MULTILASER INDUSTRIAL S.A.

Individual and consolidated, condensed interim financial information
March 31, 2024

MULTILASER INDUSTRIAL S.A.

Balance sheet
March 31, 2024 and December 31, 2023
(In thousands of reais, unless otherwise indicated)

Assets

		Parent Company		Consolidated	
	Note	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current assets					
Cash and cash equivalents	3	748,173	843,287	950,100	1,045,987
Accounts receivable	4	901,198	875,338	954,780	1,032,345
Related parties	27	13,535	22,128	-	-
Inventories	5	1,323,153	1,337,326	1,476,906	1,521,437
Recoverable taxes	6	332,854	350,223	388,170	401,666
Prepaid expenses		15,475	6,946	17,414	7,916
Other assets	10	2,246	2,198	2,856	2,737
		3,336,634	**3,437,446**	**3,790,226**	**4,012,088**
Non-current assets					
Long-term assets					
Deferred taxes	25	148,057	148,057	193,805	189,677
Recoverable taxes	6	370,837	392,228	390,372	408,605
Accounts receivable	4	78,471	72,051	78,471	72,051
Judicial deposits	8	29,480	31,436	32,060	33,950
Other assets	8	19,101	20,055	39,602	114,056
		645,946	**663,827**	**734,310**	**818,339**
Investments	7	1,267,862	1,280,060	130,153	121,328
Investment properties	9	5,020	5,020	5,020	5,020
Property, plant and equipment	10	246,122	242,850	392,198	390,980
Intangible assets	11	37,569	37,626	133,181	62,234
Right-of-use assets	12	32,206	35,205	43,940	48,049
		1,588,779	**1,600,761**	**704,492**	**627,611**
TOTAL NON-CURRENT		**2,234,725**	**2,264,588**	**1,438,802**	**1,445,950**
Total assets		**5,571,359**	**5,702,034**	**5,229,028**	**5,458,038**

Liabilities and shareholders' equity

		Parent Company		Consolidated	
	Note	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Current liabilities					
Loans and financing	14	310,553	357,645	310,553	357,645
Suppliers	13	1,186,942	1,030,822	620,232	576,877
Labor and social security obligations	15	31,878	29,524	38,316	34,796
Tax liabilities	16	77,644	56,421	79,231	59,665
Related parties	27	7,568	18,066	-	-
Advance from clients		1,147	4,512	1,567	4,999
Derivative financial instruments	24.(b3)	21,370	37,984	21,370	37,984
Guaranteed obligations		42,730	42,730	42,730	42,730
Lease liabilities	12	11,503	11,405	15,544	15,341
Other current liabilities		51,582	59,808	63,533	87,688
		1,742,917	**1,648,917**	**1,193,076**	**1,217,725**
Non-current liabilities					
Loans and financing	14	370,369	462,587	370,369	462,587
Tax liabilities	16	197,410	136,313	396,344	313,746
Labor and social security obligations	15	39,791	37,035	46,829	43,623
Provision for procedural, civil and tax risks	17	27,546	132,100	28,782	133,648
Lease liabilities	12	22,967	25,869	31,291	35,271
Derivative financial instruments	24.(b3)	13,774	34,408	13,774	34,408
Provision for investment loss	7	8,022	7,775	-	-
		679,879	**836,087**	**887,389**	**1,023,283**
Shareholders' equity	18				
Capital	18.1	1,713,377	1,713,377	1,713,377	1,713,377
Accumulated translation adjustment		163	(366)	163	(366)
Share issuance expenditure	18.1	(58,291)	(58,291)	(58,291)	(58,291)
Capital reserves	18.2.(c.1)	975,378	975,378	975,378	975,378
Legal reserve	18.2.(a)	88,735	88,735	88,735	88,735
Tax incentive reserve	18.2.(b)	951,163	951,163	951,163	951,163
Reserve for purchase of treasury shares	18.2.(c.2)	22,711	22,711	22,711	22,711
Investment reserve	18.2.(c.2)	369,717	369,717	369,717	369,717
Treasury shares	18.2.(c.3)	(9,216)	(9,216)	(9,216)	(9,216)
Accumulated losses		(836,178)	(836,178)	(836,178)	(836,178)
Retained losses for the year		(68,996)	-	(68,996)	-
TOTAL SHAREHOLDERS' EQUITY		**3,148,563**	**3,217,030**	**3,148,563**	**3,217,030**
Total liabilities and shareholders' equity		**5,571,359**	**5,702,034**	**5,229,028**	**5,458,038**

See the accompanying notes to the individual and consolidated, condensed interim financial information.

MULTILASER INDUSTRIAL S.A.

Statements of income
Quarters ended March 31, 2024 and 2023
(In thousands of reais, unless otherwise indicated)

		Parent Company		Consolidated	
	Note	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net sales	19	732,623	686,009	730,776	784,648
Cost of goods sold	20	(616,433)	(775,657)	(565,810)	(837,084)
Gross income		**116,190**	**(89,648)**	**164,966**	**(52,436)**
Operating (expenses) revenues					
From sales	20	(173,099)	(208,360)	(202,355)	(227,673)
General and administrative	20	(21,804)	(34,070)	(26,685)	(40,191)
Equity in net income of subsidiaries	7	(16,456)	(31,753)	-	-
Other operating revenues (expenses)	22	45,386	55,860	20,908	12,436
Income (loss) before financial income (loss)		**(49,783)**	**(307,971)**	**(43,166)**	**(307,864)**
Financial revenues	21	72,717	23,203	79,721	27,166
Financial expenses	21	(55,051)	(107,489)	(63,282)	(111,618)
Net exchange-rate change	21	(36,880)	42,982	(45,661)	43,742
Financial income (loss)		**(19,213)**	**(41,304)**	**(29,222)**	**(40,710)**
Income (loss) before income tax and social contribution		**(68,996)**	**(349,275)**	**(72,388)**	**(348,574)**
Current income tax and social contribution	25	-	-	(705)	(286)
Deferred income tax and social contribution	25	-	6,662	4,097	6,247
		-	**6,662**	**3,392**	**5,961**
Net income (loss) for the period		**(68,996)**	**(342,613)**	**(68,996)**	**(342,613)**
Income (loss) attributed to					
Controlling shareholders		(68,996)	(342,613)	(68,996)	(342,613)
Net income (loss) for the period		**(68,996)**	**(342,613)**	**(68,996)**	**(342,613)**
Earnings per share:					
Earnings per share - Basic (in R$)	23	(0,084,086)	(0,417,546)		
Earnings per share - Diluted (in R$)	23	**(0,084,086)**	**(0,417,546)**		

See the accompanying notes to the individual and consolidated, condensed interim financial information.

MULTILASER INDUSTRIAL S.A.

Statements of comprehensive income
Quarters ended March 31, 2024 and 2023
(In thousands of reais, unless otherwise indicated)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net assets for the period	(68,996)	(342,613)	(68,996)	(342,613)
Other comprehensive income that may be reclassified to income (loss)				
Accumulated translation adjustments	163	-	163	-
Total comprehensive income	**(68,833)**	**(342,613)**	**(68,833)**	**(342,613)**
Income (loss) attributed to				
Controlling shareholders	(68,833)	(342,613)	(68,833)	(342,613)
Non-controlling shareholders				
Total comprehensive income	**(68,833)**	**(342,613)**	**(68,833)**	**(342,613)**

See the accompanying notes to the individual and consolidated, condensed interim financial information.

MULTILASER INDUSTRIAL S.A.

Statements of changes in shareholders' equity
Quarters ended March 31, 2024 and 2023
(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, 2022		**1,713,377**	**(58,291)**	**975,378**	**88,735**	**-**	**1,201,163**	**22,711**	**119,717**	**(9,216)**	**-**	**-**	**4,053,575**
Income (loss) for the year		-	-	-	-	-	-	-	-	-	-	(342,613)	**(342,613)**
Balances at March 31, 2023		**1,713,377**	**(58,291)**	**975,378**	**88,735**	**-**	**1,201,163**	**22,711**	**119,717**	**(9,216)**	**-**	**(342,613)**	**3,710,962**
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**
Income (loss) for the year		-	-	-	-	-	-	-	-	-	-	(68,996)	**(68,996)**
Accumulated translation adjustment		-	-	-	-	-	-	-	-	-	529	-	**529**
Balances at March 31, 2024		**1,713,377**	**(58,291)**	**975,378**	**88,735**	**-**	**951,163**	**22,711**	**369,717**	**(9,216)**	**163**	**(905,174)**	**3,148,563**

See the accompanying notes to the individual and consolidated, condensed interim financial information.

MULTILASER INDUSTRIAL S.A.

Statements of added value
Quarters ended March 31, 2024 and 2023
(In thousands of reais, unless otherwise indicated)

		Parent Company		Consolidated	
	Note	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cash flow from operating activities					
Net income (loss) attributed to controlling shareholders		**(68,996)**	**(342,613)**	**(68,996)**	**(342,613)**
Adjustments due to:					
Deferred income tax and social contribution	25(a)		(6,662)	(4,097)	(6,343)
Equity in net income of subsidiaries	7	16,456	31,753	-	-
Unrealized exchange-rate change		19,294	(14,242)	27,545	(13,552)
Net interest expense		14,609	16,549	15,008	17,622
Depreciation and amortization	10|11|12	9,383	8,419	15,902	12,517
Write-offs of property, plant and equipment and intangible assets	10|11	835	534	97	542
Adjustment to present value of accounts receivable	4	(3,232)	752	(3,232)	752
Estimated losses on allowance for doubtful accounts	4	10,712	15,225	11,576	15,226
Estimates for client expenses and rebates		23,117	32,134	31,155	35,316
Estimated loss for adjustment to realizable value of inventory	5	(21,617)	78,581	(24,156)	81,243
Provision for procedural, civil and tax risks	17	(104,554)	288	(104,866)	3,085
Provisions for guarantees			3,899	-	3,899
Financial credit		(21,906)	(25,546)	(25,556)	(25,546)
Financial income (loss) with court-ordered debt payments		(1,242)	(1,271)	(1,242)	(1,271)
Fair value of investment funds		(1,112)	(635)	(77,887)	1,356
Other non-cash transactions		(8,020)	49,840	(8,080)	49,840
		(136,273)	**(152,995)**	**(216,829)**	**(167,927)**
Equity changes					
Accounts receivable		(62,877)	177,230	31,646	259,532
Inventories		35,790	168,175	68,687	158,132
Tax credits		60,666	36,526	57,285	33,655
Other assets		4,168	12,435	67,968	(5,490)
Suppliers		156,417	(67,982)	35,435	(93,308)
Tax liabilities		82,320	(2,433)	102,164	(3,578)
Accounts payable		(16,979)	(10,418)	(20,861)	7,981
Derivatives paid/received		(29,198)	(18,159)	(29,198)	(18,159)
		230,307	**295,374**	**313,126**	**338,765**
Net cash used (consumed) in operational activities		**94,034**	**142,379**	**96,297**	**170,838**
Cash flow from investment activities					
Acquisition of property, plant and equipment	10	(10,129)	(7,464)	(12,289)	(8,994)
Acquisition of intangible assets		(305)	(48)	(304)	(48)
Investment in Ziyou – Inova V		-	-	-	(11,500)
Investment in Map – Inova V		-	-	-	(4,000)
Investments in other investment funds		(2,400)	-	(2,400)	-
Net cash used in investment activities		**(12,834)**	**(7,512)**	**(14,993)**	**(24,542)**
Cash flow from financing activities					
Funds from loans and financing	14.4	-	283,370	-	313,534
Payment of borrowings and financing	14.4	(147,732)	(183,303)	(147,696)	(221,659)
Interest paid for loans and financing	14.4	(24,763)	(4,659)	(24,834)	(5,126)
Payment of lease liabilities	12	(3,819)	(3,267)	(5,190)	(3,762)
Net cash generated/invested in financing activities		**(176,314)**	**92,141**	**(177,720)**	**82,987**
Exchange-rate changes on cash and cash equivalents				529	
Net increase (decrease) in cash and cash equivalents		**(95,114)**	**227,008**	**(95,887)**	**229,283**
Cash and cash equivalents at the beginning of the period		843,287	413,349	1,045,987	663,125
Cash and cash equivalents		748,173	640,357	950,100	892,408
Net increase (decrease) in cash and cash equivalents		**(95,114)**	**227,008**	**(95,887)**	**229,283**

See the accompanying notes to the individual and consolidated, condensed interim financial information.

MULTILASER INDUSTRIAL S.A.

Statements of added value
Quarters ended March 31, 2024 and 2023
(In thousands of reais, unless otherwise indicated)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Revenues				
Sale of goods and services	898,139	882,234	908,951	979,747
Other revenues	46,556	35,297	22,033	35,293
	944,694	**917,531**	**930,983**	**1,015,041**
Inputs acquired from third parties				
Cost of products, goods sold and services rendered	(526,835)	(684,232)	(568,845)	(635,576)
Materials, energy, outsourced services and other	(256,617)	(122,040)	(181,421)	(192,628)
Loss/recovery of asset values	58,855	(120,628)	56,484	(131,615)
	(724,596)	**(926,899)**	**(693,781)**	**(959,818)**
Gross added value	**220,098**	**(9,368)**	**237,202**	**55,222**
Depreciation and amortization	(9,383)	(7,308)	(15,902)	(14,256)
Net added value produced by the Company	**210,715**	**(16,675)**	**221,300**	**40,966**
Added value received as transfer				
Equity in net income of subsidiaries	(16,456)	(31,753)	-	-
Financial revenues and exchange-rate changes	75,820	100,077	82,808	120,666
Other	-	-	7,854	(41,930)
Total added value to be distributed	**270,080**	**51,649**	**311,962**	**119,702**
Distribution of added value				
Personnel				
Direct remuneration	48,320	51,539	58,568	71,726
Benefits	22,019	25,759	26,739	30,711
FGTS (SEVERANCE INDEMNITY FUND)	3,464	4,550	4,226	5,773
	73,804	**81,848**	**89,533**	**108,210**
Taxes, duties and contributions				
Federal	132,516	154,301	124,374	179,298
State	40,242	11,187	59,420	9,182
Municipal	1,049	485	1,521	596
	173,807	**165,973**	**185,315**	**189,076**
Third-party capital remuneration				
Interest and exchange-rate changes	85,013	130,375	94,196	147,400
Other	5,031	19,173	11,399	20,771
Rents	1,421	(3,108)	514	(3,143)
	91,465	**146,440**	**106,110**	**165,029**
Remuneration of own capital				
Retained earnings/losses	(68,996)	(342,613)	(68,996)	(342,613)
	(68,996)	**(342,613)**	**(68,996)**	**(342,613)**
Total added value paid	**270,080**	**51,649**	**311,962**	**119,702**

See the accompanying notes to the individual and consolidated, condensed interim financial information.

1. Operations

Multilaser Industrial S.A. (“Company”) is a publicly-held corporation with shares traded at Bolsa de Valores de São Paulo (B3 S.A. - Brasil, Bolsa, Balcão)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 m^2, 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, pen drives, 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 customers.

As of March 31, 2024, the Company had five direct subsidiaries and an indirect exclusive fund controlled from the subsidiary Giga Industrial:

- **Multilaser Indústria 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 Indústria 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 in accordance with Article 622 of the Corporate Law of Hong Kong, whose start-up date was August 15, 2023.
- **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. In the period ended March 31, 2024 , Inova V held a 49% equity interest in the companies below:

Luby Tecnologia S.A. ("Luby"): headquartered in the city of São Paulo, state of São Paulo, and with a branch in the city of Manaus, in the state of Amazonas, it develops customized software solutions for several business segments in outsourcing and project formats.

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

1.1 Relevant events for the period

Replacement of Independent Auditor

On April 23, 2024 ,the Board of Directors approved the engagement of PricewaterhouseCoopers Auditores Independentes, as recommended by the Statutory Audit Committee and the Company's Board of Directors, replacing BDO RCS Auditores Independentes – Sociedade Simples Limitada ("BDO").

Conversion of the FIP Inova V loan in Watch to equity interest

On January 12, 2024, FIP Inova V exercised the option and converted the loan agreement it held with Watch, with a fair value of R$ 73,500, into a 49% equity interest in the capital of this Company (closed capital, not quoted on a stock exchange or organized market). Further details regarding the operation are presented in Note 7 "Investments".

2. Presentation and preparation of individual and consolidated, condensed financial information

2.1 Statement of conformity

The individual and consolidated condensed, financial information was prepared for the three-month periods ended March 31, 2024 and 2023 in accordance with CPC 21 (R1) – Interim Financial Statements and with the international standard IAS 34 – "Interim Financial Reporting", issued by the "International Accounting Standards Board – IASB", as well as the presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). This individual and consolidated, condensed financial information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by its Management.

The individual and consolidated, condensed financial information was prepared on a going concern basis. Management performs an assessment of the ability of the Company and its subsidiaries to continue their activities during the preparation of the financial information. Management did not identify any material uncertainty about the ability of the Company and its subsidiaries to continue their activities.
Company's Management hereby declares that all relevant information specific to the

individual and consolidated, condensed financial statements, and only such information, is being evidenced and corresponds to the information used by the Management in its management. The issuance of the individual and consolidated, condensed financial statements were reviewed and authorized, after the Board of Directors' Meeting held on May 14, 2024.

The presentation of the Individual and Consolidated, Condensed Statement of Added Value is required by Brazilian Corporation Law and the accounting practices adopted in Brazil applicable to publicly-held companies. NBC TG 09 / (CVM Resolution 557/08). IAS 34 does not require the presentation of this statement. Accordingly, this statement is presented as supplementary information, without prejudice to the individual and consolidated, condensed financial information as a whole.

2.2 Basis of presentation and significant accounting practices

This individual and consolidated, condensed financial information does not include all the information and disclosures required in the annual Financial Statements, and therefore must be read together with the individual and consolidated financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS and accounting practices adopted in Brazil. There were no changes in the accounting practices adopted in the quarter ended March 31, 2024 and 2023, in relation to those applicable on December 31, 2023 and 2021, in addition to the new pronouncements, interpretations, and amendments that came into force after December 31, 2023.

NBC TG 21 (R4))/IAS 34 requires the use of certain accounting estimates by the Company's Management. The individual and consolidated, condensed interim financial statements was prepared using historical cost as a basis for value, unless otherwise stated.

Certain assets and financial instruments may be stated at fair value.

The individual and consolidated, condensed financial information is shown in reais (R$), which is the presentation currency. All amounts are rounded to thousands of Reais, unless otherwise stated.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2023, the note 2.5 – Accounting estimates and critical accounting judgments was presented in a summarized form in the quarter ended March 31, 2024.

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, condensed financial information is the Brazilian real.

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.

2.4 Use of estimate

The preparation of individual and consolidated, condensed interim financial information 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 judgments or the use of estimates, relevant to the individual and consolidated, condensed interim financial statements, are shown in Note 2.5 below.

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

The individual and consolidated, condensed financial information is prepared based on the financial information of the subsidiary and its subsidiaries, which use the same accounting practices in their preparation. The reporting periods of the Parent Company coincide with those of the subsidiaries. The main consolidation procedures are described in item 3.

2.5 Accounting estimates and critical accounting judgments

The preparation of individual and consolidated, condensed financial information, 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 information. 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.

(In thousands of reais, unless otherwise indicated)

Below, we listed 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, may generate a significant risk of causing possible significant adjustments in the book value of assets and liabilities in the following fiscal year: (1) Estimated loss from allowance for doubtful accounts (PECLD); (2) Adjustment of present value of accounts receivable; (3) Estimate of expenses and rebates with customers; (4) Estimated loss in the recoverable value of inventories; (5) useful life of property, plant and equipment; (6) recoverability of tax credits; (7) Guaranteed obligations; (8) Provision for procedural, civil and tax risks; (9) receipt of rebates from suppliers; (10) realization of deferred taxes; (11) repurchase / transfer of shares between partners; (12) remuneration with delivery of shares measured at fair value; (13) determination of the goodwill value upon conversion of the loan agreement; (14) realization value of judiciary bonds; (15) revenue recognition; (16) fair value measurement of investments; (17) lease discount rate; (18) impairment; (19) fair value measurement of derivative financial instruments.

2.6 Consolidated financial statements

Consolidation basis

Subsidiaries and exclusive investment fund

The individual and consolidated, condensed financial information comprises 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 8.

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

			Interest	
Subsidiaries	Main operation	STATE	2023	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 individual and consolidated, condensed financial information is 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 01 and ends on the last day of February of each year. In this context, the Company made the necessary adjustments in the consolidation.

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, see Note 7 - "Investments".

2.7 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.

Among the information analyzed by management, it considered quantitative and qualitative factors for the operation of the Company and its subsidiaries, used in monitoring and decision-making, determined by the Board of Directors to the Statutory Executive Board, represented by the Chief Executive Officer (CEO), the receipt and analysis of information about the operational and financial results of the business and its decision-making, use of technologies and marketing strategies for different products.

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.

2.8 Reclassification for better comparability

In order to improve the presentation of the individual and consolidated, condensed interim 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.

(In thousands of reais, unless otherwise indicated)

As of March 31, 2024, with retroactive effect to March 31, 2023, this expense now appears under Other net revenues (expenses). The reclassification impacted not only the Statement of Income, but also Note 20 (Costs and expenses by type) and Note 22 (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 6 (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 quarter ended March 31, 2023, are as follows:

Statement of income

	Parent Company			Consolidated		
	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified
Net sales	686,009	-	686,009	784,648	-	784,648
					-	
Cost of goods sold	(775,657)	-	(775,657)	(837,084)	-	(837,084)
Gross income	**(89,648)**	-	**(89,648)**	**(52,436)**	-	**(52,436)**
Operating (expenses) revenues						
From sales	(220,577)	12,217	(208,360)	(243,207)	15,534	(227,673)
General and administrative	(34,070)	-	(34,070)	(40,191)	-	(40,191)
Equity in net income of subsidiaries	(31,753)	-	(31,753)	-	-	-
Other operating revenues (expenses)	68,077	(12,217)	55,860	27,970	(15,534)	12,436
Income (loss) before financial income (loss)	**(307,971)**	-	**(307,971)**	**(307,864)**	-	**(307,864)**
Financial revenues	23,203	-	23,203	27,166	-	27,166
Financial expenses	(107,489)	-	(107,489)	(111,618)	-	(111,618)
Net exchange-rate change	42,982	-	42,982	43,742	-	43,742
Financial income (loss)	**(41,304)**	-	**(41,304)**	**(40,710)**	-	**(40,710)**
Income before income tax and social contribution	**(349,275)**	-	**(349,275)**	**(348,574)**	-	**(348,574)**
Current income tax and social contribution	-			(286)	-	(286)
Deferred income tax and social contribution	6,662	-	6,662	6,247	-	6,247
	(7,210)	-	**(7,210)**	**5,961**	-	**5,961**
Profit for the period	**(342,613)**	-	**(342,613)**	**(342,613)**	-	**(342,613)**

(In thousands of reais, unless otherwise indicated)

Note 22 - Costs and expenses by type

	Parent Company			Consolidated		
	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified
Cost of goods and products sold						
Costs of materials	641,093	-	641,093	671,552	-	671,552
Personnel	18,434	-	18,434	37,621	-	37,621
Depreciation/Amortization	1,373	-	1,373	4,829	-	4,829
Other	114,757	-	114,757	123,082	-	123,082
	775,657	-	**775,657**	**837,085**	-	**837,084**
Sales expenses						
Commercial	64,613	-	64,613	70,000	-	70,000
Distribution	58,505	-	58,505	71,681	-	71,681
Promotions and marketing	42,680	-	42,680	43,293	-	43,293
After sales	20,885	-	20,885	21,024	-	21,024
Research and development	12,217	(12,217)	-	15,534	(15,534)	-
Allowance for doubtful accounts	21,677	-	21,677	21,675	-	21,675
	220,577	**(12,217)**	**208,360**	**243,207**	**(15,534)**	**227,673**
General and administrative expenses						
Personnel	10,984	-	10,984	11,444	-	11,444
Professional services	5,403	-	5,403	6,554	-	6,554
Communication	565	-	565	617	-	617
Technology and communication	9,668	-	9,668	11,245	-	11,245
Rentals, insurance, travel, other	7,450	-	7,450	10,331	-	10,331
	34,070	-	**34,070**	**40,191**	-	**40,191**

Note 24 – Other operating revenue and expenses

	Parent Company			Consolidated		
	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified	03/31/2023 Originally submitted	03/31/2023 Reclassification	03/31/2023 Reclassified
Other revenues						
Indemnities and contractual fines, property, plant and equipment losses, other expenses	50,822	-	50,822	11,329	-	11,329
Financial credit Law 13969	25,546	-	25,546	25,546	-	25,546
	76,368	-	**76,368**	**36,875**	-	**36,875**
Other expenses						
Research and development	-	(12,217)	(12,217)	-	(15,534)	(15,534)
Indemnities and contractual fines, property, plant and equipment losses, other expenses	(8,291)	-	(8,291)	(8,905)	-	(8,905)
	(8,291)	**(12,217)**	**(20,508)**	**(8,905)**	**(15,534)**	**(24,439)**
Other net revenues and expenses	**68,077**	**(12,217)**	**55,860**	**27,970**	**(15,534)**	**12,436**

(In thousands of reais, unless otherwise indicated)

3. Cash and cash equivalents

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Cash	-	-	4	10
Banks	4,999	5,928	13,200	14,130
Interest earning bank deposits	743,174	837,359	936,896	1,031,847
	748,173	**843,287**	**950,100**	**1,045,987**

Interest earning bank deposits have immediate liquidity. They include: (i) Bank deposit certificates (“CDB”); (ii) securities issued from repurchase and resale agreements by first-tier financial institutions yield an average of 102.50% (102.0% as of December 31, 2023) of the Interbank Deposit Certificate (CDI), composed of highly liquid short-term interest earning bank deposits, which are readily convertible into a known amount of cash subject to a remote risk of change in value.
The revenue generated by these investments is recorded as financial revenue in the income (loss) for the period.

4. Accounts receivable

Breakdown of trade accounts receivable:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Accounts receivable	**858,588**	**787,090**	**916,469**	**942,621**
Trade notes overdue (days)*:				
01−30	45,939	31,339	51,456	72,565
31−60	27,781	42,867	28,623	20,701
61−90	10,160	31,702	9,478	13,290
91−180	22,996	42,542	21,474	42,674
>180	176,690	166,854	173,164	171,614
	283,566	**315,304**	**284,195**	**320,844**
Estimated loss from allowance for doubtful accounts	(133,089)	(122,377)	(138,017)	(126,441)
Adjustment to present value - AVP	(29,396)	(32,628)	(29,396)	(32,628)
	979,669	**947,389**	**1,033,251**	**1,104,396**
Division:				
Current assets	901,198	875,338	954,780	1,032,345
Non-current assets	78,471	72,051	78,471	72,051
	979,669	**947,389**	**1,033,251**	**1,104,396**

Movement in expected loss in accounts receivable

	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2024	12/31/2022
Opening balance	**(122,377)**	**(95,550)**	**(126,441)**	**(100,559)**
(Additions) /Reversals	(11,883)	(40,616)	(12,747)	(39,771)
Write-offs	1,171	13,789	1,171	13,889
Closing balance	**(133,089)**	**(122,377)**	**(138,017)**	**(126,441)**

(In thousands of reais, unless otherwise indicated)

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 10.75% and 13.75% p.a. in the period ended March 31, 2024 (between 11.75% and 13.75% in 2023).

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.

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.

5. Inventories

Breakdown of inventories:

Inventories

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Finished goods	937,160	1,063,715	908,005	1,048,926
Raw materials	419,095	374,094	527,784	503,519
Imports in progress	188,716	153,731	293,004	255,526
Packaging material	24,746	13,967	28,801	18,310
Provision for adjustment of net realizable value of inventories	(246,564)	(268,181)	(280,688)	(304,844)
	1,323,153	**1,337,326**	**1,476,906**	**1,521,437**

Estimated loss on realization of inventories

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Opening balance	(268,181)	(130,408)	(304,844)	(137,579)
Additions	-	(137,773)	-	(167,265)
Write-offs	21,617	-	24,156	-
Closing balance	**(246,564)**	**(268,181)**	**(280,688)**	**(304,844)**

The Company recognized in income (loss) for the period, under “Cost of goods and products sold”, the amounts of R$ 616,433 in the Parent Company and 565,810 in the Consolidated (775,657 and 837,084 in 2023, respectively).

(In thousands of reais, unless otherwise indicated)

6. Recoverable taxes

The balances of taxes recoverable are as follows:

Recoverable taxes

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Recoverable IPI	27,511	25,489	27,584	25,579
Recoverable ICMS	182,077	194,154	195,417	204,816
Recoverable PIS and COFINS	119,855	128,203	127,020	129,977
IRPJ and CSLL recoverable	8,535	5,941	39,180	36,200
Other recoverable taxes	21,033	24,037	21,342	24,346
Financial credit	344,680	364,627	367,999	389,353
	703,691	**742,451**	**778,542**	**810,271**
Current assets	332,854	350,223	388,170	401,666
Non-current assets	370,837	392,228	390,372	408,605
	703,691	**742,451**	**778,542**	**810,271**

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 19, totaling R$ 43,466; 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 22, totaling R$ 35,115.

In addition, the Company identified the amount of R$ 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 R$ 6,239 in Note 22 Costs and expenses by type, and; “Extemporaneous credits” of R$ 36,627 in the Other revenues (expenses) group, Note 22.

Tax reform

On December 20, 2023, Constitutional Amendment (“EC”) 132 was enacted, which establishes the Tax Reform (“Reform”) on consumption. Several topics, including the rates of new taxes, are still pending regulation by Complementary Laws (“LC”), which must be submitted for evaluation by Brazil’s National Congress 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 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 Complementary Laws.

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, up to March 31, 2024, there is no effect of the Reform on these interim financial statements.

(In thousands of reais, unless otherwise indicated)

7. Investments

	Parent Company		Consolidated	
Summary of investments	**03/31/2024**	**12/31/2023**	**03/31/2024**	**12/31/2023**
Investments in Subsidiaries	1,172,118	1,187,828	-	-
Indirect investment via Fundo Inova V - Luby	-	-	8,609	3,626
FIP Inova We Empreendendorismo Feminino	16,271	16,215	16,271	16,215
FIP Indicador 2 IOT Fundo Investimentos	21,802	19,630	21,802	19,630
Inova IV Fundo de Investimento	-	-	25,800	25,470
FIP Inova VII Fundo de Investiento	32,011	31,090	32,011	31,090
FIP Inova X Fundo de Investimento	14,950	14,663	14,950	14,663
FIP Inova IX Fundo de Investimento	10,710	10,634	10,710	10,634
	1,267,862	**1,280,060**	**130,153**	**121,328**
Provision for losses on investment in subsidiaries	(8,022)	(7,775)	-	-
	1,259,840	**1,272,286**	**130,153**	**121,328**

Investments in subsidiaries

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

		Parent Company	
Subsidiaries	**Interest**	**03/31/2024**	**12/31/2023**
Investments with positive shareholders' equity of the investee			
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.	100.00%	381,170	375,336
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	100.00%	758,518	786,546
(3) Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI	100.00%	11,167	11,094
(5) Multilaser Global Limited	100.00%	21,263	14,852
		1,172,118	**1,187,828**
Investments with negative shareholders' equity of the investee			
(4) Lojas Multilaser - Comércio Varejista Ltda	100.00%	(8,022)	(7,775)
		(8,022)	**(7,775)**
Total net investments in subsidiaries		**1,164,096**	**1,180,053**

(*) 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 condensed financial statements in 2024:

	Balance at 12/31/2023	Equity in net income of subsidiaries	Accumulated translation adjustment	Balance at 03/31/2024
(1) Multilaser Indústria de Equipamentos de Informática, Eletrônicos e Ópticos Ltda.	375,336	5,834	-	381,170
(2) Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	786,546	(28,028)	-	758,518
(4) Lojas Multilaser - Comércio Varejista Ltda	(7,775)	(247)	-	(8,022)
(3) Watts Comércio de Patinetes Elétricos e de Veículos Recreativos EIRELI	11,094	73	-	11,167
(5) Multilaser Global Limited	14,852	5,882	529	21,263
Subtotal	**1,180,053**	**(16,486)**	**529**	**1,164,096**

Relevant information on investments in equity interests and in FIP Inova V on March 31, 2024, and December 31, 2023:

03/31/2024	Multilaser Componentes Ltda.	Giga Ind. Com. Prod. Seg. Eletr. S.A.	Lojas Multilaser Ltda.	Watts	Inova V	Multilaser Global Limited
Ownership percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total assets	414,260	1,482,013	10,936	6,536	122,813	45,032
Total liabilities	27,489	566,528	18,958	2,983	365	23,769
Capital	75,863	26,346	500	2,000	120,429	371
Shareholders' equity	386,771	915,485	(8,022)	3,553	122,448	21,263
Net revenue	43,131	281,079	1,003	1,231	-	9,773
Net income (loss) for the year	8,547	(8,006)	(247)	73	2,019	5,882
Shareholders' equity according to interest (%)	386,771	915,485	(8,022)	3,553	122,448	21,263
Group's profit sharing	8,547	(8,006)	(247)	73	2,019	5,882

(In thousands of reais, unless otherwise indicated)

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)

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	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Inova We Empreendendorismo Feminino	16,271	16,215	16,271	16,215
Indicador 2 IOT Fundo Investimentos	21,802	19,630	21,802	19,630
Inova IV Fundo de Investimento	-	-	25,800	25,470
Inova VII Fundo de Investimento	32,011	31,090	32,011	31,090
Inova X Fundo de Investimento	14,950	14,663	14,950	14,663
Inova IX Fundo de Investimento	10,710	10,634	10,710	10,634
	95,744	**92,232**	**121,544**	**117,702**

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

Parent Company	Balance at 12/31/2023	Capital investments	Fair value	Balance at 03/31/2024
Inova We Empreendedorismo Feminino	16,215	-	56	16,271
Indicador 2 IOT Fundo Investimentos	19,630	2,400	(228)	21,802
Inova VII Fundo de Investimento	31,090	-	921	32,011
Inova X Fundo de Investimento	14,663	-	287	14,950
Inova IX Fundo de Investimento	10,634	-	76	10,710
	92,232	**2,400**	**1,112**	**95,744**

Consolidated	Balance at 12/31/2023	Capital investments	Fair value	Balance at 03/31/2024
Inova We Empreendedorismo Feminino	16,215	-	56	16,271
Indicador 2 IOT Fundo Investimentos	19,630	2,400	(228)	21,802
Inova IV Fundo de Investimento	25,470	-	330	25,800
Inova VII Fundo de Investimento	31,090	-	921	32,011
Inova X Fundo de Investimento	14,663	-	287	14,950
Inova IX Fundo de Investimento	10,634	-	76	10,710
	117,702	**2,400**	**1,442**	**121,544**

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.

(In thousands of reais, unless otherwise indicated)

The General Meeting may close early or extend the term.

As of March 31, 2024, 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”):**

As of March 31, 2024, FIP Inova V holds 49% of Luby's capital, corresponding to 100% of the Class A Preferred Shares, whose investment amount is R$ 15,865.

- **Watch TV Entretenimentos S.A. (“Watch”):**

In September 2021, a loan convertible into equity interest of 42% of the Company’s total and voting capital, totaling R$ 28,000 was entered into, whose financial contributions occurred as follows: (i) R$ 20,000 on September 24, 2021; (ii) R$ 8,000 December 02, 20211.

On June 27, 2022, an additional contribution of R$ 10,500 was made, also as part of the loan convertible into equity interest, increasing the ownership interest from 42% to 49% of the total and voting capital, which must be converted into corporate shares until 09/24/2026, whose fair value was R$ 73,500 up to the year ended December 31, 2023.

On January 12, 2024, FIP Inova V exercised the option and converted the loan agreement into equity interest, with Watch becoming an associated company, with investment measured under the equity method. In the operation, depending on Watch’s shareholders’ equity, the value of R$ 82,434 of goodwill, as follows:

Balance of shareholders' equity - Watch	(18,233)
49% stake – Inova V	(8,934)
Fair value of the Loan Agreement on the date of conversion	73,500
Provisional goodwill due to expected future profitability	**(82,434)**

The Company will present the basis for the Goodwill generated in the next disclosures.

Changes in FIP Inova V and its associated companies are presented below:

(In thousands of reais, unless otherwise indicated)

Consolidated	Balance at 12/31/2023	Contribution/ Conversion of loan agreement	Equity in net income of subsidiaries	Balance at 03/31/2024
Inova V Fundo de Investimento	120,429	-	2,019	122,448
	120,850	**-**	**2,019**	**122,448**

Investment and Goodwill via Inova V	Balance at 12/31/2023	Contribution/ Conversion of loan agreement	Equity in net income of subsidiaries	Balance at 03/31/2024
Luby Tecnologia S.A.	10,884	-	4,981	15,865
	14,339	**-**	**4,981**	**15,865**

Investment and Goodwill via Inova V	Balance at 12/31/2023	Contribution/Conversion of loan agreement	Equity in net income of subsidiaries	Balance at 03/31/2024
Watch TV Entretenimentos S.A.	-	73,500	(2,038)	71,462
	-	**73,500**	**(2,038)**	**71,462**

8. Judicial deposits and other assets

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

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Judicial deposits	29,480	31,436	32,060	33,950
	29,480	**31,436**	**32,060**	**33,950**
Court-ordered debt payments	19,101	20,055	19,101	20,055
Loan convertible into equity interest – Watch	-	-	-	73,500
Loan convertible into equity interest – ISP	-	-	5,000	5,000
Loan convertible into equity interest - Ziyou	-	-	11,500	11,500
Loan convertible into equity interest - Map	-	-	4,000	4,000
Other assets	2,246	2,198	2,857	2,738
	21,347	**22,253**	**42,458**	**116,793**
Current assets	2,246	2,198	2,856	2,737
Non-current assets	19,101	20,055	39,602	114,056
	21,347	**22,253**	**42,458**	**116,793**

Convertible loans receivable measured at fair value

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

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 loan convertible into equity interest of 3.33% of the total and voting capital of the Company was established.

(In thousands of reais, unless otherwise indicated)

As of March 31, 2024, the fair value of this contract is R$ 5,000.

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, totaling R$ 11,500 was entered into, whose financial contribution occurred as of March 9, 2023.

As of March 31, 2024, the fair value of this contract is R$ 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, totaling R$ 4,000 was entered into, whose financial contribution occurred as follows: (i)R$ 1,000 as of January 20, 2023; (ii) R$ 3,000 as of February 27, 2023.

As of March 31, 2024, the fair value of this contract is R$ 4,000.

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).

9. Investment properties

	Parent Company		**Consolidated**	
	03/31/2023	**12/31/2022**	**03/31/2023**	**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.

(In thousands of reais, unless otherwise indicated)

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.

(b) Measurement of investment properties

Investment properties were initially recognized at acquisition cost. As of March 31, 2024, this amount was not adjusted to fair value, as the Company believes that the acquisition value is close to fair value (measurement after recognition).

10. Property, plant and equipment

Parent Company	Average annual depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 03/31/2024	Net 12/31/2023
Land	N/A	61,044	-	-	61,044	59,036
Buildings	3.96%	77,408	(18,389)	-	59,019	55,674
Machinery and facilities	11.40%	165,900	(54,575)	(822)	110,503	111,285
Furniture, IT equipment, other	12.59%	29,582	(17,800)	-	11,782	12,375
Works in progress	N/A	3,774	-	-	3,774	4,480
		337,708	**(90,764)**	**(822)**	**246,122**	**242,850**
					-	

Consolidated	Average annual depreciation rates	Acquisition cost	Accumulated depreciation	Impairment	Net 03/31/2024	Net 12/31/2023
Land	N/A	61,044	-	-	61,044	59,036
Buildings	4.43%	86,671	(22,460)	-	64,211	61,440
Machinery and facilities	9.90%	399,536	(157,353)	(822)	241,361	240,968
Furniture, IT equipment, other	12.24%	35,033	(19,901)	-	15,132	15,371
Works in progress	N/A	10,450	-	-	10,450	14,165
		592,734	**(199,714)**	**(822)**	**392,198**	**390,980**

Changes in property, plant and equipment

Parent Company	12/31/2023	Net additions of transfers	Depreciation	Write-offs	03/31/2024
Land	59,036	2,008	-	-	61,044
Buildings	55,674	4,099	(754)	-	59,019
Machinery and facilities	111,285	4,423	(4,370)	(835)	110,503
Furniture, IT equipment, other	12,375	305	(898)	-	11,782
Works in progress	4,480	(706)	-	-	3,774
	242,850	**10,129**	**(6,022)**	**(835)**	**246,122**
				-	

Consolidated	12/31/2023	Net additions of transfers	Depreciation	Write-offs	03/31/2024
Land	59,036	2,008	-	-	61,044
Buildings	61,440	3,653	(882)	-	64,211
Machinery and facilities	240,968	9,515	(9,025)	(97)	241,361
Furniture, IT equipment, other	15,371	828	(1,067)	-	15,132
Works in progress	14,165	(3,715)	-	-	10,450
	390,980	**12,289**	**(10,974)**	**(97)**	**392,198**

Impairment

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.

(In thousands of reais, unless otherwise indicated)

11. Intangible assets

		Parent Company		Consolidated	
	Amortization rates (%)	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Software	20.00%	2,875	2,756	9,535	9,874
Trademarks and patents	N/A	7,679	7,679	10,296	10,296
Client portfolio	N/A	1,301	1,417	1,302	1,418
Know-how	N/A	746	806	746	806
Goodwill in the acquisition of associated company	N/A	-	-	78,720	7,258
Goodwill in the acquisition of subsidiary	N/A	24,968	24,968	32,582	32,582
		37,569	**37,626**	**133,181**	**62,234**

We present below the changes in intangible assets:

Parent Company	12/31/2023	Net additions of transfers	Amortization	03/31/2024
Software	2,756	305	(186)	2,875
Trademarks and patents	7,679	-	-	7,679
Client portfolio	1,417	-	(116)	1,301
Know-how	806	-	(60)	746
Goodwill in the acquisition of subsidiary	24,968	-	-	24,968
	37,626	**305**	**(362)**	**37,569**

Consolidated	12/31/2023	Net additions of transfers	Amortization	Conversion of loan agreement	03/31/2024
Software	9,874	304	(643)	-	**9,535**
Trademarks and patents	10,296	-	-	-	**10,296**
Client portfolio	1,418	-	(116)	-	**1,302**
Know-how	806	-	(60)	-	**746**
Goodwill in the acquisition of associated company	7,258	-	-	71,462	**78,720**
Goodwill in the acquisition of subsidiary	32,582	-	-	-	**32,582**
	62,234	**304**	**(819)**	**71,462**	**133,181**

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.

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 once a year.

(In thousands of reais, unless otherwise indicated)

12. 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, 2023	**35,205**	**48,049**
(-) Depreciation of rights-of-use assets for the period	(2,999)	(4,109)
Balances at March 31, 2024	**32,206**	**43,940**

Lease liabilities
Changes

	Parent Company	Consolidated
Balances at December 31, 2023	**37,274**	**50,612**
Interest for the period	1,015	1,413
(-) Consideration paid	(3,819)	(5,190)
Balances at March 31, 2024	**34,470**	**46,835**
Current	11,503	15,544
Non-current	22,967	31,291
Total	**34,470**	**46,835**
Payment schedule (years):		
≤01	11,503	15,544
02−03	4,206	7,067
03−04	2,289	3,362
04−05	16,472	20,862
	34,470	**46,835**

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.

13. Suppliers

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Raw material suppliers – foreign	302,811	246,214	470,319	403,113
Raw material suppliers – domestic	884,131	784,608	149,913	173,764
	1,186,942	**1,030,822**	**620,232**	**576,877**

(In thousands of reais, unless otherwise indicated)

Raw material suppliers – foreign

As described in Note 24, commercial transactions carried out with foreign raw material suppliers are established in U.S. dollars, to which the Company does not contract derivative financial instruments 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.

14. Loans and financing

			Parent Company		Consolidated	
Modality	**Charges**	**Weighted average interest rate (% p.a.)**	**03/31/2024**	**12/31/2023**	**03/31/2024**	**12/31/2023**
In domestic currency						
Working capital	Average rate	**12.56%**	106,112	106,628	106,112	106,628
FINEP	Fixed rate	**3.00%**	42,620	45,104	42,620	45,104
			148,732	**151,732**	**148,732**	**151,732**
In foreign currency						
Working capital	Avg. rate + FX	**5.91%**	532,190	650,936	532,190	650,936
FINIMP	Avg. rate + FX	**4.27%**	-	17,564	-	17,564
			532,190	**668,500**	**532,190**	**668,500**
			680,922	**820,232**	**680,922**	**820,232**
Current liabilities			310,553	357,645	310,553	357,645
Non-current liabilities			370,369	462,587	370,369	462,587
			680,922	**820,232**	**680,922**	**820,232**

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**	
	03/31/2024	**12/31/2023**	**03/31/2024**	**12/31/2023**
2025	100,305	211,094	100,305	211,094
Maturities after 2025	270,064	251,493	270,064	251,493
	370,369	**462,587**	**370,369**	**462,587**

(In thousands of reais, unless otherwise indicated)

14.1 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.

14.2 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.

14.3 Contractual guarantees and restrictions

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

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.

14.4 Changes in loans and financing

Changes in balance of loans and financing are as follows:

		Parent Company	
	Current	Non-current	Total
Closing balance at 12/31/2022	**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)

	Parent Company		
	Current	Non-current	Total
Closing balance on 12/31/2023	**357,645**	**462,587**	**820,232**
Financial charges	13,315	-	**13,315**
Exchange-rate change	19,591	-	**19,591**
Payment of principal	(147,732)	-	**(147,732)**
Interest payment	(24,763)	-	**(24,763)**
Transfer	92,218	(92,218)	**-**
Closing balance on 03/31/2024	**310,553**	**370,369**	**680,922**

	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**

	Consolidated		
	Current	Non-current	Total
Closing balance on 12/31/2023	**357,645**	**462,587**	**820,232**
New loans	13,316	-	**13,316**
Loans and financing assumed in the Watts business combination	19,625	-	**19,625**
Exchange-rate change	(147,696)	-	**(147,696)**
Payment of principal	(24,834)	-	**(24,834)**
Interest payment	279	-	**279**
Transfer	92,218	(92,218)	**-**
Closing balance on 03/31/2024	**310,553**	**370,369**	**680,922**

(In thousands of reais, unless otherwise indicated)

15 Labor and social security obligations

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Salaries and social charges	47,376	46,449	56,132	54,999
Provision for vacation, 13th salary and social security charges	23,179	18,996	27,899	22,306
Directors' fees	1,114	1,114	1,114	1,114
	71,669	**66,559**	**85,145**	**78,419**
Current liabilities	31,878	29,524	38,316	34,796
Non-current liabilities	39,791	37,035	46,829	43,623
	71,669	**66,559**	**85,145**	**78,419**

INSS

The amounts referring to labor and social obligations classified in non-current liabilities refer to the writ of mandamus that the Company has regarding the non-requirement of payment of contributions to the FNDE (Education Salary), INCRA, SEBRAE, SESI and SENAI, following the limit of twenty (20) minimum wages for the total calculation basis of each of the aforementioned Contributions, suspending the enforceability of the aforementioned tax credit, under the terms of Article 151, item 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 outstanding amount for the period ended March 31, 2024 is R$ 39,791 in the Parent Company and R$ 46,829 in Consolidated, as well as R$ 37,035 and R$ 43,623, respectively, in the year ended December 31, 2023.

16 Tax liabilities

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
IPI payable	-	2,960	-	2,961
ICMS payable	15,170	14,176	15,950	14,196
PIS and COFINS payable	1,726	13,439	200,853	192,720
Other taxes payable	3,337	1,740	3,951	3,115
PERT installment	244	250	244	250
Installment payment of ICMS[1]	254,577	160,169	254,577	160,169
	275,054	**192,734**	**475,575**	**373,411**
Division:				
Current liabilities	77,644	56,421	79,231	59,665
Non-current liabilities	197,410	136,313	396,344	313,746
	275,054	**192,734**	**475,575**	**373,411**

VALUE ADDED TAX ON EXPORTS AND INVESTMENTS (ICMS)

[1]An installment payment of ICMS was concluded in the quarter ended March 31, 2024, due to a voluntary confession made to the state of Minas Gerais, which was included in

(In thousands of reais, unless otherwise indicated)

the heading Provisions for civil and tax claim risks, in the amount of R$ 105,922 for the year ended December 31, 2023. The installment payment is made up of: R$ 73,710 as principal, R$ 11,056 as fines and R$ 24,337 as interest, totaling R$ 109,103, of which R$ 5,455 was paid as a downpayment. The remainder is recorded under ICMS installment payment, with R$ 20,729 in current and R$ 82,919 in non-current.

17 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.

The main information about these proceedings, for the period ended March 31, 2024 and year ended in December 2023, is represented as follows:

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Tax	21,348	125,634	22,553	127,169
Labor and social security	3,457	3,694	3,488	3,707
Civil	2,248	2,301	2,248	2,301
Regulatory	493	471	493	471
	27,546	**132,100**	**28,782**	**133,648**

Changes in the consolidated balances of provision in the first quarter of 2024 and 2023 are shown below:

Parent Company	12/31/2023	Write-offs (i)	Restatements	03/31/2024
Tax	125,634	(105,922)	1,636	21,348
Labor and social security	3,694	(332)	95	3,457
Civil	2,301	(109)	56	2,248
Regulatory	471	-	22	493
Total	**132,100**	**(106,363)**	**1,809**	**27,546**

Consolidated	12/31/2023	Write-offs (i)	Restatements	03/31/2024
Tax	127,169	(105,922)	1,306	22,553
Labor and social security	3,707	(314)	95	3,488
Civil	2,301	(109)	56	2,248
Regulatory	471	-	22	493
Total	**133,648**	**(106,345)**	**1,479**	**28,782**

(i) The Company paid ICMS in installments during the first quarter of 2024 regarding amounts that were recorded on December 31, 2023 as tax contingencies, referring to some tax inconsistencies in ICMS tax operations in the state of Minas Gerais, covering the period from April 2019 to December 2022, in the amount of R$ 105,922.

(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.

(In thousands of reais, unless otherwise indicated)

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

On March 31, 2024 and December 31, 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 individual analysis of each of the proceedings carried out by Management, in addition to the legal opinion of its legal advisors, according to the amounts below:

	Parent Company		Consolidated	
Nature of contingencies	**03/31/2024**	**12/31/2023**	**03/31/2024**	**12/31/2023**
Tax	1,980,158	1,909,776	1,998,656	1,926,303
Labor and social security	554	912	554	1,282
Civil	819	1,400	819	1,400
Total	**1,981,531**	**1,912,088**	**2,000,029**	**1,928,985**

The main proceedings listed in the table above on March 31, 2024 were as follows:

(i) A restated tax assessment notice alleging concealment of the actual importer in the international purchases of products made by Proinox (a company merged by Multilaser in July 2023) and subsequently sold to Multilaser and customers of R$ 709,929, 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. The total value of these shares on March 31, 2024 was R$ 889,923.

(ii) A tax assessment notice alleging assignment of Multilaser’s name to Proinox in foreign trade operations in order to cover up the actual importer. 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 total value of these shares on March 31, 2024 was R$ 90,018.

The notices of infraction above 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.

(iii) Collection of Excise Tax (IPI), due to the discussion about the validity of the reduction in the rate of this tax depending on the Basic Production Process (“PPB”). The total value of these shares on March 31, 2024 was R$ 208,586.

(In thousands of reais, unless otherwise indicated)

(iv) This is a Tax Assessment Notice referring to the collection of supposed tax credits related to Excise Tax (IPI) for the periods from July 2018 to December 2019. The total value of these shares on March 31, 2024 was R$ 122,637.

(v) Tax Assessment Notice drawn up through customs review due to discussion about the tax classification of circuit boards acquired by the Company. The total value of these shares on March 31, 2024 was R$ 98,616.

(vi) Three 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 as of June 30, 2022. The amounts considered owed by the Company were paid in installments, 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. The total value of these shares on March 31, 2024 was R$ 149,838.

(vii) Tax Assessment Notice relating to ICMS in the state of Minas Gerais due to discussions about the period from which the benefit of the special regime begins, whether in the protocol or on the date of update of the regime. The total value of these shares on March 31, 2024 was R$ 45,515.

(viii) Tax Assessment Notice drawn up to demand corporate income tax (IRPJ) and social contribution (CSLL) allegedly generated due to the appropriation of presumed ICMS credits, calculated in the 2016 calendar year. The total value of these shares on March 31, 2024 was R$ 33,526.

18 Shareholders' equity

18.1 Capital

As of March 31, 2024, the authorized capital was R$ 2,228,068. The subscribed and paid-in capital was R$ 1,713,377. The quantity of shares is 820,539,225, all of which are common shares (R$ 1,713,377, divided into 820,539,225 common shares, with no par value, as of December 31, 2023) distributed as follows:

Shareholders	03/31/2024	12/31/2023
Controlling shareholders and related parties	336,817,752	336,817,752
Non-controlling shareholders, related parties and officers	475,829,588	475,829,588
Treasury shares	7,891,885	7,891,885
	820,539,225	**820,539,225**

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

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

(In thousands of reais, unless otherwise indicated)

c) Capital reserve, statutory reserve and treasury shares

c.1) Capital reserve

As of March 31, 2024, the Company's capital reserve balance of R$ 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 (loss) 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 (loss) to the creation of a statutory reserve, intended for the repurchase of treasury shares of R$ 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 2024, maintaining the value of R$ 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. There were no changes on March 31, 2024.

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 01, 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**

(In thousands of reais, unless otherwise indicated)

c.3) Treasury shares

Repurchase / transfer of shares between partners

The amount of treasury shares for the period ended March 31, 2024 is R$ 9,216, consisting of 7,891,885 shares, the same amount and quantity as in the period ended March 31, 2023.

d) Dividends and interest on own capital

Dividends

The Company's bylaws establish, as of June 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 March 31, 2024

Description	03/31/2024	03/31/2023
Net income/loss for the year	(68,996)	(342,613)
(-) Legal reserve	-	-
(-) Tax incentive reserve	-	-
Adjusted net income for dividend purposes	**-**	**-**

19 Net sales

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

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Gross sales				
Sale of products	1,048,745	1,115,061	1,067,238	1,221,554
	1,048,745	**1,115,061**	**1,067,238**	**1,221,554**
Sales deductions				
Refunds and rebates	(150,606)	(232,827)	(158,288)	(241,807)
Sales taxes	(165,516)	(196,225)	(178,174)	(195,099)
	(316,122)	**(429,052)**	**(336,462)**	**(436,906)**
Net revenue	**732,623**	**686,009**	**730,776**	**784,648**

(In thousands of reais, unless otherwise indicated)

20 Costs and expenses by type

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Cost of goods and products sold				
Costs of materials	622,660	641,093	554,430	671,552
Personnel	19,688	18,434	31,130	37,621
Depreciation/Amortization	1,384	1,373	5,044	4,829
Other (*)	(27,299)	114,757	(24,794)	123,082
	616,433	**775,657**	**565,810**	**837,084**
Sales expenses				
Commercial	60,141	64,613	74,423	70,000
Distribution	55,261	58,505	67,118	71,681
Promotions and marketing	25,862	42,680	27,323	43,293
After sales	25,828	20,885	26,619	21,024
Allowance for doubtful accounts	6,007	21,677	6,872	21,675
	173,099	**208,360**	**202,355**	**227,673**
General and administrative expenses				
Personnel	6,758	10,984	8,098	11,444
Professional services	4,024	5,403	4,273	6,554
Communication	377	565	410	617
Technology and communication	6,858	9,668	8,036	11,245
Rentals, insurance, travel, other	3,787	7,450	5,868	10,331
	21,804	**34,070**	**26,685**	**40,191**

(*) The amounts of reversal of estimated loss for the realization of inventories total 21,617 in the Parent Company and 24,156 in the Consolidated (Formation of provision of 88,629 to the Parent Company and 91,291 in the Consolidated as of March 31, 2023) are recognized in this caption.

21 Financial income (loss)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Financial revenues				
Yield from interest earning bank deposit	19,213	12,011	23,811	16,400
Asset interest	2,553	685	2,627	730
Adjustments to present value	11,090	7,697	13,108	7,697
Gains with derivatives (*)	38,240	-	38,240	(460)
Other	1,621	2,810	1,935	2,799
	72,717	**23,203**	**79,721**	**27,166**
Financial expenses				
Liability interest	(14,871)	(17,440)	(15,438)	(18,599)
Inflation adjustments - liabilities	(3,535)	(6,646)	(11,042)	(9,430)
Losses with derivatives (*)	(30,160)	(78,587)	(30,160)	(78,587)
Banking expenses	(1,185)	(394)	(1,294)	(436)
Discount of court-ordered debt payments	-	(456)	-	(456)
Other expenses	(5,300)	(3,966)	(5,348)	(4,110)
	(55,051)	**(107,489)**	**(63,282)**	**(111,618)**
Exchange-rate change				
Assets	5,656	77,559	5,714	94,230
Liabilities	(42,536)	(34,577)	(51,375)	(50,488)
	(36,880)	**42,982**	**(45,661)**	**43,742**
Net financial income (loss)	**(19,213)**	**(41,304)**	**(29,222)**	**(40,710)**

(*) The Company has swap contracts designed to mitigate the risks of possible financial losses in its loans and financing. The effects of this item are due to the fluctuation rate of USD and CDI.

(In thousands of reais, unless otherwise indicated)

22 Other operating revenues/(expenses)

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Other revenues				
Extempore credits	5,653	-	4,838	-
Indemnities, intermediations, sale of property, plant and equipment, other revenues	27,057	50,822	7,499	11,329
Financial credit Law 13969	21,906	25,546	25,556	25,546
	54,616	**76,368**	**37,893**	**36,875**
Other expenses				
Tax, labor and other provisions	(1,577)	-	(1,234)	-
Research and development	(7,653)	(12,217)	(15,751)	(15,534)
Indemnities and contractual fines, property, plant and equipment losses, other expenses	-	(8,291)	-	(8,905)
	(9,230)	**(20,508)**	**(16,985)**	**(24,439)**
Other net revenues and expenses	**45,386**	**55,860**	**20,908**	**12,436**

23 Earnings (loss) per share

The table below reconciles the income (loss) calculated on March 31, 2024 and 2023 in the calculation of basic and diluted earnings per share:

	Accumulated	
	03/31/2024	03/31/2023
Loss for the period attributable to shareholders	**(68,996)**	**(342,613)**
Number of common shares	812,647,340	812,647,340
Number of preferred shares		
Weighted average number of common and preferred shares (in units)	**812,647,340**	**812,647,340**
Basic and diluted losses (in R$) per common share	**(0,084903)**	**(0,421601)**
Basic and diluted losses (in R$) per preferred share	**(0,084903)**	**(0,421601)**

24 Financial risk management

24.1 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 Company’s Top Management and Board of Directors.

24.2 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-rate changes

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 14).

Regarding balance payable, in US dollars, to international raw material suppliers, as described in Note 13, 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 at 03/31/2024			Fair value on 12/31/2023		
Swap	Index	Maturity date	Notional value	Long position	Short position	Balance	Long position	Short position	Balance
Bank									
Citibank	USD-CDI	Aug 2027	34,837	92,514	(99,175)	(6,661)	104,525	(117,050)	(12,525)
Citibank	USD-CDI	Dec 2025	11,000	37,193	(40,676)	(3,483)	35,682	(39,636)	(3,954)
Bradesco	USD-CDI	Feb 2025	34,837	49,266	(58,685)	(9,419)	59,545	(73,601)	(14,056)
(*) Santander	USD-CDI	June 2027	63,597	257,456	(268,390)	(10,934)	291,540	(317,843)	(26,303)
Crop	USD-CDI	Mar 2024	17,763	-	-	-	9,538	(11,273)	(1,735)
Votorantim	USD-CDI	Mar 2024	12,490	-	-	-	6,701	(7,889)	(1,188)
Banco do Brasil	EUR-CDI	Mar 2025	10,000	36,119	(37,941)	(1,822)	54,570	(58,535)	(3,965)
Banco do Brasil	USD-CDI	Mar 2025	27,317	69,433	(72,257)	(2,824)	103,024	(111,690)	(8,666)
Total			**211,841**	**541,981**	**(577,124)**	**(35,143)**	**665,125**	**(737,517)**	**(72,392)**

(*) The Swap contracted above with Banco Santander (Brasil) S.A. to protect the loan of US$ 63,597 thousand, 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	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Amounts payable				
SWAP	(35,144)	(72,392)	(35,144)	(72,392)
	(35,144)	**(72,392)**	**(35,144)**	**(72,392)**
Net effect	**(35,144)**	**(72,392)**	**(35,144)**	**(72,392)**

(In thousands of reais, unless otherwise indicated)

c) Sensitivity analysis of foreign exchange risk

To provide information on the behavior of market risks to which the Company and its subsidiaries were exposed as of March 31, 2024, and December 31, 2023, in relation to the balance of foreign suppliers payable (Note 13) and loans in foreign currency as FINIMP, three scenarios were considered, with the probable scenario, which is the fair value on March 31, 2024, and 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 March 31, 2024 and December 31, 2023, was used.

	03/31/2024									
	Parent Company					Consolidated				
	Book balance	25%	Effect on	50%	Effect on	Book balance	25%	Effect on	50%	Effect on
Foreign suppliers	(302,811)	(378,514)	(75,703)	(454,217)	(151,406)	(470,319)	(587,899)	(117,580)	(705,479)	(235,160)
	(302,811)	**(378,514)**	**(75,703)**	**(454,217)**	**(151,406)**	**(470,319)**	**(587,899)**	**(117,580)**	**(705,479)**	**(235,160)**

	12/31/2023									
	Parent Company					Consolidated				
	Book balance	25%	Effect on	50%	Effect on	Book balance	25%	Effect on	50%	Effect on
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)**

The balances of working capital loans, 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 national 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 derives from long-term loans. 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 March 31, 2024, in relation to loan balances (Note 14), three scenarios are considered, with the probable scenario, which is the fair value on March 31, 2024, 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 March 31, 2024, was used.

(In thousands of reais, unless otherwise indicated)

Sensitivity analysis - Interest rate exposure

	Book balance			
	Parent Company	Consolidated	CDI on 03/31/2024	Current cost/gain
In domestic currency				
Interest earning bank deposits	743,174	936,895	**10.65%**	**102.50% CDI**
Working capital	(106,112)	(106,112)	**10.65%**	**116.80% CDI**
FINEP	(42,620)	(42,620)	**10.65%**	**27.91% CDI**
In foreign currency				
Working capital considering the SWAP liability	(577,124)	(577,124)	**10.65%**	**119.67% CDI**
Total interest rate exposure	**17,318**	**211,039**		

	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	**10.92%**	81,127	102,274	**13.65%**	101,408	127,842	**16.37%**	121,690	153,411
Working capital	**12.44%**	(13,199)	(13,199)	**15.55%**	(16,499)	(16,499)	**18.66%**	(19,799)	(19,799)
FINEP	**2.97%**	(1,267)	(1,267)	**3.72%**	(1,584)	(1,584)	**4.46%**	(1,900)	(1,900)
In foreign currency									
Working capital considering the SWAP liability	**12.74%**	(73,554)	(73,554)	**15.93%**	(91,942)	(91,942)	**19.12%**	(110,330)	(110,330)
		(6,893)	**14,254**		**(8,616)**	**17,817**		**(10,340)**	**21,381**

(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 and exposure market.

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 2.2, accounting practices.

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.

No credit limit was exceeded during the years presented in these financial statements, and Management does not expect any loss arising from the default of these counterparties, in addition to the provision already set up (Note 4).

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

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Cash and cash equivalents	748,173	843,287	950,100	1,045,987
Accounts receivable	979,669	947,389	1,033,251	1,104,396
	1,727,842	**1,790,676**	**1,983,351**	**2,150,383**

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)

	03/31/2024				
Parent Company	≤01 year	01−02 years	02–05 years	>05 years	Book balance
Loans and financing	248,894	203,832	228,196	-	680,922
Suppliers	1,186,942	-	-	-	1,186,942
	1,435,836	**203,832**	**228,196**	**-**	**1,867,864**

	03/31/2024				
Consolidated	≤01 year	01−02 years	02–05 years	>05 years	Book balance
Loans and financing	248,894	203,832	228,196	-	680,922
Suppliers	620,232	-	-	-	620,232
	869,126	**203,832**	**228,196**	**-**	**1,301,154**

	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**

24.3 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 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.

As of March 31, 2024 and December 31, 2023, the financial leverage ratios are as follows:

(In thousands of reais, unless otherwise indicated)

	Parent Company		Consolidated	
	03/31/2024	12/31/2023	03/31/2024	12/31/2023
Loans and financing	680,922	820,232	680,922	820,232
Cash and cash equivalents	(748,173)	(843,287)	(950,100)	(1,045,987)
Net debt (cash)	**(67,251)**	**(23,055)**	**(269,178)**	**(225,755)**
Shareholders' equity	3,148,563	3,217,030	3,148,563	3,217,030
Leverage ratio	**-2.1%**	**-0.7%**	**-8.5%**	**-7.0%**

24.4 Financial instruments

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 speculative transactions and investments, in derivatives or any other risky assets. The results obtained from such operations are consistent with the policies and strategies defined and approved by Management.

The estimated realization values of financial assets and liabilities of the Company were determined 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.

On March 31, 2024, 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

(In thousands of reais, unless otherwise indicated)

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 14;
- **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, condensed financial statements.

The classification of financial instruments is presented in the table below, and there are no financial instruments classified in other categories besides those informed below on March 31, 2024 and December 31, 2023:

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

	Consolidated				
	03/31/2024		12/31/2023		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	748,173	748,173	843,287	843,287	C.A.
Accounts receivable	979,669	979,669	947,389	947,389	C.A.
Loan convertible into equity interest	13,535	13,535	22,128	22,128	FVTPL
Other receivables	21,347	21,347	22,253	22,253	C.A.
	1,762,724	1,762,724	1,835,057	1,835,057	
Liabilities					
Suppliers	1,186,942	1,186,942	1,030,822	1,030,822	C.A.
Loans and financing	680,922	682,806	820,232	822,505	C.A.
Related parties	7,568	7,568	18,066	18,066	C.A.
Derivative financial instruments	35,144	35,144	72,392	72,392	FVTPL
Lease liabilities	34,470	34,470	37,274	37,274	C.A.
Other accounts payable	51,582	51,582	59,808	59,808	C.A.
	1,996,628	1,998,512	2,038,594	2,040,867	

(In thousands of reais, unless otherwise indicated)

	Parent Company				
	03/31/2024		12/31/2023		
	Book value	Fair value	Book value	Fair value	Classification
Assets					
Cash and cash equivalents	950,100	950,100	1,045,987	1,045,987	**C.A.**
Accounts receivable	1,033,251	1,033,251	1,104,396	1,104,396	**C.A.**
Related parties	20,500	20,500	94,000	94,000	**C.A.**
Derivative financial instruments	-	-	-	-	**FVTPL**
Other receivables	21,958	21,958	22,793	22,793	**C.A.**
	2,025,809	**2,025,809**	**2,267,176**	**2,267,176**	
Liabilities					
Suppliers	620,232	620,232	576,877	576,877	**C.A.**
Loans and financing	680,922	682,806	820,232	822,505	**C.A.**
Derivative financial instruments	35,144	35,144	72,392	72,392	**FVTPL**
Lease liabilities	46,835	46,835	50,612	50,612	**C.A.**
Other accounts payable	63,533	63,533	87,688	87,688	**C.A.**
	1,446,666	**1,448,550**	**1,607,801**	**1,610,074**	

Derivative financial instruments

As of March 31, 2024, the Company has swaps to minimize the exchange rate effects of the “Loans and financing” agreements (Note 24.2 (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 24.2 (b.2)).

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 instruments have their fair value measured reliably, thus classified and shown below:

(In thousands of reais, unless otherwise indicated)

March 31, 2024

Parent Company	Level 1	Level 2	Level 3
Cash and cash equivalents	-	748,173	-
Derivative financial instrument	-	(35,144)	-
Investment properties	-	-	5,020
	-	**713,029**	**5,020**

Consolidated	Level 1	Level 2	Level 3
Cash and cash equivalents	-	950,100	-
Derivative financial instrument	-	(35,144)	-
Loan convertible into equity interest	-	-	20,500
Investment properties	-	-	5,020
	-	**914,956**	**25,520**

December 31, 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**

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

25 Income tax and social contribution

a) Income and social contribution tax expense

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.

(In thousands of reais, unless otherwise indicated)

The reconciliation of deferred taxes in the balance sheet for the period ended March 31, 2024 and year ended December 31, 2023, is below:

Description	Parent Company	Consolidated
Closing balance as of December 31, 2023	**148,057**	**189,677**
Deferred taxes on temporary additions/exclusions	-	4,097
Taxes on business combination	-	-
Other prior year adjustments	-	31
Closing balance at March 31, 2024	**148,057**	**193,805**

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	2024	2023
2024	24,013	28,186
2025	32,615	32,615
2026	37,732	37,732
Realizations after 2026	99,445	91,144
	193,805	**189,677**

(In thousands of reais, unless otherwise indicated)

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

	Parent Company		Consolidated	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Net income before taxes	(68,996)	(349,275)	(72,388)	(348,574)
Current rate	34%	34%	34%	34%
Taxes at the current rate	**23,459**	**118,753**	**24,612**	**118,515**
Tax effect of permanent additions and exclusions:				
Tax incentives - Financial credit	7,448	8,686	8,689	8,686
Tax incentives - Deemed credit	20,530	24,975	25,204	29,615
Equity in net income of subsidiaries	(5,640)	(11,648)	-	(11,805)
Tax losses not formed	(74,430)	(172,442)	(78,639)	(195,067)
Incentives - PAT / Rouanet Law, others	-	-	-	-
Exploration profit	-	-	-	-
Other permanent differences	(1,488)	(365)	(1,442)	(470)
Other temporary differences	30,121	38,702	24,968	56,487
Income tax and social contribution	**-**	**6,662**	**3,392**	**5,961**
Income tax and social contribution - current	-	-	(705)	(286)
Deferred income tax and social contribution	-	6,662	4,097	6,247
Effective rate %	**0.0%**	**1.9%**	**4.7%**	**1.7%**

(In thousands of reais, unless otherwise indicated)

26 Insurance coverage (unaudited)

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, due to their nature, were considered by the Company's Management sufficient to face the existing risks.

The declared coverages are as follows:

Declared risks	03/31/2024	12/31/2023	Effectiveness
Property damages	2,370,942	2,370,942	09/21/2023-09/21/2024
Loss of profits	250,000	250,000	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	1,703,500	10/07/2023-10/07/2024

a) Credit risks

As of March 31, 2024, 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.

27 Related parties

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

03/31/2024	Amounts receivable			Amounts payable		
	Clients	Other accounts	Total	Suppliers	Other accounts	Total
Componentes Ltda.	15,975	-	15,975	56,700	-	56,700
Giga S.A.	62,445	-	62,445	733,812	3,284	737,096
Proinox Ltda.	-	-	-	-	-	-
Lojas Multilaser Ltda.	972	13,293	14,265	-	4,284	4,284
Expet Indústria Ltda.	-	-	-	-	-	-
Watts Comercio de Patinet	1,764	242	2,006	-	-	-
	81,156	**13,535**	**94,691**	**790,512**	**7,568**	**798,080**

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 Comercio de Patinet	2,607	-	2,607	-	-	-
	3,182	**22,128**	**25,310**	**652,885**	**18,066**	**670,951**

(In thousands of reais, unless otherwise indicated)

	Revenue		Costs / expenses	
	03/31/2024	03/31/2023	03/31/2024	03/31/2023
Componentes Ltda.	13,910	20,271	10,176	11,740
Giga S.A.	121,217	242,827	77,145	139,071
Lojas Multilaser Ltda.	602	4,222	736	4,220
Watts Comercio de Patinet	565	2,743	353	1,474
	136,294	270,063	88,410	156,505

As the Company consolidates these subsidiaries, 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 March 31, 2024 and December 31, 2023, there were no sureties and guarantees granted to related parties.

28 Remuneration of officers and executives

The remuneration of key management personnel corresponds to short-term benefits of R$ 1,664 in the quarter ended March 31, 2024, and (R$ 1,495 in the quarter ended March 31, 2023).

The Restricted Share Plan created by the Company remains in effect, however, no shares were granted.

The Company 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.

(In thousands of reais, unless otherwise indicated)

29 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					
03/31/2024	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Net operating revenue	129,479	256,329	221,167	123,802	730,776
Gross profit	23,772	32,128	63,287	45,779	164,966

Consolidated					
03/31/2023	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Net operating revenue	300,711	215,932	191,655	76,350	784,648
Gross profit	(173,659)	41,663	51,910	27,650	(52,436)

(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					
03/31/2024	Mobile devices	Office & IT supplies	Home electric products	Kids & Sports	Total
Assets	359,936	526,700	457,300	132,970	1,476,906
Liabilities	75,999	239,152	136,579	18,590	470,319

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	100,427	158,628	91,613	33,020	383,688

30 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 12/31/2023	Non-cash changes	Net effect in cash flow from financing activities	Balance at 03/31/2024
Loans and financing	820,232	33,185	(172,495)	680,922
Lease liabilities	37,274	1,015	(3,819)	34,470
Capital reserve and treasury shares	(366)	529	-	163
	857,140	**34,729**	**(176,314)**	**715,555**

	Consolidated			
Description	Balance at 12/1/2023	Non-cash changes	Net effect in cash flow from financing activities	Balance at 03/31/2024
Loans and financing	820,232	33,220	(172,530)	680,922
Lease liabilities	50,612	1,413	(5,190)	46,835
Capital reserve and treasury shares	(366)	529	-	163
	870,478	**35,162**	**(177,720)**	**727,920**

	Parent Company			
Description	Balance at 12/31/2022	Non-cash changes	Net effect in cash flow from financing activities	Balance at 03/31/2023
Loans and financing	1,116,158	(3,880)	95,408	1,207,686
Dividends and interest on own capital	-	-	-	-
Lease liabilities	36,131	1,141	(3,267)	34,005
	1,152,289	**(2,739)**	**92,141**	**1,241,691**

	Consolidated			
Description	Balance at 12/31/2022	Non-cash changes	Net effect in cash flow from financing activities	Balance at 03/31/2023
Loans and financing	1,210,001	(3,632)	86,749	1,293,118
Dividends and interest on own capital	-	-	-	-
Lease liabilities	39,780	1,345	(3,762)	37,363
	1,249,781	**(2,287)**	**82,987**	**1,330,481**

31 Subsequent events

(i) In May 2024, an exclusive partnership was signed for the production and distribution of products from the Chinese brand OPPO in Brazil. OPPO is a leading global brand of smart devices and is present in over 60 countries and regions, with more than 40,000 employees. The trading of the first batch of products is scheduled for May 2024.

(ii) In May 2024, the share buyback program issued by the Company was approved. The main objectives of the share buyback program are as follows: (i) seek to promote and create value for shareholders through an efficient capital structure; and (ii) be an alternative to the distribution of the Company's cash generation, in addition to the proceeds that may be paid as dividends and interest on own capital. The repurchased shares may, at management's discretion, be subsequently cancelled, sold, held in treasury or delivered to beneficiaries of share-based compensation plans.

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