social contribution	6,662	(7,210)	32,449	(50,813)
Income tax and social contribution - current	-	-	14,285	(48,096)
Deferred income tax and social contribution	6,662	7,210	18,164	(2,717)
Effective rate %	0.8%	7.4%	3.7%	36.1%

28. Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual claims, considering the nature of its activity with annual effectiveness periods in contracts.

The risk assumptions adopted were considered by Management to be sufficient to cover possible losses.

The declared coverages are as follows:

Declared risks	12/31/2023	12/31/2022	Effectiveness
Property damages	2,370,942	1,632,600	09/21/2023–09/21/2024
Loss of profits	250,000	851,635	09/21/2023–09/21/2024
Civil liability	50,000	50,000	06/28/2023–06/28/2024
Thefts and sundry risks	1,703,500	765,491	10/07/2023–10/07/2024

a) Credit risks

As of December 31, 2023, the Company had insurance to cover the loss of customer credits with pre-established clauses in order to reduce any losses due to this. Approximately 56% of the Company’s accounts receivable are insured, and the general conditions of the policy were considered by the Company as sufficient to cover these risks.

(In thousands of reais, unless otherwise indicated)

29. Related parties

The following table shows the operations and balances in the parent company with related parties:

12/31/2023	Amounts receivable			Amounts payable		
	Clients	Other accounts	Total	Suppliers	Other accounts	Total
Componentes Ltda.	-	7,825	7,825	39,554	-	39,554
Giga S.A.	-	73	73	613,331	13,782	627,113
Lojas Multilaser Ltda.	575	14,230	14,805	-	4,284	4,284
Watts Comércio de Patinet	2,607	-	2,607	-	-	-
	3,182	22,128	25,310	652,885	18,066	670,951

12/31/2022	Amounts receivable			Amounts payable		
	Clients	Other accounts	Total	Suppliers	Other accounts	Total
Componentes Ltda.	-	780	780	179	-	179
Giga S.A.	15,343	130,866	146,209	798,336	-	798,336
Proinox Ltda.	66	59,645	59,711	-	2,527	2,527
Lojas Multilaser Ltda.	13,904	-	13,904	-	4,334	4,334
Expet Indústria Ltda	35	23,995	24,030	1,736	-	1,736
Watts Comercio de Patinet	3,364	-	3,364	-	-	-
	32,712	215,286	247,998	800,251	6,861	807,112

	Revenue		Costs / expenses	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Componentes Ltda.	20,271	61,342	11,740	15,897
Giga S.A.	242,827	207,971	139,071	153,541
Proinox Brasil Ltda	-	47	-	49
Lojas Multilaser Ltda.	4,222	2,158	4,220	1,177
Watts Comercio de Patinet	2,743	51,915	1,474	1,893
	270,063	323,433	156,505	172,557

As the Company consolidates these subsidiaries and, therefore, all these balances were eliminated in the consolidation process.

Balances with related parties refer to transactions with specific conditions agreed between the parties. Both amounts payable and amounts receivable are not subject to the inflation adjustment. The balances with related companies in accounts receivable and accounts payable represent the amounts that the Company has to receive for the sale of products.

The Company provides a guarantee referring to financing and loans granted to financial institutions, consisting of a surety letter and property, plant, and equipment. As of December 31, 2023, there were no sureties and guarantees granted to related parties.

30. Remuneration of officers and executives

The key management personnel remuneration corresponds to short-term benefits of 10,497 as of December 31, 2023 (9,876 as of December 31, 2022), the amount of which was fully paid in the year ended December 31, 2023.

The Restricted Stock Plan created by the Company is still in force; however, it has not changed.

(In thousands of reais, unless otherwise indicated)

The Company, when proposed, pays its shareholders in the form of dividends and/or interest on own capital based on the limits defined by law and the Company's bylaws.

31. Segment reporting

The Company manages the operating performance of its businesses based on information by segment. Information by business segments is used by Management to make decisions on how to allocate funds, based on the gross profit of each operating segment. Business activities and results are monitored by the main managers of each business and reported to the main operations manager, to make decisions on the best way to allocate funds in each segment.

The Company's main operating segments are:

Mobile devices

Segment formed by electronic devices that are easy to transport and handle, basically composed of smartphones, laptops, and tablets aimed at large retail chains and corporate customers.

Office & IT supplies

Segment composed of computer peripherals, office supplies, and internet and security equipment, predominantly sold in small retail and with internet service providers and installers.

Home products

Segment formed by small appliances, products from the Audio and Video line, and Health Care products, widely sold in large retail stores and drugstore chains.

Kids & Sports

Composed of light and heavy childcare, gym equipment, toys, and products for Pets, normally sold in specialized retail.

The Company mainly carries out operations in Brazil. Less than 1% of its sales are exported and there are no customers that represent more than 10% of the revenue of each segment.

	Consolidated				
12/31/2023	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Net operating revenue	955,731	1,110,142	958,825	474,381	3,499,079
Gross profit	(445,800)	214,219	244,723	177,857	190,998

	Consolidated				
12/31/2022	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Net operating revenue	1,395,444	1,314,556	1,228,988	444,856	4,383,845
Gross profit	444,067	220,174	322,285	150,936	1,137,462

(In thousands of reais, unless otherwise indicated)

The information on assets and liabilities that are analyzed by the main managers of each business and reported to the main operations manager, in order to make decisions, is below.

	Consolidated				
12/31/2023	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Assets	422,244	520,237	421,980	156,976	1,521,437
Liabilities	119,852	158,628	91,613	33,020	403,113

	Consolidated				
12/31/2022	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Assets	989,669	868,067	578,129	224,416	2,660,281
Liabilities	325,980	649,513	244,254	55,587	1,275,334

32. Additional information to statements of cash flows

The table below shows the changes in liabilities arising from financing activities, arising from cash and non-cash flows, as determined by NBC TG 03/R3 (CVM Resolution 641/10) – Statement of Cash Flows.

	Parent Company			
Description	Balance at 12/31/2022	Non-cash changes	Net effect in cash flow from financing activities	Balance at 12/31/2023
Loans and financing	1,116,158	(353)	(295,573)	820,232
Dividends and interest on own capital	-	-	-	-
Lease liabilities	36,131	17,360	(16,217)	37,274
Capital reserve and treasury shares	-	(366)	-	(366)
	1,152,289	16,641	(311,790)	857,140

	Consolidated			
Description	Balance at 12/31/2022	Non-cash changes	Net effect in cash flow from financing activities	Balance at 12/31/2023
Loans and financing	1,210,001	(2,231)	(387,538)	820,232
Dividends and interest on own capital	-	-	-	-
Lease liabilities	39,780	28,479	(17,647)	50,612
Capital reserve and treasury shares	-	(366)	-	(366)
	1,249,781	25,882	(405,185)	870,478

	Parent Company			
Description	Balance on 12/31/2021	Non-cash changes	Net effect in cash flow from financing activities	Balance at 12/31/2022
Loans and financing	997,313	(9,149)	127,994	1,116,158
Dividends and interest on own capital	54,929	45,071	(100,000)	-
Lease liabilities	9,851	37,700	(11,420)	36,131
	1,062,093	73,622	16,574	1,152,289

(In thousands of reais, unless otherwise indicated)

	Consolidated			
Description	Balance on 12/31/2021	Non-cash changes	Net effect in cash flow from financing activities	Balance at 12/31/2022
Loans and financing	997,313	(4,558)	217,246	1,210,001
Dividends and interest on own capital	54,929	45,071	(100,000)	-
Lease liabilities	16,713	39,686	(16,619)	39,780
	1,068,955	80,199	100,627	1,249,781

33. Subsequent events

(i) On December 15, 2023, the Plenary approved Executive Order (EO) 1185/23, which was converted into law by Ordinary Law 14789/23, which provides for tax credits resulting from grants for the implementation or expansion of economic enterprises. Until December 31, 2023, subsidies received by companies, regardless of their nature (funding or investment), were not subject to taxation, i.e. they did not form part of the basis for calculating federal taxes.

As of January 1, 2024, the benefit was excluded for taxpayers who receive grants to pay for day-to-day expenses (funding). For those who use the benefit to build or expand a factory (investment), a tax credit will be granted equivalent to the application of the IRPJ rate on the subsidies received, i.e. the tax will need to be paid and offset later against the company’s other taxes. There will also be the possibility of claiming a cash refund after the investment has been completed.

In its assessment, the Company did not identify any relevant impacts on its operation, as it already has legal protection (writ of mandamus) against the taxation arising from Law 14789/2014

(ii) On January 2, 2024, Ms. Juliane Lopes Chitolina Goulart resigned from her position as Chief Investor Relations Officer for personal reasons. As of this date, Mr. Eder da Silva Grande, the Company’s Chief Financial Officer, has taken on the position of Chief Investor Relations Officer on an interim basis, in addition to his current position. As a result, the Company’s Executive Board is now composed of the following members:

EXECUTIVE BOARD	
Alexandre Ostrowiecki	Chief Executive Officer
André Poroger	Chief Product Officer
Eder da Silva Grande	Chief Financial Officer and Interim Chief Investor Relations Officer

(iii) On February 9, 2024, in compliance with CVM Resolution 44/2021 and Article 26 of the Novo Mercado Regulations, there were changes to the composition of the Board of Directors, the Executive Board and the Audit Committee:

(a) Mr. Edward James Feder was appointed to the positions of independent Chairman of the Board of Directors, to act until the next General Meeting of the Company (thus filling the position vacant since December 2023) and member of the Statutory Audit Committee, for a term unified with that of the other members;

(b) Mr. Flavio Bongiovanni Ferreira Lima was elected to the position of Chief Investor Relations Officer, for a joint term of office with the other members of the Executive Board. As a result, Mr. Eder da Silva Grande, who had held the position on an interim basis, returned exclusively to the position of Chief Financial Officer.

Therefore, as of this date, the Company's Board of Directors, Statutory Audit Committee and Executive Board are composed of the following members:

BOARD OF DIRECTORS	
Edward James Feder	Chairman (Independent)
Tomas Henrique Fuchs	Vice-Chairman (Independent)
Carlos Eduardo Altona	(Independent) Member
Alexandre Ostrowiecki	Member
Moacir Marques de Oliveira	Member

AUDIT COMMITTEE	
Marcos Edson Pinto Rodrigues	Coordinator and Qualified Member
Olavo Fortes Campos Rodrigues Junior	Member
Edward James Feder	Member (Independent Director)

EXECUTIVE BOARD	
Alexandre Ostrowiecki	Chief Executive Officer
André Poroger	Chief Product Officer
Eder da Silva Grande	Chief Financial Officer
Flavio Bongiovanni Ferreira Lima	Chief Investor Relations Officer