

December 31, 2022

Porto Seguro S.A. and Subsidiaries

Financial statements

 Porto Seguro SA

INDEX

Consolidated Financial Statements

Comments on Performance	1
Balance sheet - Assets	23
Balance sheet - Liabilities	23
Statements of Income	24
Statements of Comprehensive Income	25
Statements of Cash Flows	26

Statements of changes in Equity

Statements of Changes in Equity - 01/01/2022 to 12/31/2022	27
Statements of Changes in Equity - 01/01/2021 to 12/31/2022	27
Statements of Value Added	28

Notes to the Financial Statements	29
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Reports and Declaration

Independent auditor's Report	118
Fiscal Committee Report	125
Audit Committee Report	126
Declaration of Directors on the Financial Statements	127
Declaration of Directors on the Report of the Independent Auditor	128

Dear Shareholders and other stakeholders,

We are pleased to submit to you the Management Report of Porto Seguro S.A. and its subsidiaries and the related Financial statements, including the Independent Auditor's Report, for the year ended December 31, 2022.

Message from Management

In 2022, Porto Seguro recorded the highest annual revenue growth in over 10 years, reaching R\$ 27.9 billion (+29.4% vs. 2021), driven by the double-digit expansion in all business verticals. Furthermore, the Company maintained its ROAE at double digits in 2022, following the example of the return on equity achieved in every year since the IPO in 2004, supported by the soundness and quality of its businesses.

In the Porto Seguro vertical, after a more challenging beginning of the year, mainly due to the sharp rise in vehicle prices that started in 2021, with impacts on the Auto insurance loss ratio, the vertical achieved a gradual margin recovery and returned to levels close to the adjusted historical average in the last months of the year, as a result of risk pricing and underwriting. In this context, Porto Seguro proved to be resilient, with a drop of only 1.7% in the insured fleet, despite the price adjustments made. The vertical's total revenue increased 26.5% (vs. 2021), driven by the Auto insurance, while the Porto Seguro's Combined Ratio was 3.9 p.p. higher than in 2021, reaching 95.7%, driven by the increase in the loss ratio. It is worth highlighting that the adjustments in risk pricing and underwriting gradually reflect on results, due to the deferred recognition of earned premiums. In the consolidation of Property and Transport insurance, growth reached 16.6%, driven mostly by Corporate insurance, which achieved a significant increase of 31.0% in premiums, benefiting from the increase in economic activity and the sales performance in the period, thus reinforcing Porto Seguro's leadership in this segment. In Life insurance, the growth of premiums reached 23.8%, with emphasis on the growth of Group Life and Credit Insurance (+11.8% and +140.0% vs. 2021 respectively).

The Porto Saúde vertical increased its annual revenue by 35.1%, mainly through the growth of 64,000 lives in Health insurance compared to the same period of the previous year, reaching 413,000 lives. In the vertical consolidation, the total number of lives reached 1.2 million (+6.6% vs. 2021). The observed performance is the result of continued work to activate brokers, investments in technology, maintenance of renewal rates, in addition to greater brand exposure. In turn, the Health Insurance loss ratio increased 1.2 p.p. (vs. 2021), impacted by the higher frequency of use.

At Porto Bank, revenues from the core businesses increased consistently, resulting in a consolidated growth of 21.1% (vs. 2021). We highlight the 31.3% increase in Loan Operations and the 7.1% growth in the number of transactions, driven by Credit Cards, Consortium and Rental Surety Insurance. Delinquency over 90 days increased 1.5 p.p. compared to the end of 2021, but showed signs of stabilization in the last months of the year. Despite a challenging scenario in the credit market, the Consortium segment recorded a robust growth and results in 2022, through the 32.5% increase in the loan portfolio increase and the expansion of its contribution to the Company's profitability.

In the Services vertical, the Company recorded a substantial increase of 40.1% in annual revenues, with emphasis on Subscription Car, which grew 72.4% (vs. 2021), reaching 13,000 active contracts in the end of 2022. At Porto Faz and Reppara!, there was an increase of 35.4% (vs. 2021). The spin-off of

assistance services from the insurance operation to “Porto Assistência” was also completed. Such initiative has already contributed to the arrival of a new client (fleet of approximately 180,000 vehicles and 90,000 homes), generating opportunities to continue expanding the offer, in addition to obtaining gains in scale and operational efficiency.

The financial result was R\$ 604.3 million in 2022, which accounts for a return on financial investments (excluding Pension Plans) equivalent to 68% of the Interbank Deposit Certificate (CDI). The return below the benchmark was due to the performance of investments in inflation-indexed securities and, to a lesser extent, allocations to variable income.

The combination of operating and financial income (loss) aforementioned resulted in a net income of R\$ 1,134.8 million in 2022 (-26.5% over 2021), reaching a Return on Equity of 11.4% in the period, 5.5 p.p. lower than that recorded in 2020.

Porto continued to be active in M&A operations in 2022, with emphasis on the investment agreement between Porto Seguro and CDF Assistência e Suporte Digital, for the formation of a leading company in the provision of automotive and residential assistance services, premium technological support, installation services, among others, in line with the Company’s strategy of generating value through expanding the offer of services to new audiences and segments. Moreover, an agreement was signed with Oncoclínicas for the creation of a joint venture, aiming at providing comprehensive solutions for long-term cancer treatment and seeking medical quality, assertiveness and cost-effectiveness. Porto also acquired Nido Tecnologia, a technology solutions company (software) in the real estate industry, to strengthen the Olho Mágico tool ecosystem, acquired equity interest in Tech4Humans Tecnologia da Informação S.A., a Brazilian startup focused on the development of HyperAutomation solutions and technologies for financial institutions and insurance companies and acquired an interest in Plugify, a Brazilian HaaS (Hardware as a Service) startup, which simplifies IT access and management for companies of all sizes.

Far beyond an insurance company, Porto has always been a true ecosystem of solutions that make everyday life easier and accompany people in every moment of their lives. To further facilitate consumer understanding and allow the focus that each business deserves, in 2022 the Company restructured its brand architecture and consolidated the creation of three independent business verticals, focused on different market segments: Insurance, Financial Services and Health. Within this scenario, the Company adopted only “Porto” as its corporate brand, and the management of the products and services offered started to be carried out by the new business brands: Porto Seguro, Porto Saúde, and Porto Bank

Throughout 2022, Porto brands were present at events of great repercussion. Porto Bank was the founding partner of the São Paulo F1 Grand Prix, with several actions in its exclusive stands. The main differential for those who followed the race at this point of the track was Vila Porto, which combined leisure and comfort in the same space, receiving more than 7,000 people during the three days of the event. Porto Saúde was an official supporter of Rock in Rio, the largest music and entertainment festival in the world, with seven medical outpatient clinics and over 8,000 people assisted during the event. Azul Seguros sponsored one of the last Head of Household competitions on TV Globo’s Big Brother Brasil 22. The action was part of the company’s new communication strategy, with the aim of

reaching part of the Brazilian fleet that still does not have automotive insurance, presenting itself to the market as a more cost-effective solution.

One of Porto's main achievements in 2022 was being considered the "Third Best Company to Work For" in the Giants category – companies with more than 10,000 employees – according to GPTW – Great Place to Work. This award stresses the Company's mission to continue making Porto a place where people are proud to work and is the result of daily efforts to increasingly be a Safe Haven for people and their dreams.

Furthermore, to reinforce the Company's ESG commitment, Porto became a signatory of the UN Global Compact. This means that the Company is publicly committed to the 10 universally accepted principles in the areas of human rights, labor, the environment and the fight against corruption, in addition to the 17 Sustainable Development Goals (SDGs) with targets up to 2030.

Another important result was the achievement of the first place in the Corporate Reputation ranking in the Insurance category and the 17th position in the general ranking; and 1st place in the 2021 ESG Responsibility ranking in the Insurance category, and 26th place in the general ranking among 100 companies according to Merco (Monitor Empresarial de Reputação Corporativa or Corporate Reputation Business Monitor).

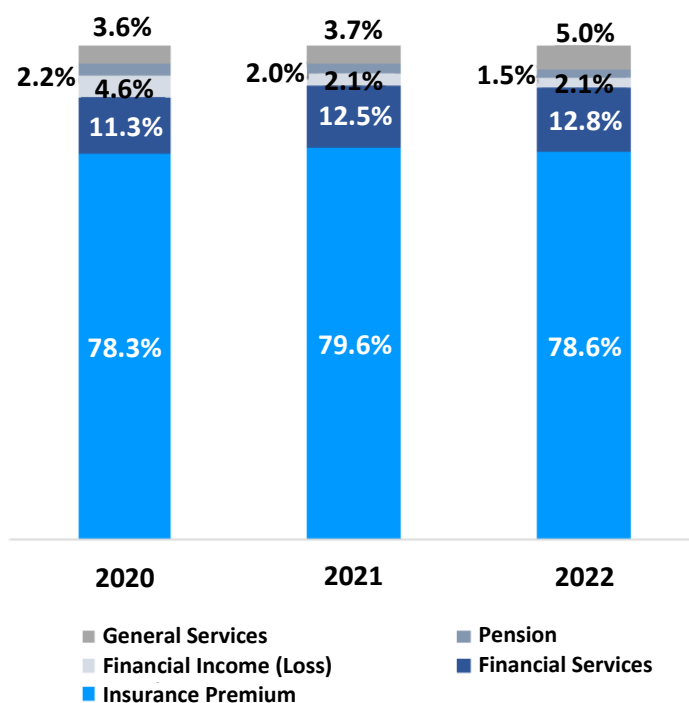
Initiatives in the ESG field in 2022 included projects in the environmental field such as the Conscious Consumption Station program, Sustainability Platform, Socio-Environmental Agents Project, among others, and around 120 social fundraising campaigns, resulting in the donation of approximately 200,000 items for over 70 institutions throughout Brazil, generating 270,000 attendances.

Finally, Porto Seguro would like to thank its employees, brokers, service providers, suppliers, clients and other stakeholders for their trust and dedication in the Company throughout 2022, remaining firm in its purpose of offering transformative experiences and thus become increasingly a Safe Harbor (translation of Porto Seguro) for everyone and their dreams.

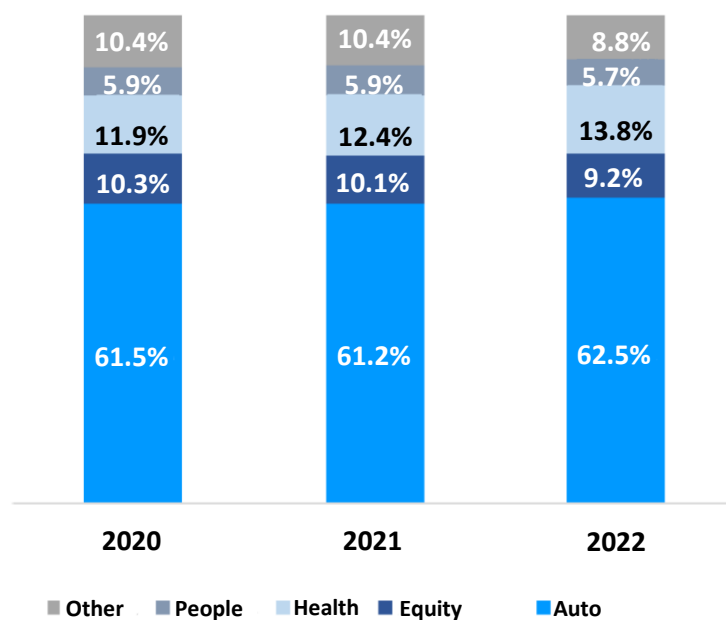
OUR PERFORMANCE

Main indicators:

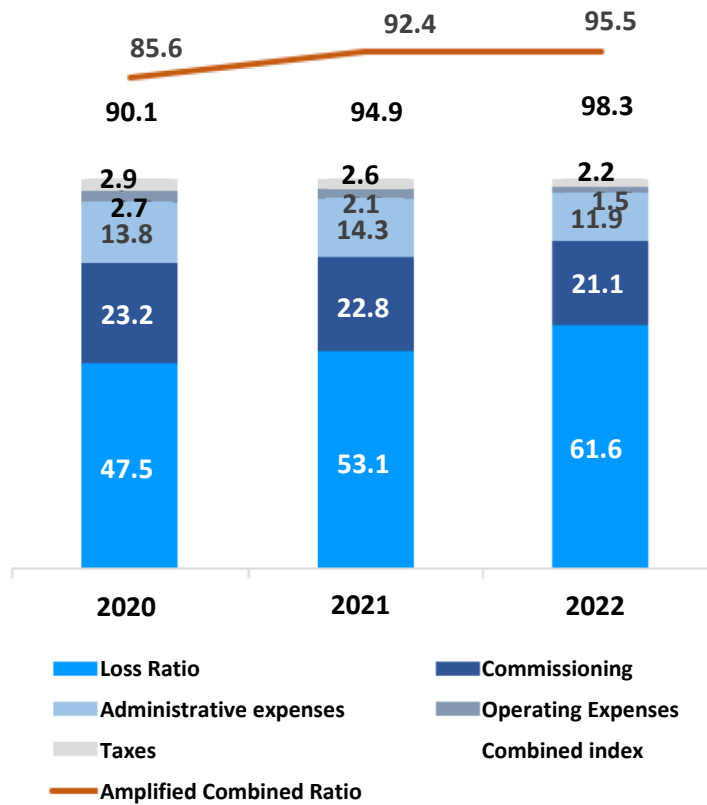
Distribution of total



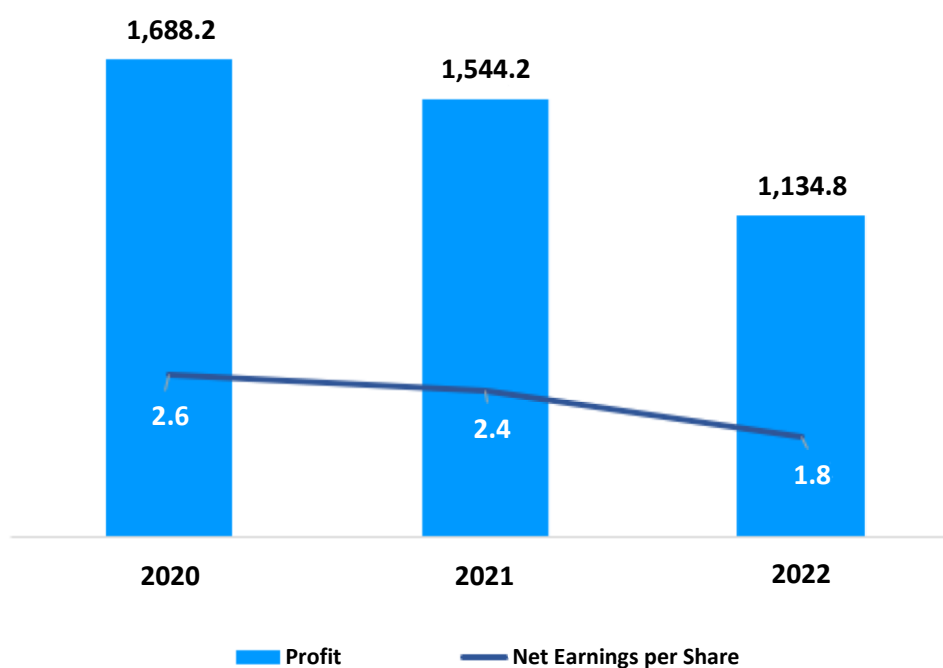
Distribution of Insurance Premiums



Combined Insurance Ratio %



Net income



In the titles below, “2022” and “2021” refer to the balances and ratios calculated by the Company in the periods from January 1 to December 31, 2022, and from January 1 to December 31, 2021, respectively. All amounts in millions of reais, unless otherwise stated.

Details of income (loss) for the year

Auto - Consolidated	2022	2021	Change %/ p.p.
Earned premiums	14,200.0	10,841.4	31.0
Loss ratio (%)	65.0	53.2	11.8
Insured vehicles - fleet	5,673	5,773	(1.7)

- Auto Insurance Segment: in 2022, earned premiums in the auto insurance line totaled R\$ 14,200.0 million, an increase of R\$ 3,358.6 million, or 31.0% in relation to the R\$ 10,841.4 million earned in 2021.

Earned premiums - Health Care	2022	2021	Change %
Corporate Health	2,980.1	2,048.7	45.5
Dental Health Plan	153.2	146.9	4.3
Total Health	3,133.3	2,195.6	42.7

Loss ratio - Health Care	2022	2021	Change p.p.
Corporate Health	82.9	81.7	1.2
Dental Health Plan	47.1	45.1	2.0
Total Health	81.2	79.3	1.9

Equity	2022	2021	Change %
Earned premiums	2,096.9	1,793.5	16.9
Loss ratio (%)	37.2	32.5	4.7
Insured items	2,409	2,544	(5.3)

- The revenues from pension plan contributions and VGBL premiums totaled R\$ 427.7 million in 2022, an increase of 1.0% in relation to R\$ 444.5 million in 2021. The number of participants in the Vida e Previdência segment (except for Vida Prêmio) went to 120.6 thousand in 2022, a decrease of 5.0% in relation to the 126.9 thousand participants in 2021.
- Revenues from loan operations totaled R\$ 2,942.9 million in 2022, an increase of R\$ 823.5 million or 38.9% over R\$ 2,119.4 million in 2021. The managed loan portfolio increased 21.5%, from R\$ 16,179.9 million in 2022 to R\$ 13,316.3 million in 2022.
- The revenues from consortium management services totaled R\$ 558.1 million in 2022, an increase of R\$ 71.0 million or 14.6% over R\$ 487.1 million in 2021. The number of managed consortium quotas increased 26.6%, from 192.2 thousand in 2021 to 244.0 thousand in 2022.
- Other revenues from rendering of services totaled R\$ 1,415.1 million in 2022, an increase of R\$ 592.5 million or 72.0% over R\$ 822.6 million in 2021 and the main ones derive from: (i) R\$ 341.3 million from Porto Assistência, which explores automotive and residential assistance services; (ii) R\$ 125.2 million from Mobitech car rentals; and (iii) R\$ 80.5 million from CDF, the largest B2B2C services marketplace in Brazil with on-site assistance, installation and maintenance services.

Trading Expense	2022	2021	Change p.p.
Acquisition cost - insurance	21.1	22.8	(1.7)

Administrative and operating expenses	2022	2021	Change p.p.
Administrative expenses - Insurance (*)	11.9	14.3	(2.4)
Other operating revenues/expenses - Insurance	1.5	2.1	(0.6)
Total administrative and operating expenses	13.4	16.4	(3.0)

(*) In 2021, considering the INSS over profit sharing, the administrative expenses - insurance ratio reached 13.6%.

- The administrative and operating expense ratio - Insurance reached 13.4% in 2022 (in relation to the earned premium), remaining stable compared to the prior year, excluding the effects of INSS on the Profit Sharing (PLR). The model adopted by the Company to manage the expenses and investments made to streamline processes and systems is contributing to generate operational efficiency gains. This is part of our strategy, which aims at obtaining continuous production gains, without adversely affecting the level of services provided to customers and brokers.

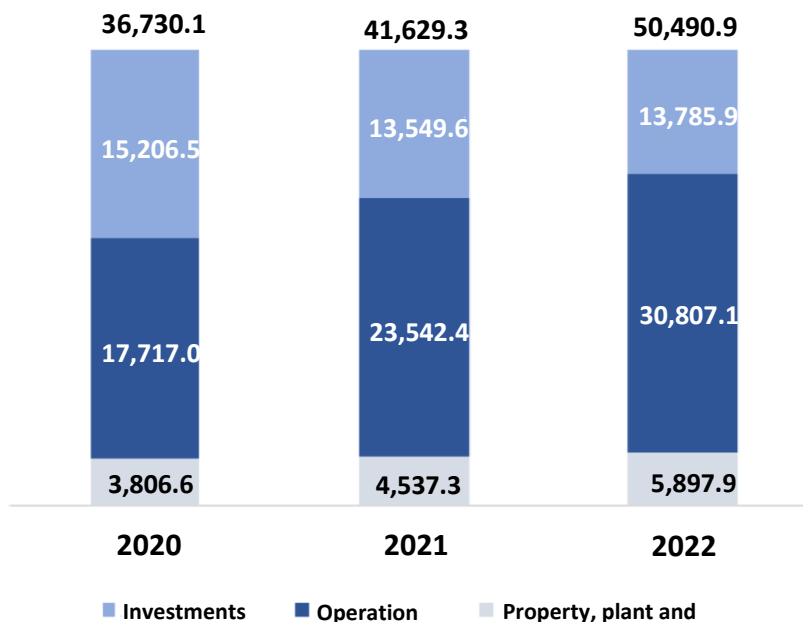
Financial income (loss)

Financial income (loss)	2022	2021	Change %
Financial income (loss) - Insurance	574.5	431.1	33.3
Financial income (loss) other business	29.8	37.6	(20.7)
Total financial income (loss)	604.3	468.7	28.9

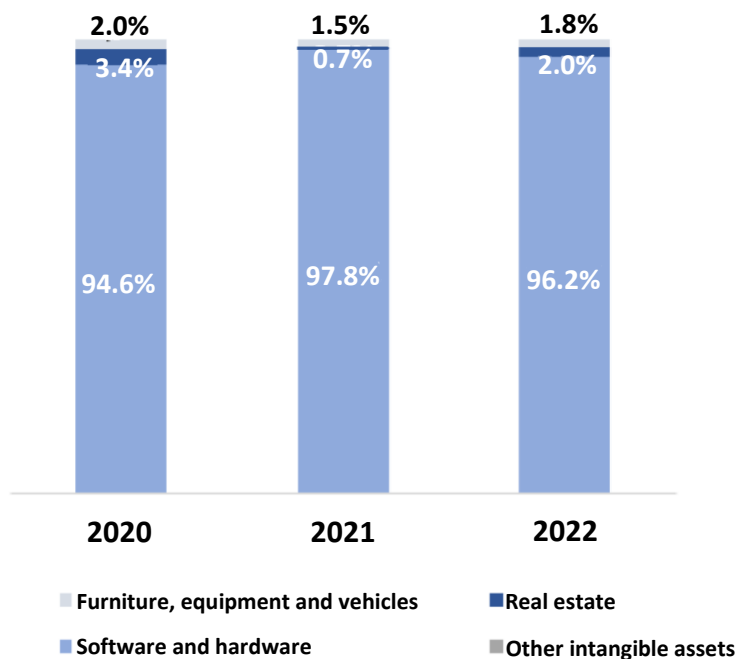
- The financial result increased 28.9% during the year, mainly impacted by the performance of variable income assets. Interest earning bank deposits obtained a 68% return of the CDI, mainly explained by the performance of investments in inflation-linked securities and in variable income.

Asset Positions

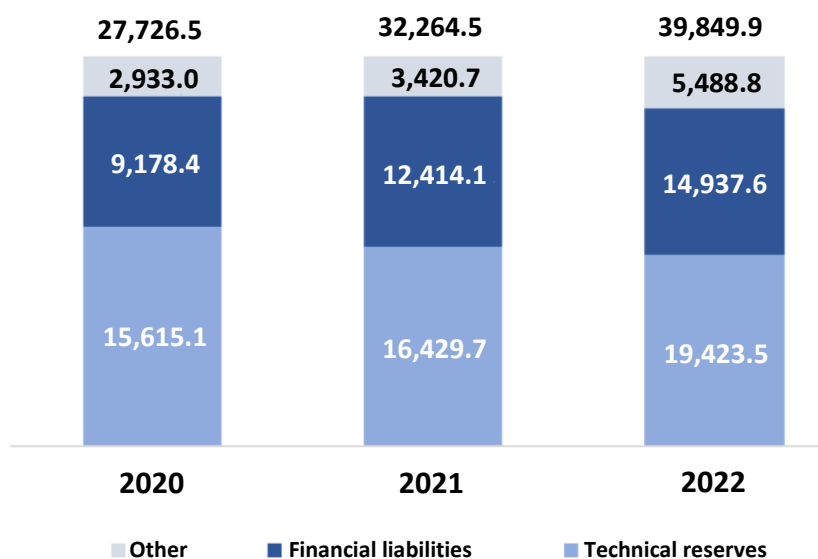
Total assets



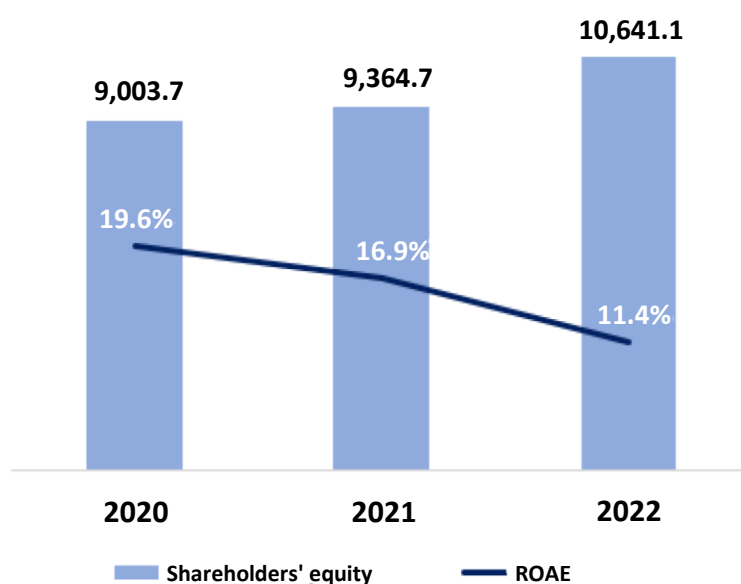
Investments (Capex)



Total liabilities

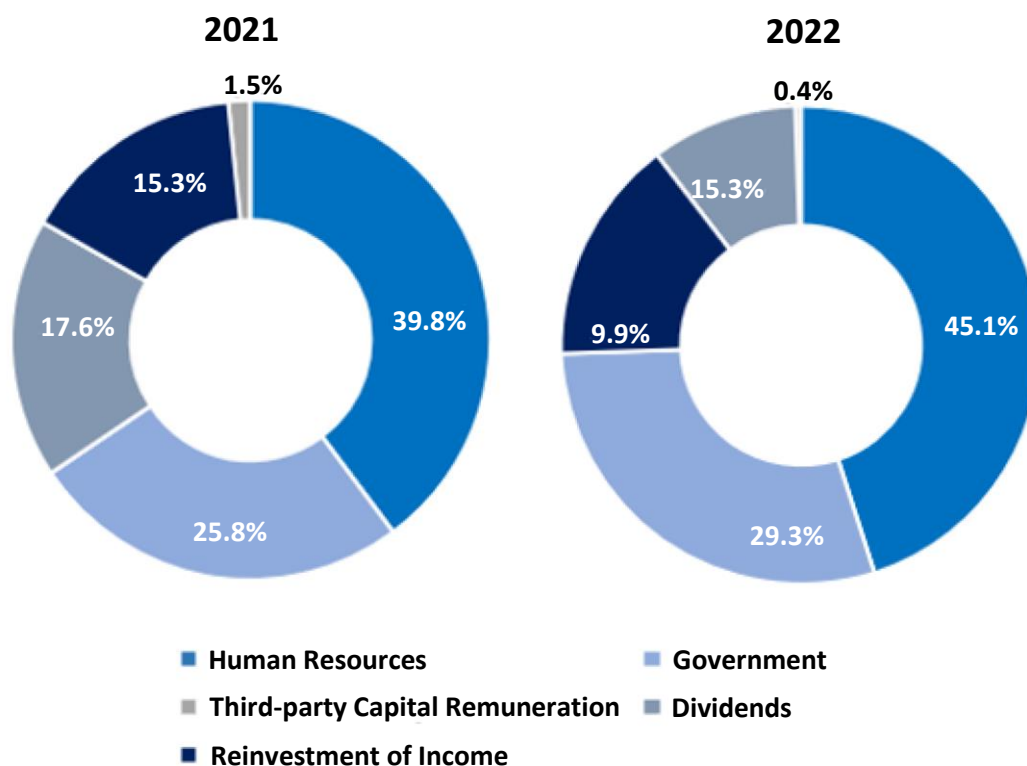


Shareholders' equity



ADDED VALUE

In 2022, the Company recognized value added of R\$ 4,569.7 million, a decrease of 2.8% when compared to the R\$ 4,701.3 million reached in 2021, distributed as follows:



CORPORATE GOVERNANCE AND CAPITAL MARKET

The Company follows the best Corporate Governance practices, strengthening the principles that promote transparency, equity and respect to its shareholders, and which create conditions for the development and maintenance of a long-lasting relationship with its investors. In the search for the constant improvement of our business, various departments of the Company are committed to enhance the permanent communication channel between the Company and all stakeholders: shareholders, regulatory agencies, brokers, employees, and the community, among others.

The Company's shares are traded on the Novo Mercado (under ticker symbol PSSA3), a special market segment of the São Paulo Stock Exchange B3, (formerly BM&F Bovespa) which is exclusively targeted at companies that meet certain specific minimum requirements and comply with differentiated corporate governance rules, in accordance with the practices established by the Novo Mercado segment and recommended by the Brazilian Institute of Corporate Governance (IBGC).

Moreover, the Company, its shareholders, administrators, members of the Tax Council, undertake to resolve any and all disputes or controversies that may appear between them relating to or arising from their condition as issuer, shareholders, administrators and members of the tax council, vis-à-vis the Market Arbitration Chamber, according to the Arbitration clause contained in its Bylaws.

The Company's Board of Directors created the Advisory Committees, which are auxiliary bodies with technical and consultative duties ("Committees"), with the purpose of making the performance of the Company's managing bodies more efficient in such a way as to maximize the Company's worth and shareholders' returns, respecting the best practices of transparency and corporate governance. Currently, in addition to the Audit Committee – which operates on a permanent basis as set forth in the Company's Articles of Incorporation, the following Committees are in place:

Audit Committee:

The Audit Committee is the statutory advisory body, operating on a permanent basis, directly linked to the Company's Board of Directors. The primary purpose of this committee is to advise the Board of Directors, independently evaluating, monitoring and recommending: (i) full compliance with legal and regulatory provisions applicable to the Company and its subsidiaries, considering the characteristics of each entity, in addition to internal regulations and policies; (ii) the internal control systems of Porto Seguro S.A. and its subsidiaries; (iii) the financial statements of Porto Seguro S.A. and its subsidiaries; (iv) engagements and works carried out by internal and external audits; and (v) the adjustment to or improvement of policies, practices and procedures identified within the scope of its activities.

People Committee:

The purpose of the People Committee is to provide support and information to the Board of Directors regarding strategies and policies for managing people of all the companies that compose the Porto Seguro Group.

Remuneration Committee:

The purpose of the Remuneration Committee is to provide support and information to the Board of Directors so that the decisions on remuneration of directors and employees of the companies that compose the Porto Seguro Group are in line with the internal policies and rules governing this matter, in addition to the applicable laws and regulations.

Integrated Risk Committee:

The Integrated Risk Management has the purpose of providing grants and information to the Board of Directors referring to risk management, proposing action plans and guidelines, evaluating compliance with risk management rules and following up key risk indicators in all entities comprising Porto Seguro Group.

Code of Ethics and Conduct:

The purpose of the Ethics and Conduct Committee is to guide and disseminate the Company's Code of Ethics and Conduct, at all the companies that compose the Porto Seguro Group, in addition to conducting investigations and proposing corrective measures relating to violations of this Code.

Investment Committee:

The Investment Committee aims to provide support and information to the Company's Board of Directors relating to the management of investment of all the companies that compose the Porto Seguro Group.

Marketing Committee:

The Marketing Committee aims to provide support and information to the Company's Board of Directors relating to the communication strategy of all the companies that compose the Porto Seguro Group to several targets.

Digital Committee:

The Digital Committee aims to provide support and information to the Company's Board of Directors relating to the surveys and technological trends, on market and innovations of new products and processes, in line with the objectives of all companies that compose the Porto Seguro Group.

PRODUCT AND SERVICE INNOVATION AND MARKETING

During 2022, the Company expanded its product and service lines, particularly in relation to:

Plugify: In the first days of the year, Porto Seguro acquired 10% of Plugify, a Brazilian Hardware as a Service (HaaS) startup that offers electronic equipment rental and integrated IT management for companies with the purpose of expanding its share in the insurance market for equipment, in addition to exploring opportunities to operate in the IT access and asset markets, protection solutions and convenience services for companies.

BBB Azul Head of Household Competition: Azul takes to Big Brother Brasil 2022 a Head of Household competition that shows unforeseen events for those who do not have subscription insurance from Azul Seguros.

Campus Party Sponsorship: Porto sponsors the Campus Party for the first time, the largest technological experience in the Internet of Things, Blockchain, Culture Maker, Education and Entrepreneurship in the world, and takes Porto Seguro Celular and OxiGênio Acceleradora to the event to promote activations, lectures and debates on open innovation.

New brand: The Company announces to the market the change of its brand to Porto and the consolidation of three business verticals: Porto Bank, Porto Seguro, and Porto Saúde. The change aims to show the evolution of the Company, which is increasingly becoming an ecosystem of products, services and solutions for every moment of life.

Launching of Consórcio Mais: Porto Bank launches the product Consórcio Imóvel Mais, aimed at those looking for properties priced between R\$ 600,000 and R\$ 900,000, and offers a year of Reppara!, a service for domestic repairs such as a locksmith, plumbing and electrical repairs, unclogging, among others.

Olho Mágico: Olho Mágico, Porto's real estate rental platform, is launched. In partnership with real estate companies across the country, Olho Mágico hit the market with 40,000 advertisements published.

Nido Tecnologia: Acquisition of Nido Tecnologia, a company focused on management systems for digital real estate companies, to support us in simplifying the property rental process with a safe and intuitive platform that guarantees an agile journey for real estate agents.

Tech4Humans: Acquisition of a 38% interest in Tech4Humans, a startup that develops solutions in customer service and process automation, to assist Porto Bank in its goal of being ever more present in every moment of the client's life.

CDF: Porto announces an agreement between Porto Seguro Assistência e Serviços S.A., engaged in vehicle and home assistance, and CDF Assistência e Suporte Digital S.A., one of the main B2B2C service marketplaces in Brazil.

UN global compact: Porto becomes a member of the UN Global Compact and is publicly committed to the Ten Principles universally accepted in the areas of human rights, labor, environment and anti-corruption, in addition to the 17 Sustainable Development Goals (SDGs) by 2030.

Rock in Rio 2022: Porto Saúde is an official supporter of the event and responsible for the public's medical and emergency services. In addition to attending over 8,000 people in the medical outpatient clinics and carrying out 73 removals during the days of the festival, Porto Saúde prepared, in an unprecedented partnership with OSGEMEOS, an immersive installation inside the City of Rock.

GPTW: The Great Place to Work (GPTW) certifies Porto as an excellent place to work and, months later, the Company is recognized as the 3rd Best Company to Work For in Brazil, in the Giants category.

Porto Bank at the São Paulo GP: Porto Bank announces its sponsorship of the São Paulo Formula 1 Grand Prix for three years and presents new credit cards made with original parts from cars in the category. During the GP, Vila Porto brings together more than 7,000 people in an environment prepared to combine leisure, food, interaction and fantastic experiences. The Interlagos circuit also had a team of professionals from Porto to help with rescues during the race.

2023 F1 Season: Porto Seguro also announces that it is the new sponsor of the Aston Martin Aramco Cognizant Formula One™ Team in the 2023 season and will be a safe haven for people who dream of seeing a Brazilian racing driver in the sport again, with support for Felipe Drugovich, a racing driver from the state of Paraná.

Porto em Ação: Porto launches a compensation program that benefits employees from all areas and at all levels, with Company actions.

Porto Asset Management: Porto Seguro Investimentos is now called Porto Asset Management. The brand change repositions the investment manager in the market.

New Dental Insurance portfolio: Porto Saúde Dental Insurance now offers six coverage options, divided into the Bronze, Silver and Gold segments, to facilitate client understanding and the sale of plans.

Azul and Porto app integration: Azul Seguros application is discontinued and its functionalities are migrated to the Porto application, which already integrates Credit Card, Home Insurance, Porto Auto Insurance and Mobile Insurance.

Electric Ambulance: Porto Saúde announces the first electric ambulance in Brazil. The vehicle arrives to add to the company's electric fleet, already made up of bikes, cars and tow trucks.

Oncology Joint Venture: Porto Serviços and Oncoclínicas signed an agreement for the creation of a joint venture dedicated to offering comprehensive cancer care services to the lives served by the insurance company. The agreement provides for that Oncoclínicas will have 60% and Porto 40% of the JV, emphasizing the quality and treatment experience of Porto Saúde clients.

HUMAN RESOURCES

At the end of 2022, Porto Seguro Group had 12,716 employees, of which 8,191 integrated the staff of the insurers and 4,525 worked for other companies of the group. A total of 3,531 employees were hired, 584 of which in the “Young Apprentice” and “Inclusion of People with Disabilities” programs. On the other hand, the turnover rate of the year-to-date, which measures the ratio between new hires and terminations was 23.63%, 3.4 percentage points lower than the prior year. Throughout the year, we had around 2,600 recognition and meritocracy actions within the Company, accounting for a growth of 45% compared to the previous year.

The beginning of the year was marked by the return to the different work arrangements offered by the company. Porto currently adopts four models for employees, with greater or lesser frequency of visits to the office; more than 53.4% of our team works with one of our more flexible models (full or flex).

As part of our Integral Health care strategy for our employees, which includes physical, mental and financial health, we work on assisting employees with COVID-19 or Influenza symptoms, implemented an Influenza vaccination campaign with more than 6,000 employees immunized and returned with a laboratory for the collection of laboratory tests in our Health Space, in addition to providing medical specialties such as Orthopedics, Gynecology and Endocrinology. We promote actions focused on the well-being of our employees, providing classes in various modalities, such as harmonica, ukulele and guitar, muay thai, pilates, super training, yoga, zumba and theater, as well as our partnership with Gympass, which resulted in almost 200,000 activity check-ins in 2022.

With the purpose of attracting and developing new talent, boosting a diverse workforce to support Porto’s business challenges, we had 3 waves of our Internship Program, the closing of the 1st group of Porto Trainees and we open enrollment for the 2023 Porto Trainee program, which will last 18 months, with the objective of attracting, developing and accelerating the career of talent working in their best places based on their skills.

Sustaining our purpose of increasingly being a safe haven for people and their dreams involves giving space for expressing and knowing, with genuine interest, the contributions and perceptions of our team. In 2022, we applied the institutional engagement survey, resulting in a 78 favorability, keeping the indicator equal to that of 2020, even in the midst of the pandemic scenario and deep organizational transformations, such as verticalization and new brand positioning. In the employer brand strategy, we intentionally started our work on Porto’s digital channels that talk to talent: LinkedIn, Glassdoor and our career website, Work With Us. We also participate in the Great Place to Work (GPTW), one of the main rankings that recognize the best companies to work for in Brazil and

has hundreds of companies from different industries and sizes, built based on the experience of our own employees. We were awarded the 3rd place in the main category, Large Companies.

We launched more than 30 new learning experiences, focusing on boosting key business skills, including: Diversity & Inclusion, Digital Transformation and People Management. We offer several actions for leaders that enhance their performance considering the challenges of the business and the market, among them the Executive Program course.

Together, our Diversity and Inclusion program carried out several actions and initiatives to advance the topic within the Company, such as reviewing Policies, our Code of Ethics and mentoring for Executives. We sponsor trade fairs related to employability, Diversity & Inclusion Census, which is not mandatory, resulting in the mapping of our employees to customized actions.

The transformation agenda advances as it aims at Porto's current and future objectives, without forgetting to consider what we value as an identity and organizational essence. In this sense, we had major structuring milestones in 2022 that will guide our future People Management model. We started the process that analyzes the criteria defined in the leadership profile, the result of which will support development, career and succession planning movements and the Porto Culture strengthening and evolution project that will mobilize the company's leadership to build our culture deck, clarifying drivers, expected behaviors and map of the main transformation levers.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In an increasingly globalized world, ESG issues become extremely important and inherent to the organizations' business, thus creating a business development challenge without losing sight of environmental, social and governance issues.

For Porto Seguro, being a sustainable company means managing to listen to the interests of the most diverse segments of society and incorporate them into the planning of its business, reducing negative socio-environmental externalities and expanding the generation of shared value.

For this reason, the company has implemented initiatives that reduce or offset the socio-environmental impacts caused by its business operations, strengthened its commitment and responsibility, in addition to acting continuously in raising people's awareness on the importance of social and environmental causes, in search of a better world for current and future generations.

In 2022, we created and improved internal policies, such as the Social, Environmental and Climate Risk Policy and the Social, Environmental and Climate Responsibility Policy, seeking to ensure a more comprehensive ESG governance, in line with the guidelines established by regulatory bodies. Moreover, to strengthen this governance pillar, we signed the UN Global Compact.

Among the several sustainability initiatives carried out by the Company, the following projects stand out in 2022:

ESG (Environmental, Social and Governance) topics in business

In the Insurance vertical, 30,402 insurance policies were acquired for electric and hybrid vehicles, 19,254 insurance policies were acquired for bikes, 12,846 insurance policies were acquired for solar panels, 421 insurance policies were acquired for Porto Transport Environmental Liability Insurance and 13,794 hectares of forests in the Agro insurance in 2022.

Through the flooding motorcycle, an adaptation to climate change, 380 Porto, Azul and Itaú policyholders were approached regarding the risk of flooding where their vehicles are located, and 31 removals were carried out actively due to the high risk of claim.

We also mobilized all the partner workshops through distance learning (EAD) in sustainable practices, in addition to dismantling 2,472 vehicles and pressing/disposing of another 1,833 vehicles by Renova ECOPEÇAS, contributing to the proper disposal of 3,119 tons of waste.

The vertical Porto Bank has been studying ways to increasingly contribute to sustainable development and conscious consumption by its clients. In 2022, through the Consortium +sustainable modality, more than R\$ 1,269,035 in credits for electric bicycles and motorcycles were acquired, as well as R\$ 572,000 in credits for solar panels, with a portfolio of approximately 930 participants in this period.

Through Porto Plus, our benefits platform, 15,513,440 points were donated by card clients, which were reverted to approximately R\$ 232,496.96 for social institutions, demonstrating our clients' awareness and social concern.

For the **vertical Porto Saúde**, promoting people's care also includes the development of social and environmental dimensions. Through programs and actions aimed at the quality of life of our policyholders in 2022, 16,674 beneficiaries and policyholders had access to preventive programs in health promotion, 66,858 consultations were carried out online by Alô Saúde, which avoided 334,290 km traveled; 73,112 consultations were made through the psychology partner platform; in addition to new 2,207 subscriptions through the Porto Cuida Program in 2022.

In the same period, the first electric ambulance in Brazil was implemented in the modal group, with an estimated reduction of 87.33% in equivalent carbon dioxide emissions, compared to a conventional ambulance with a driving distance of 3,000 km/month and an average consumption of 71 L/month of diesel.

Socio-Environmental Education & Eco-efficiency

Unlike previous years, when we celebrated the Environment week or month, in 2022 Porto started the **Sustainability Season**, which aimed to contribute to the learning that our audiences have about ESG (environmental, social and governance) concepts.

In 2022, we carried out 163 actions that make up our complete socio-environmental education trail, such as **Community Gardens, Culture Contest, Expedition and the Socio-Environmental Agents Program, among other actions** that totaled 262,431 people reached and participation.

We also highlight the launch of the **Sustainability and ESG Journey**, an education and learning trail for employees and Brokers that will expand the repertoire on the topic, through 5 phases of content in different formats such as: podcasts, video pills, articles, lives and much more. In 2022, we had 2,990 pieces of content with access completed.

Porto has implemented sundry **initiatives to reduce water consumption**, such as rainwater collection, indoor water treatment plant, dual flush system and vacuum flushes. In 2022, the consumption of reused water in some of our facilities stands out. From September to December of this year, we reused 2,032 m³ of water, which generated savings of more than R\$ 49,000.

Regarding initiatives to **reduce energy consumption**, such as LED lamps, presence sensors in spaces, solar panels and the Earth Time Program - when the Company's lights are turned off for an hour and we use natural lighting. In 2022, specifically the Earth Hour ensured power savings of 41,220 kwh, equivalent to approximately R\$ 27,000.

Regarding the waste discarded at the head office, we recorded an **average disposal efficiency** of 50% in 2022 and 57.5% of the waste generated is directed to the recycling industry. We have a Reverse Logistics structure for fixed assets at the Company, which in 2022 allocated 19,221 items, of which 307 items were donated to accredited institutions, 3,692 items were disposed of in an environmentally correct manner and 15,222 were sold, generating R\$ 2,277,863.13 to the Company.

Also in 2022, Porto took another step towards mitigating its negative impact on waste. We removed single-use plastic cups used for drinking water from circulation. With such removal, we managed to save 80% compared to 2019 (a year closer to the reality we have today - Pandemic), that is, a saving of 3,800,000 cups and R\$ 130,000 of investments in this product.

[Social Projects & Investments](#)

The **Porto Institute** aims to enhance social development with educational, socio-cultural projects and partnerships in the Campos Elíseos region, in the downtown region of São Paulo, where the Company's head office is located.

Among the programs carried out, the highlight is **Ação Educa**, which daily serves 239 children and adolescents, aged 6 to 15, after school hours. Through socio-educational activities, we seek to expand art and culture repertoires, as well as support the school complement, with the objective of developing the education, citizenship and self-esteem of those involved, inspiring them to gain autonomy to build their life projects. As a criterion, those assisted must reside in the Santa Cecília district region, belong to low-income families and study in a public school or have a full scholarship in a private school. After completing the program, young people have the opportunity to follow the Institute's learning path in professional courses or in the Young Apprentice program.

The **Apprenticeship Program** aims to prepare low-income young people to enter the job market. Said young people receive Pre-Training, a preparatory course that works on topics such as: selection processes and professional environment, so that they can prepare for interviews and feel more confident about job opportunities. Graduates are indicated for vacancies of young apprentices, where,

after being hired, they carry out theoretical activities at Porto Institute, as well as practical activities in several areas for a period of 15 months. In 2022, Pre-training received 544 enrollments, 104 students graduated and over 700 hours of training were offered to the 7 classes held. In the Apprenticeship Program, we had 83 active students throughout the year and 22 of them were hired during their apprenticeship or at the end of their training. We also offered more than 1,608 hours of training for the three groups in progress and, the first job program allowed the generation of income of more than R\$ 470,000.00 for all young people benefiting from it.

Fundraising is a program developed to pay for part of the initiatives of the Ação Educa program. Moreover, to fully serve the student, we rely on social investors, who make it possible to carry out psychological and psycho-pedagogical assistance, health efforts, delivery of basic food baskets, sneakers, toys and school supplies. Donations can be made freely (without any tax incentive) through our website, or encouraged by legal entities via Condeca. Last year, we had 1,552 donors, accounting for R\$ 567,817.00 in funds raised in recurring and incentivized donations, while the thematic campaigns raised a total of R\$ 69,337.00. The amounts invested reached R\$ 251,901.31 and allowed the purchase of school materials, food baskets, dental consultations and treatments, and examinations to provide eyeglasses for children in need.

The Institute also offers **Professional Qualification Courses** where we seek, through education, to support low-income people to achieve better socioeconomic conditions and access to formal work or income generation. In 2022, we offer more than 20 courses in our catalog and distributed among the training areas: technical, commercial, beauty, tech access, education and craftsmanship and entrepreneurship. This year, over 5,370 people showed interest in the training courses. As a result, we had more than 1,027 people enrolled in the 49 classes, in addition to 327 graduates, as many students will complete the training in 2023. Of the students who completed the course in 2022, 16% managed to increase their income or were employed.

On the entrepreneurship and income generation front, we work with the **Escola de Costura** (Sewing School), whose objective is to provide practical and entrepreneurial training for students who have completed the industrial sewing course, with the possibility of generating income during the learning process. In 2022, 43 seamstresses completed the industrial sewing course using the SENAI methodology. We also had 10 students incubated. In this process, entrepreneurial training is offered to graduates in the initial stage, in the industrial sewing course. Furthermore, we had 15 students disincubated, this group has already completed all the training. In all, 9,741 items were produced, with revenues of R\$ 427,859.33 and income generated of R\$ 963.45 (monthly average per seamstress).

Through the **Corporate Volunteer Program**, Porto Institute encourages a culture of development and support for the communities in which it operates, through the engagement of different audiences, from employees to the third sector. In 2022, over 128 different volunteer actions were carried out throughout Brazil, in the distance and face-to-face modalities. Some highlighted actions were as follows: mentorships for young people, dog walking, English classes for children, financial education tips for managers of social institutions and environmental education. We had the participation of 705 employees, who together donated more than 3,793 thousand hours to around 50 partner social institutions throughout Brazil.

Donations covering all projects that include receiving donations made by Porto Group’s employees and companies by means of Conscious Consumption Station, Collection Campaigns in the localities and sporadic donations. 121 campaigns were carried out in 2022, totaling a donation of 196,555 items to over 70 institutions throughout Brazil, generating 272,670 services.

Another front of action with the surrounding social institutions is the **Development of social institutions**. In this context we are committed to supporting social institutions with volunteer work and donations of items. Moreover, a training trail is offered for social managers at accredited institutions in Brazil, designed to bring multiple forms of experience and learning that can support them in their challenges. In 2022, we had 47 institutions involved, generating 236 participation and 10 institutions were contemplated with a postgraduate course.

The transfer of incentive funds is carried out through incentive laws at the state or municipal level. Currently the social projects that receive support fall under the Child and Adolescent Law, as well as the Elderly Law. We open a public notice annually for the selection of institutions and social projects. In 2022, we funded 7 projects under the Child and Adolescent Law, and 5 projects under the Elderly Law, totaling 12 capital contributions, with a total amount of R\$ 3,246,000.

Porto also supports **Crescer Sempre Association**, a non-profit association that operates in the community of Paraisópolis with five main projects: regular school for early childhood education; all-day high school; a project to reinforce Portuguese and Mathematics out of school hours in a program called Jovem Crescer; Professional Qualification Courses and Library open to the community. In 2022, the initiatives were concluded with the following results: 316 students in the regular school for early childhood education; 208 students in the all-day high school; 159 students in the project to reinforce Portuguese and Mathematics in a program called Jovem Crescer; 498 students in on-site Professional Qualification Courses and over 9,000 users of the Library open to the community

Finally, we also highlight the **Campos Elíseos +gentil Association**, a community front of Porto Institute that works to foster actions to improve conservation, cleaning and maintenance of public spaces in the district. Among the projects aimed at social participation, engagement and the exercise of citizenship, the Nossa Rua project stands out, which works to raise awareness in the community about the critical places of frequent irregular disposal in the district. Concurrently, the Carroças do Futuro project, which encourages residential and commercial recycling, while working together to improve the quality of life, increase income and work safety of local recycling collectors, through training and offering electric carts. Finally, there is the Movimento-se project, which offers free gym classes to the community and the production and distribution of Campos Elíseos Newspaper. Of 590 maintenance and cleaning protocols, opened from alerts registered on our platforms, we obtained 78% resolution from the competent bodies.

ECONOMIC ENVIRONMENT

The year 2022 ended with an international environment still full of uncertainties. This scenario should not show major changes in early 2023. The central banks of the US and the Eurozone continue to maintain a firm stand in the fight against inflation. Even though expectations point to

an economic slowdown on both sides of the Atlantic over the next few months, the resilience of the labor market in both economies should prevent a more abrupt activity drop. On the other hand, low levels of unemployment should limit a stronger reduction in inflation, postponing any reversal of the current monetary tightening cycles promoted by the Fed and the ECB.

However, in the case of some emerging countries, that moment may be closer. As several of these countries started the process of raising their basic interest rates before the US and Europe, the disinflation scenario in these economies is clearer. Nevertheless, even with this prospect, the international environment will remain challenging for a good part of 2023.

First, since the continuation of the war in Ukraine, in addition to the enormous humanitarian burden, remains a threat to the global supply of several commodities, whether agricultural or in the energy sector.

In turn, the magnitude and speed of the growth of new daily cases may increase the risk of the emergence of new variants of the disease, in addition to a relevant number of deaths in a country whose population exceeds 1.4 billion inhabitants.

Locally, the year 2022 recorded a stronger than expected economic growth, as a result of a significant improvement in the labor market, although a considerable part of the new jobs created were concentrated in the informal sector of the economy.

The growth in the mass of labor income and the maintenance of a flow of public transfers to a relevant portion of the population supported consumption, notably services, which also benefited in 2022 from the normalization of the demand after almost two years of the pandemic.

However, such resilience of household consumption limited the disinflation movement, which was concentrated in the administered price segment. This drop, in turn, occurred based on the reversal of the significant rise in oil product prices at the beginning of the year, in the wake of the war in Ukraine, as well as due to the significant tax relief on fuel and electric power prices.

The prospects for domestic economic activity are for a slowdown in the pace of growth recorded in the previous year, either due to the lagged effects of the monetary tightening undertaken by the Copom since the beginning of 2021, or as a result of the expected slowdown in the global economy. Despite this scenario, the room for reducing the Selic rate will largely depend on the actions that the new recently elected government adopts for the general economic policy and specifically in the fiscal policy front.

COMPLIANCE

Statement of the Executive Board

Officers responsible for preparing financial statements, in accordance with provisions of article 27, paragraph 1, items V and VI, and article 31, paragraph 1, item II of CVM Resolution 80/2022, state that:

a) reviewed, discussed and agreed with opinions expressed in the independent auditors' report on Company's financial statements for the fiscal year ended December 31, 2022; and

b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2022.

[CVM Resolution 80/22, Attachment C, Item 9](#)

Independent auditors and related parties, in the period from January to December 2022, have not provided services not related to external audit.

ACKNOWLEDGMENT

We would like to thank again our brokers and customers for their support and trust, and our employees and associates for their continued dedication. We also take this opportunity to thank the authorities that regulate our activities.

São Paulo, February 8, 2023

The Management

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Balance sheet at December 31, 2022
(In thousands of reais)



ASSETS	Note	Parent company		Consolidated		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent company		Consolidated	
		December 2022	December 2021	December 2022	December 2021			December 2022	December 2021	December 2022	December 2021
Current assets		758,995	1,052,927	32,647,490	27,311,577	Current liabilities		703,125	420,156	30,083,227	24,959,484
Cash and cash equivalents	8	51,146	60,496	2,433,908	1,400,834	Liabilities from insurance and supplementary pension contracts	23	-	-	13,632,844	10,670,728
Financial assets						Debts from insurance and reinsurance operations	24	-	-	760,235	615,783
Interest earning bank deposits valued at fair value through profit or loss	9.1.1	577,975	872,100	7,256,889	7,477,041	Financial liabilities	25	426,850	38,088	13,581,379	11,658,869
Interest earning bank deposits at fair value through other comprehensive income	9.1.2	-	-	253,334	-	Taxes and contributions payable	12.2	620	1,001	729,497	660,563
Interest earning bank deposits measured at amortized cost	9.2	19,377	-	264,719	-	Dividends and interest on own capital payable	43	262,337	357,970	262,337	357,970
Loans and receivables (at amortized cost)	10	-	-	10,590,630	9,382,483	Derivative financial instruments	15	-	-	1,443	-
Premiums receivable from insured parties	11	-	-	7,299,599	5,550,561	Lease liabilities	27	-	-	16,016	12,894
Accounts receivable from rendering of services		-	-	302,430	80,400	Other liabilities	28	13,318	23,097	1,099,476	982,677
Reinsurance assets	23.3	-	-	160,896	159,734						
Recoverable taxes and contributions	12.1	61,161	49,495	249,475	218,243	Non-current liabilities		798,991	461,354	9,766,637	8,548,686
Goods for sale	13	-	-	256,468	208,844	Liabilities from insurance and supplementary pension contracts	23	-	-	5,790,649	5,758,977
Deferred acquisition costs	14	-	-	2,648,250	2,218,715	Financial liabilities	25	14,583	39,583	1,356,179	755,193
Derivative financial instruments	15	60	709	60	18,022	Deferred income tax and social contribution	12.3.3	263,740	276,797	423,830	312,849
Other assets	16	49,276	70,127	930,832	596,700	Taxes and contributions payable	12.2	-	-	26,422	20,640
						Lease liabilities	27	-	-	132,921	118,814
Non-current assets		11,326,228	9,193,142	17,843,431	15,561,321	Legal provisions	26.1	153,894	144,974	1,398,286	1,396,597
Long-term assets						Other liabilities	28	366,774	-	638,350	185,616
Financial assets						Shareholders' equity		10,583,107	9,364,559	10,641,057	9,364,728
Financial investments at fair value through profit or loss	9.1.1	-	-	2,040	1,808	Capital	29a	8,500,000	8,500,000	8,500,000	8,500,000
Interest earning bank deposits at fair value through other comprehensive income	9.1.2	-	-	3,013,896	3,718,693	Profit reserves:		1,571,942	793,395	1,571,942	793,395
Interest earning bank deposits measured at amortized cost	9.2	64,275	168,770	2,995,055	2,352,016	(-) Treasury shares	29d	(199,017)	(205,493)	(199,017)	(205,493)
Loans and receivables (at amortized cost)	10	-	-	1,167,741	1,142,828	Profit reserves – other		1,770,959	998,888	1,770,959	998,888
Premiums receivable from insured parties	11	-	-	405,924	301,708	Capital reserves	29b	634,122	-	634,122	-
Reinsurance assets	23.3	-	-	14,036	13,779	Additional dividends proposed	29e	112,817	261,729	112,817	261,729
Deferred income tax and social contribution	12.3.1	-	-	1,372,102	926,965	Other comprehensive income		(235,774)	(190,565)	(235,774)	(190,565)
Recoverable taxes and contributions	12.1	-	-	2,316	2,295	Non-controlling interest		-	-	57,950	169
Deferred acquisition costs	14	-	-	580,969	166,862						
Judicial deposits	17	153,913	145,041	1,536,160	1,541,862	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,085,223	10,246,069	50,490,921	42,872,898
Other assets	16	39	46	144,797	39,769						
Investments		-	-	-	-						
Interest in subsidiaries	18.1	10,655,755	8,791,869	-	-						
Interest in associated companies and jointly-controlled entities	18.2	-	-	201,577	579,447						
Other investments		60,254	34,982	60,254	34,982						
Investment property	19	391,418	52,434	338,079	103,203						
Property, plant and equipment	20	574	-	2,254,997	2,158,579						
Intangible assets	21	-	-	3,642,873	2,378,685						
Right-of-use assets	22	-	-	110,615	97,840						
TOTAL ASSETS		12,085,223	10,246,069	50,490,921	42,872,898						

See the accompanying notes to the financial statements

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Statement of income for year ended December 31, 2022
(in thousands of reais, except for information on earnings per share)



	Note	Parent company		Consolidated	
		December 2022	December 2021	December 2022	December 2021
Revenues					
Insurance premiums issued and net considerations	30	-	-	22,728,851	17,712,070
(-) Premiums - reinsurance ceded	30	-	-	(136,795)	(125,830)
(\$) Premiums and considerations, net of reinsurance	30	-	-	22,592,056	17,586,240
Revenues from loans	31	-	-	2,942,924	2,119,399
Revenues from rendering of services	32	-	-	1,973,198	1,309,719
Pension plan contributions		-	-	148,195	150,918
Revenue from special savings bonds		-	-	67,368	59,357
Other operating revenues	33	-	-	266,458	387,233
Equity in net income of subsidiaries	18.1	1,185,302	1,651,593	(26,210)	(11,232)
Total revenues		1,185,302	1,651,593	27,963,989	21,601,634
Expenses					
Changes in technical reserves - Insurance		-	-	(2,750,716)	(1,379,795)
Changes in technical reserves - pension		-	-	(191,374)	(133,179)
(\$) Total changes in technical reserves	34	-	-	(2,942,090)	(1,512,974)
Retained claims - Gross	35	-	-	(13,681,393)	(10,148,761)
(-) Recoveries of reinsurance companies	35	-	-	77,273	100,936
(-) Recovery of salvage and reimbursements		-	-	1,391,525	1,440,341
Private pension plan benefits		-	-	(2,695)	(5,004)
(\$) Expenses with claims and benefits, net		-	-	(12,215,290)	(8,612,488)
Acquisition cost - insurance	36	-	-	(4,193,272)	(3,697,949)
Acquisition costs - other		-	-	(349,052)	(350,827)
Administrative expenses	37	(36,553)	(42,826)	(3,883,250)	(3,601,766)
Tax expenses	38	(44,606)	(25,643)	(712,105)	(617,409)
Costs of services rendered		-	-	(302,402)	(187,201)
Other operating expenses	39	(18,452)	(13,356)	(2,659,031)	(1,773,980)
Total expenses		(99,611)	(81,825)	(27,256,492)	(20,354,594)
Operating income (loss) before financial income (loss)		1,085,691	1,569,768	707,497	1,247,040
Financial revenues	40	188,730	153,415	1,901,173	1,558,792
Financial expenses	41	(144,607)	(162,559)	(1,296,860)	(1,090,081)
		44,123	(9,144)	604,313	468,711
Operating income		1,129,814	1,560,624	1,311,810	1,715,751
Income before income tax and social contribution		1,129,814	1,560,624	1,311,810	1,715,751
Income tax and social contribution	12.4	5,033	(16,375)	(159,520)	(171,488)
Current		(8,024)	(7,745)	(493,676)	(761,490)
Deferred		13,057	(8,630)	334,156	590,002
Net income for the year		1,134,847	1,544,249	1,152,290	1,544,263
Attributable to:					
- Company's shareholders		1,134,847	1,544,249	1,134,847	1,544,249
- Effect of non-controlling shareholders in subsidiaries		-	-	17,443	14
Earnings per share:					
- Basic	44	1.76173	2.39781	1.78881	2.39783
- Diluted	44	1.76173	2.39781	1.78881	2.39783

See the accompanying notes to the financial statements

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Statement of comprehensive income for the year ended December 31, 2022
(In thousands of reais)



	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Net income for the year	1,134,847	1,544,249	1,152,290	1,544,263
Other comprehensive income	(45,209)	(285,319)	(45,209)	(285,319)
Items that will subsequently be reclassified to income (loss) for the year:				
Adjustments to securities in subsidiaries	(52,495)	(495,417)	(52,495)	(495,417)
Tax effects on adjustments of securities in subsidiaries	20,998	198,167	20,998	198,167
Cash flow hedge income (loss)	(43,994)	-	(43,994)	-
Tax effects on income (loss) with cash flow hedge	14,958	-	14,958	-
Accumulated translation adjustments in subsidiaries	738	10,474	738	10,474
Other equity valuation adjustments in subsidiaries	14,586	1,457	14,586	1,457
Total comprehensive income for the year, net of tax effects	1,089,638	1,258,930	1,107,081	1,258,944
Attributable to:				
- Company's shareholders	1,089,638	1,258,930	1,089,638	1,258,930
- Effect of non-controlling shareholders in subsidiaries	-	-	17,443	14

See the accompanying notes to the financial statements

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Statement of cash flows for the year ended December 31, 2022
(In thousands of reais)



	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Net cash from operating activities	278,846	761,070	2,850,592	1,852,342
Cash from operations	(12,411)	(2,236)	4,946,073	2,810,471
Net income for the year	1,134,847	1,544,249	1,152,290	1,544,263
Depreciation - property, plant and equipment	-	-	133,347	105,146
Amortization	12,622	12,622	150,904	125,162
Equity in net income of subsidiaries	(1,185,302)	(1,651,593)	26,210	(11,232)
Asset impairment loss (Reversal of losses)	22,332	93,219	755,412	551,767
Liabilities from insurance and supplementary pension contracts	-	-	2,820,033	469,135
Legal provisions	8,920	-	26,541	57,948
Income (loss) from the sale of property, plant and equipment	(5,830)	(733)	(118,664)	(31,718)
Changes in assets and liabilities	326,587	772,494	(1,417,865)	(133,492)
Financial investments at fair value through profit or loss	294,125	709,346	219,920	1,522,270
Financial investments - other categories	85,118	178,521	(456,295)	134,704
Premiums receivable from insured parties	-	-	(1,847,248)	(1,085,656)
Loans and receivables	-	-	(2,279,408)	(2,897,839)
Reinsurance assets	-	-	(1,419)	12,969
Deferred income tax and social contribution	(35,389)	(84,589)	(24,988)	(618,872)
Recoverable taxes and contributions	(11,666)	(19,092)	(31,253)	(88,218)
Goods for sale	-	-	(55,248)	(99,701)
Deferred acquisition costs	-	-	(843,642)	(387,319)
Judicial deposits	(8,872)	(2,854)	5,702	4,419
Other assets	(343,398)	(32,704)	(586,293)	(704,688)
Lease operations	-	-	4,454	2,023
Payment of insurance and supplementary pension liabilities	-	-	173,755	345,495
Debts from operations with insurance and reinsurance	-	-	144,452	113,629
Financial liabilities	53,275	5,342	2,427,591	2,952,172
Derivative financial instruments	649	(852)	19,405	(18,165)
Taxes and contributions payable	4,662	5,119	505,209	502,510
Payment of legal provisions	-	-	(24,851)	(19,948)
Other liabilities	288,083	14,257	1,232,292	196,723
Other	(35,330)	(9,188)	(677,616)	(824,637)
Other comprehensive income	-	-	(45,209)	(285,320)
Non-controlling interest	-	-	40,338	20
Income tax and social contribution paid	(5,043)	(6,517)	(430,493)	(371,488)
Funding interest paid	(30,287)	(2,671)	(242,252)	(167,849)
Net cash from investment activities	512	(32,790)	(1,526,193)	(929,224)
Sale of property, plant and equipment and intangible assets	5,256	1,311	738,295	198,086
Acquisition of property, plant and equipment	-	-	(849,387)	(776,798)
Dividends and interest on own capital received	601,068	592,809	-	-
Capital increase (decrease) in subsidiaries	(605,812)	(626,910)	-	-
Acquisition of intangible assets	-	-	(1,415,101)	(350,512)
Net cash from financing activities	(288,708)	(814,498)	(291,325)	(438,165)
Repurchase - treasury shares	-	(45,432)	-	(45,432)
Funding	700,000	75,000	2,570,037	2,253,294
Payment of loans and leases (except interest)	(359,226)	-	(2,231,880)	(1,801,961)
Dividends and interest on own capital paid	(629,482)	(844,066)	(629,482)	(844,066)
Increase/(decrease) in cash and cash equivalents	(9,350)	(86,218)	1,033,074	484,953
Opening balance of cash and cash equivalents	60,496	146,714	1,400,834	915,881
Closing balance of cash and cash equivalents	51,146	60,496	2,433,908	1,400,834

See the accompanying notes to the financial statements

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Statement of income for year ended December 31, 2022
(in thousands of reais, except for information on earnings per share)



	Note	Profit reserves					Additional dividends proposed	Other comprehensive income	Total	Non-controlling shareholders in subsidiaries	Total shareholders' equity
		Capital	Treasury shares	Profit reserve – other	Capital reserves	Retained earnings					
Balance at December 31, 2020		4,500,000	(160,061)	4,125,623	-	-	443,298	94,754	9,003,614	135	9,003,749
Approval of additional dividends proposed in the prior year		-	-	-	-	-	(443,298)	-	(443,298)	-	(443,298)
Capital increase		4,000,000	-	(4,000,000)	-	-	-	-	-	-	-
Acquisition of own issued shares		-	(45,432)	-	-	-	-	-	(45,432)	-	(45,432)
Recognition of share-based payment - parent company/subsidiaries		-	-	13,116	-	-	-	-	13,116	-	13,116
Adjustments to securities in subsidiaries (comprehensive income)		-	-	-	-	-	-	(297,250)	(297,250)	-	(297,250)
Accumulated translation adjustments (comprehensive income)		-	-	-	-	-	-	10,474	10,474	-	10,474
Other equity valuation adjustments in subsidiaries (comprehensive income)		-	-	-	-	-	-	1,457	1,457	-	1,457
Increase in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	20	20
Net income for the year		-	-	-	-	1,544,249	-	-	1,544,249	14	1,544,263
Allocations:											
Legal reserve		-	-	77,212	-	(77,212)	-	-	-	-	-
Statutory reserve		-	-	782,937	-	(782,937)	-	-	-	-	-
Distribution of dividends/interest on own capital:											
Minimum mandatory dividends/Interest on own capital		-	-	-	-	(422,371)	-	-	(422,371)	-	(422,371)
Additional dividends proposed		-	-	-	-	(261,729)	261,729	-	-	-	-
Balance at December 31, 2021		8,500,000	(205,493)	998,888	-	-	261,729	(190,565)	9,364,559	169	9,364,728
Balance at December 31, 2021		8,500,000	(205,493)	998,888	-	-	261,729	(190,565)	9,364,559	169	9,364,728
Capital transactions with shareholders	29b	-	-	-	634,122	-	-	-	634,122	-	634,122
Approval of additional dividends proposed in the prior year	29e	-	-	-	-	-	(261,729)	-	(261,729)	-	(261,729)
Recognition of share-based payment - parent company/subsidiaries	29f	-	-	97,275	-	-	-	-	97,275	-	97,275
Shares granted - parent company/subsidiaries	29f	-	5,476	(6,476)	-	-	-	-	-	-	-
Adjustments to securities in subsidiaries (comprehensive income)		-	-	-	-	-	-	(31,497)	(31,497)	-	(31,497)
Accumulated translation adjustments (comprehensive income)		-	-	-	-	-	-	738	738	-	738
Cash flow hedge income (loss)		-	-	-	-	-	-	(29,036)	(29,036)	-	(29,036)
Other equity valuation adjustments in subsidiaries (comprehensive income)		-	-	-	-	-	-	14,586	14,586	-	14,586
Increase in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	40,338	40,338
Net income for the year		-	-	-	-	1,134,847	-	-	1,134,847	17,443	1,152,290
Allocations:											
Legal reserve		-	-	56,742	-	(56,742)	-	-	-	-	-
Statutory reserve		-	-	624,530	-	(624,530)	-	-	-	-	-
Distribution of dividends/interest on own capital:											
Minimum mandatory dividends/Interest on own capital	29e	-	-	-	-	(340,758)	-	-	(340,758)	-	(340,758)
Additional dividend/interest on own capital proposed		-	-	-	-	(112,817)	112,817	-	-	-	-
Balance at December 31, 2022		8,500,000	(199,017)	1,770,959	634,122	-	112,817	(235,774)	10,583,107	57,950	10,641,057

See the accompanying notes to the financial statements

Notes to the financial statements

PORTO SEGURO S.A. and Subsidiaries
Statement of added value for the year ended December 31, 2022
(In thousands of reais)



	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Revenues			27,139,173	21,238,820
Revenues from premiums issued	-	-	22,728,851	17,712,070
Revenues from loan operations	-	-	2,942,924	2,119,399
Rendering of services	-	-	2,167,351	1,368,109
Revenues from supplementary pension plans	-	-	148,195	150,918
Other	-	-	204,407	422,517
Provision for credit loss	-	-	(1,052,555)	(534,193)
Changes in technical reserves			(2,942,090)	(1,512,974)
Insurance operations	-	-	(2,750,716)	-1,379,795
Pension operations	-	-	(191,374)	(133,179)
Net operating revenue	-	-	24,197,083	19,725,846
Benefits and claims			(12,222,913)	(8,611,244)
Net claims	-	-	(12,212,595)	-8,607,484
Expenses with benefits	-	-	(2,695)	(5,004)
Provision for impairment (salvage)	-	-	(7,623)	1,244
Inputs acquired from third parties	(21,880)	(9,308)	(7,716,235)	(6,779,715)
Materials, energy and others	(3,146)	(2,891)	(1,757,589)	-1,417,616
Costs of products and services (rendered/sold)	-	-	(302,402)	(187,201)
Outsourced services and commissions	(12,904)	(5,684)	(6,168,146)	(5,412,229)
Changes in deferred acquisition costs	-	-	390,624	224,766
(Loss)/Recovery of asset values	(5,830)	(733)	121,278	12,565
Gross added value	(21,880)	(9,308)	4,257,935	4,334,887
Depreciation and amortization	(12,622)	(12,622)	(284,251)	(170,333)
Net added value produced	(34,502)	(21,930)	3,973,684	4,164,554
Added value received/ceded as transfer	1,238,346	1,649,322	596,001	536,790
Financial revenues	188,730	153,415	1,901,173	1,558,792
Equity in net income of subsidiaries	1,185,302	1,651,593	(26,210)	(11,232)
Other	(135,686)	(155,686)	(1,278,962)	-1,010,770
Total added value payable	1,203,844	1,627,392	4,569,685	4,701,344
Distribution of added value	1,203,844	1,627,392	4,569,685	4,701,344
Personnel	19,291	13,787	2,063,136	1,872,429
Direct remuneration	6,997	4,507	1,231,735	1,074,462
Benefits	12,294	9,280	745,573	724,346
F.G.T.S	-	-	85,828	73,621
Taxes, duties and contributions	40,786	62,482	1,337,379	1,214,748
Federal	40,786	62,482	1,228,405	1,132,101
State	-	-	2,842	1,401
Municipal	-	-	106,132	81,246
Third-party capital remuneration	8,920	6,874	16,880	69,904
Interest	8,920	6,874	15,685	71,450
Rentals	-	-	1,195	(1,546)
Remuneration of own capital	1,134,847	1,544,249	1,152,290	1,544,263
Interest on own capital	453,575	398,662	453,575	398,662
Dividends	-	428,063	-	428,063
Retained earnings for the period	681,272	717,524	681,272	717,524
Non-controlling interest in retained earnings	-	-	17,443	14

See the accompanying notes to the financial statements

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Notes to the financial statements as of December 31, 2022

(In thousands of reais - R\$, unless otherwise indicated)

1. CONTEXT

1.1 OPERATING

Porto Seguro S.A. ("Parent Company") is a publicly-held company headquartered at Alameda Barão de Piracicaba, nº 740 – Bloco B ("Edifício Rosa Garfinkel") – 11º andar, Campos Elíseos, São Paulo/SP, Brazil, with shares traded on B3's Novo Mercado, under the acronym PSSA3. Its business purpose is to participate as a shareholder or partner in other companies, Brazilian or foreign (known herein, jointly with Porto S.A. "Porto Seguro", "Porto Group" or "Company"), which may be engaged in the following activities: from insurance in all segments; of financial institutions, equivalent and administration of consortia; as well as activities related to, associated with or supplementary to the activities described above.

The Company has the following interests in subsidiaries, jointly-controlled entity and associated company:

Notes to the financial statements
Porto Seguro S.A. and Subsidiaries



	Classification	Consolidation	December 2022		December 2021	
			Interest (%)		Interest (%)	
			Direct	Indirect	Direct	Indirect
Porto Cia	Subsidiary	Full	99.99		99.99	
Porto Vida e Previdência	Subsidiary	Full	-	99.97	-	99.97
Porto Seguro Uruguai	Subsidiary	Full	-	100.00	-	100.00
Porto Saúde	Subsidiary	Full	-	99.99	-	99.99
Azul Seguros	Subsidiary	Full	67.86	32.14	67.86	32.14
Itaú Auto e Residência	Subsidiary	Full	99.99	-	99.99	-
Porto Capitalização	Subsidiary	Full	-	100.00	-	100.00
Porto Consórcio	Subsidiary	Full	-	100.00	99.99	-
Portoseg	Subsidiary	Full	-	100.00	99.99	-
Portopar	Subsidiary	Full	-	100.00	99.99	-
Protection and monitoring	Subsidiary	Full	-	100.00	99.95	-
Renova	Subsidiary	Full	-	100.00	99.99	-
Renova Peças Novas	Subsidiary	Full	-	99.99	-	99.99
Credi porto	Subsidiary	Full	-	100.00	99.80	-
Franco	Subsidiary	Full	-	100.00	-	100.00
Medical Services	Subsidiary	Full	-	100.00	99.99	-
Portomed	Subsidiary	Full	-	100.00	99.99	-
Porto Odonto	Subsidiary	Full	-	100.00	99.99	-
Porto Serviços e Comércio	Subsidiary	Full	99.99	-	99.99	-
Porto Atendimento	Subsidiary	Full	-	99.99	-	99.99
Porto Conecta	Subsidiary	Full	-	100.00	-	100.00
Porto Serviços Uruguai	Subsidiary	Full	-	100.00	-	100.00
Porto Seguro Saúde Ocupacional	Subsidiary	Full	-	99.99	-	99.99
Porto Investimentos	Subsidiary	Full	99.99	-	99.99	-
Mobitech	Subsidiary	Full	-	100.00	-	100.00
Porto Assistência (i)	Subsidiary	Full	-	100.00	99.00	-
Olho Mágico	Subsidiary	Full	-	100.00	-	-
		Equity in net income of subsidiaries				
Pet Love	Associate		-	13.50	-	13.50
		Equity in net income of subsidiaries				
ConectCar	Shared control		-	50.00	-	50.00
Nido	Subsidiary	Full	-	100.00	-	-
Porto Assistência Participações (ii)	Subsidiary	Full	81.17	-	-	-
CDF (ii)	Subsidiary	Full	-	100.00	-	-
CDF Ltda. (ii)	Subsidiary	Full	-	100.00	-	-
Porto Saúde Participações (iii)	Subsidiary	Full	99.99	-	-	-
Porto Saúde Serviços (iii)	Subsidiary	Full	99.99	-	-	-
Porto Saúde Operações (iii)	Subsidiary	Full	99.87	-	-	-
Porto Seguro Bank (iii)	Subsidiary	Full	99.99	-	-	-
Porto Serviços Financeiros (iii)	Subsidiary	Full	-	100.00	-	-
Porto Negócios Financeiros (iii)	Subsidiary	Full	99.99	-	-	-
Porto Seguros Financeiros (iii)	Subsidiary	Full	-	99.99	-	-

(i) See Note 1.2.3.1.

(ii) See Note 1.2.3.2.

(iii) See Note 18.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

The characteristics of the companies are presented below:

- (i) Porto Seguro Companhia de Seguros Gerais (“Porto Cia”) operates damage and personal insurance plan.
- (ii) Porto Seguro Vida e Previdência S.A. (“Porto Vida e Previdência”) operates personal insurance and supplementary pension plans under the types of savings and income.
- (iii) Porto Seguro - Seguros del Uruguay S.A. (“Porto Seguro Uruguai”) operates damage and personal insurance plans in Uruguay.
- (iv) Porto Seguro - Seguro Saúde S.A. (“Porto Saúde”) operates health care.
- (v) Azul Companhia de Seguros Gerais (“Azul Seguros”) operates damage and personal insurance plan.
- (vi) Itaú Seguros de Auto e Residência S.A. (“Itaú Auto e Residência”) operates damage insurance.
- (vii) Porto Seguro Capitalização S.A. (“Porto Capitalização”) manages and trades special savings bonds.
- (viii) Porto Seguro Administradora de Consórcios Ltda. (“Porto Consórcio”) manages groups of consortium for acquisition of chattels and properties.
- (ix) Portoseg S.A. - Crédito, Financiamento e Investimento (“Portoseg”) grants loans and financing for consumption and working capital, and also operates credit cards.
- (x) Portopar Distribuidora de Títulos e Valores Mobiliários Ltda. (“Portopar”) operates in the distribution of investment fund quotas.
- (xi) Porto Seguro Proteção e Monitoramento Ltda. (“Proteção e Monitoramento”) provides services related to protection and electronic monitoring.
- (xii) Porto Seguro Renova – Serviços e Comércio Ltda. (“Renova”) trades and distributes auto parts.
- (xiii) Porto Seguro Renova – Serviços e Comércio de Peças Novas Ltda. (“Renova Peças Novas”) trades and distributes new auto parts.
- (xiv) Crediporto Promotora de Serviços Ltda. (“Crediporto”) provides services to obtain credits and financing for consumption.
- (xv) Franco Corretagem de Seguros Ltda. (“Franco”) provides technical insurance brokerage services.
- (xvi) Porto Seguro Serviços Médicos Ltda. (“Serviços Médicos”) provides administrative advisory services to physicians and health care providers.
- (xvii) Portomed - Porto Seguro Serviços de Saúde Ltda. (“Portomed”) operates private health care plans.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

- (xviii) Porto Seguro Serviços Odontológicos Ltda. (“Porto Odonto”), will operate private dental care plans.
- (xix) Porto Seguro Serviços e Comércio S.A. (“Porto Serviços e Comércio”) provides services related, supplementary or correlated to insurance activity.
- (xx) Porto Seguro Atendimento Ltda. (“Porto Atendimento”) provides telemarketing and call center services in general.
- (xxi) Porto Seguro Telecomunicações Ltda. (“Porto Conecta”) provides telecommunications services.
- (xxii) Porto Servicios S.A. (“Porto Serviços Uruguai”) provides services related, supplementary or correlated to insurance activity in Uruguay.
- (xxiii) Porto Seguro Saúde Ocupacional e Segurança do Trabalho Ltda. (“Porto Seguro Saúde Ocupacional”), provides consulting and advisory services in occupational health, labor security, ergonomics and outpatient medical services.
- (xxiv) Porto Seguro Investimentos Ltda. (“Porto Investimentos”) manages securities portfolios, investment funds and other third-party funds.
- (xxv) Mobitech Locadora de Veículos SA (“Mobitech”), whose activities are vehicle subscription models, fleet management for companies, among other vehicle rental modalities.
- (xxvi) Porto Seguro Assistência e Serviços S.A. (“Porto Assistência”) provides 24-hour assistance, vehicle maintenance and repair services.
- (xxvii) OM Soluções Imobiliárias Ltda. (“Olho Mágico”) is a rental property listing platform, created to simplify and transform the leasing process, making it 100% digital, simple, agile, and secure, with Porto Seguro’s real estate partners.
- (xxviii) PetLove Cayman Ltd. (“Petlove”) is engaged in the retail trade of live animals and pet articles and food.
- (xxix) ConectCar Soluções de Mobilidade Eletrônica S.A. (“ConectCar”) operates by electronic payment means operating in the opening of toll gates and parking lots.
- (xxx) Porto Assistência Participações S.A. (“Porto Assistência Participações”) is engaged in holding interests, as well as purchasing and selling equity interests in companies and entities that carry out activities in the regulated and non-regulated insurance market in Brazil and abroad.
- (xxxi) Nido Tecnologia Ltda (“Nido”) is engaged in the development of technological solutions (“software”) for the real estate industry.
- (xxxii) CDF Assistência e Suporte Digital S.A. (“CDF”) is a service platform that offers solutions to end consumers through partnerships with retailers, telecom, utilities and insurers.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

- (xxxiii) CDF Assistências Ltda. (“CDF Ltda.”), fully controlled by CDF, is engaged in the provision of assistance services divided into two categories: auto and motorcycle assistance and residential and emergency assistance.
- (xxxiv) Porto Saúde Participações S.A. (“Porto Saúde Participações”), a holding company of the health vertical of Group companies regulated and not regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS).
- (xxxv) Porto Saúde Serviços S.A. (“Porto Saúde Serviços”), a sub-holding company of the health vertical, parent company, of the Group’s companies that are not regulated in the health market.
- (xxxvi) Porto Saúde Operations S.A. (“Porto Saúde Operations”), a sub-holding company of the health vertical, parent company of the Group’s companies regulated by the ANS.
- (xxxvii) Porto Bank S.A. (“Porto Bank”), a holding company of the financial vertical, of Group companies regulated and not regulated by the Central Bank of Brazil (BACEN).
- (xxxviii) Porto Serviços Financeiros S.A. (“Porto Serviços Financeiros”), sub-holding of the financial vertical of Group’s companies not regulated in the financial market.
- (xxxix) Porto Negócios Financeiros S.A. (“Porto Negócios Financeiros”), a sub-holding company of the financial vertical of the Group’s companies regulated by BACEN.
- (xl) Porto Seguro Financeiros S.A. (“Porto Seguro Financeiros”), a sub-holding company of the financial vertical of Porto Bank business.

1.2 RELEVANT EVENTS IN THE YEAR

1.2.1 APPROVAL FOR DISTRIBUTION OF DIVIDENDS AND INTEREST ON OWN CAPITAL

Pursuant to resolutions taken at the Annual and Extraordinary General Meeting (“AEGM”), the distribution of dividends for 2021 in the amount of R\$ 629,500 was approved on March 31, 2022.

On August 24, 2022 and October 26, 2022 pursuant to the notice to shareholders, the interest on own capital was approved at the Annual Shareholders’ Meeting in the gross amounts of R\$ 397,575 and R\$ 56,000, respectively, allocated to the amount of mandatory dividends for the year 2022. Payment will be made until March 31, 2023, and may be settled earlier, at the management’s discretion. See details in Note 29 (e)).

1.2.2 REAL ESTATE INVESTMENT FUND

On June 29, 2022, a real estate purchase and sale agreement was signed between the subsidiaries Porto Cia, Porto Saúde, Porto Vida e Previdência and Azul Seguros, as sellers and Jive Properties Multiestratégia Fundo de Investimento Imobiliário (“Fund”) as buyer and Porto S.A., parent company, as an intervening party in the transaction.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

The purpose of the agreement was the sale of 45 properties to the Fund, considering current conditions of the real estate market, the legal situation and state of maintenance and conservation of the properties, as well as the opportunity for immediate liquidity to the subsidiaries, divided into two tranches. The first tranche negotiated 35 properties for R\$ 294,415, on the same date the agreement was signed. The second tranche negotiated 10 properties for a total of R\$ 74,223. Of the amount of the second tranche, the parties committed to making their best efforts to complete the stage in the amount of R\$ 2,276.

The Fund will seek opportunities to sell properties within 48 months, based on the following assumptions: obtaining authorization from Porto S.A. and maximizing the sale value. If there is a surplus between the purchase and sale value to third parties, Porto S.A. participates in 70% of the surplus, otherwise, the capital is returned to the Fund up to the limit of the purchase price, made by Porto S.A. Additionally, Porto S.A. has the right to veto the sale of the properties and, at the end of the contractual term, it has the option to purchase the remaining properties at the value negotiated on the date of signature of the aforementioned agreement adjusted to IPCA.

Porto S.A. will also pay the Fund a Vacancy Indemnity of IPCA + 0.5654% per month, applied to the price of the transferred and unsold properties, covering the maintenance expenses of the properties, so that they are empty and available for sale.

In compliance with the aspects of the control and repurchase agreement established by IFRS standards, Porto S.A. maintains the registration of properties in its individual financial statements and recognized a liability for the amount received in cash. For consolidation purposes, the properties transferred to the Fund are being presented as an investment property, and the properties that are part of the agreement and which have not yet been transferred to the Fund are presented as non-current assets held for sale.

Porto S.A. is monetarily updating the amount allocated to liabilities for transactions with a real estate investment fund, using the IPCA index, with a contra entry recorded in Financial expenses (Note 41).

We present the balances related to the operation below:

	December 2022	
	Parent company	Consolidated
Current assets	-	2,505
Real estate available for sale (i)	-	2,505
Non-current	366,362	256,001
Investment property (ii)	366,362	256,001
Non-current liabilities	366,774	366,774
Real estate investment fund transaction liabilities (iii)	366,774	366,774
Shareholders' equity	-	22,493
Revaluation Reserve - GAAP adjustment (ii)	-	22,493
Income (loss)	412	-
Financial expense – inflation adjustment (iii)	412	-

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

(i) The amount represents one property of the second tranche, whose amount was settled in August 2022, but its deed was transferred to the Fund on the same base date (see Note 13) and its market value is R\$ 2,276.

(ii) The amount represents the properties of the first and second tranche, whose values were paid between June, July and August 2022 and had their deeds transferred to the Fund, totaling 44 properties (see Note 19), net of the effects of elimination of capital gains of the subsidiaries in the consolidated. The aforementioned revaluation reserve was recorded when permitted by current regulations.

(iii) The amount represents the liability related to the transaction with the Fund (see Note 28) and its respective inflation adjustment.

1.2.3 BUSINESS COMBINATION

1.2.3.1 PORTO ASSISTÊNCIA SPIN-OFF

Porto Assistência started developing assistance activities spun off from the operation of Porto Cia (as of May 1, 2022) and of Porto Serviços (as of August 1, 2022). The purpose of the spin-off is to concentrate related businesses in the same entity and thus optimize their management within the Porto Seguro group, in addition to being a condition precedent to the business combination.

1.2.3.2 COMPLETION OF THE INCORPORATION OF PORTO ASSISTÊNCIA PARTICIPAÇÕES

On September 1, 2022, the Company disclosed the Material Fact stating that the incorporation of Porto Assistência Participações was completed on August 31, 2022, through the full contribution of the shares of Porto Assistência and CDF at the historical book value.

Porto Assistência Participações is controlled by the Company and operates automotive and residential assistance services currently offered to Porto clients, as well as solutions from CDF, the largest B2B2C service marketplace in Brazil, with in-person assistance, installation and maintenance services, in addition to remote support for consumers in the retail, telecommunications, utilities, insurance and financial market segments, creating one of the largest service companies in the country for sundry clients through different sales channels.

CONSIDERATION TRANSFERRED

The business combination had Porto Seguro S.A. as the acquirer and Parent company, Porto Assistência e Participações as the vehicle company and the companies Porto Assistência and CDF as contributors of its shares. From the buyer's point of view, the transferred consideration involved the assignment of 18.83% of the interest held by Porto Assistência Participações and the indirect acquisition of 81.17% of the interest held by CDF, at the fair value of R\$ 644,329. Said fair value was measured based on the methodology used to calculate the EV ("Enterprise Value") multiple applied to "EBITDA", projected for the next 12 months, net of the respective net indebtedness, as of the closing date, pursuant to the requirements provided for by the accounting pronouncement IFRS 3 / CPC 15 (R1) - Business Combination.

After the business combination, the Company's equity interest was reduced from 100% to 81.17%, in the amount of R\$ 10,207, measured at book value, given the maintenance of control over Porto Assistência's assets and liabilities.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

The change in the equity interest held did not result in loss of control of Porto Assistência Participações, representing only an equity transaction, in accordance with CPC 36 – Consolidated Financial Statements.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair value of assets acquired and liabilities assumed were calculated based on Management’s best estimate, supported by the shareholders’ agreement. The “Purchase Price Allocation” – PPA is expected to be completed within the period allowed by the aforementioned accounting standard.

GOODWILL

The goodwill on the acquisition was recognized in the year as the difference between the amount of consideration measured at fair value and net assets acquired at historical values recorded. The goodwill paid for future profitability arising from the transaction consists of the benefit of expected synergies, revenue growth and future development of markets. Such benefits are recognized separately from identifiable intangible assets.

(+) Consideration transferred	644,329
(-) Investment at book value (81.17%)	(159,428)
(-) Net assets acquired	(127,671)
Goodwill	<u><u>357,230</u></u>

1.2.4 INCORPORATION OF A JOINT VENTURE OF ONCOLOGICAL MEDICAL SERVICES

On December 17, 2022, the Company announces in a Material Fact the execution, on this date, of an Agreement for the incorporation of a joint venture of oncological medical services, through a 40% interest in Porto Serviços e Comércio and 60% interest in Oncoclínicas.

Oncoclínicas and Porto Serviços e Comércio will jointly operate a comprehensive care model for cancer patients, ensuring a high level of experience in the treatment journey, assistance excellence and operational efficiency, a practice created and improved by Oncoclínicas.

The Transaction closing depends on compliance with the usual conditions for operations of this nature, including obtaining authorization from the Administrative Council for Economic Defense (CADE). There were no accounting impacts for the year ended December 31, 2022.

2. PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 PREPARATION BASIS

The individual financial statements of the Company were prepared in accordance with accounting practices adopted in Brazil, issued by Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS). “International Financial Reporting Standards” (IFRS), issued by the “International Accounting Standards Board” (IASB), in accordance with provisions of the Brazilian Corporate Law and the Brazilian Securities and Exchange Commission (CVM).

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by Company's Management. Thus, these financial statements adequately present the financial position, performance and cash flows.

These financial statements were approved by the Board of Directors of the Company on February 08, 2023.

2.2 CONTINUITY

The Company does not foresee medium and long-term scenarios for business continuity risks (except for Porto Conecta operation, which is under the operational closure process of its activities) for the following reasons: (i) it operates in markets expanding in the country, mainly in the insurance market, whose share in Brazilian GDP is very likely to increase in comparison with foreign standards; (ii) it invests in technologies and processes to provide its transactions with sustainable growth; (iii) seeks diversification of products, markets and regions, expanding its operations; and (iv) it has consistent past economic-financial results and a robust equity condition.

2.3 STATEMENT OF ADDED VALUE - DVA

The purpose of this statement to evidence the wealth created by the Company and its distribution during a certain year and is presented as part of its individual financial statements (Parent Company) and as supplemental information to the consolidated financial statements, as it is not a statement provided by IFRS. The statement of added value was prepared in accordance with the provisions of CPC 09 - Statement of Added Value.

2.4 RECLASSIFICATION OF COMPARATIVE BALANCES

The Company now presents the balances as of December 31, 2021 of judicial deposits directly linked to provisions for tax, civil and labor lawsuits at their gross value in the Balance Sheet and Statement of Cash Flow, through a change in accounting policy, in line with IAS 8/CPC 23 – Accounting Policies, Change in Estimate and Error Rectification.

(a) BALANCE SHEET

	Parent company			Consolidated		
	Published in December 2021	Restated	Restated - December 2021	Published in December 2021	Restated	Restated - December 2021
Non-current assets						
Judicial deposits (Note 17)	-	145,041	145,041	-	1,541,862	1,541,862
Other assets (Note 16)	113	(67)	46	337,971	(298,202)	39,769
	<u>113</u>	<u>144,974</u>	<u>145,087</u>	<u>337,971</u>	<u>1,243,660</u>	<u>1,581,631</u>
Non-current liabilities						
Judicial provisions (Note 26.1)	-	144,974	144,974	152,937	1,243,660	1,396,597
	<u>-</u>	<u>144,974</u>	<u>144,974</u>	<u>152,937</u>	<u>1,243,660</u>	<u>1,396,597</u>

(b) STATEMENT OF CASH FLOW

	Parent company			Consolidated		
	Published in December 2021	Restated	Restated - December 2021	Published in December 2021	Restated	Restated - December 2021
Cash from operations	-	93,219	93,219	-	1,078,850	1,078,850
Asset impairment loss (Reversal of losses)	-	93,219	93,219	-	551,767	551,767
Liabilities from insurance and supplementary pension contracts	-	-	-	-	469,135	469,135
Legal provisions	-	-	-	-	57,948	57,948
Changes in assets and liabilities	53,414	(168,219)	(114,805)	(594,435)	(1,530,183)	(2,124,618)
Premiums receivable from insured parties	-	-	-	(1,091,477)	5,821	(1,085,656)
Loans and receivables	-	-	-	(2,356,567)	(541,272)	(2,897,839)
Deferred income tax and social contribution	8,630	(93,219)	(84,589)	(590,002)	(28,870)	(618,872)
Goods for sale	-	-	-	(100,945)	1,244	(99,701)
Judicial deposits	-	(2,854)	(2,854)	-	4,419	4,419
Other assets	(35,558)	2,854	(32,704)	(711,579)	6,891	(704,688)
Payment of insurance and supplementary pension liabilities	-	-	-	814,630	(469,135)	345,495
Financial liabilities	80,342	(75,000)	5,342	3,403,505	(451,333)	2,952,172
Payment of legal provisions	-	-	-	38,000	(57,948)	(19,948)
Other	-	(2,671)	(2,671)	-	(167,849)	(167,849)
Funding interest paid	-	(2,671)	(2,671)	-	(167,849)	(167,849)
Net cash from financing activities	(2,671)	77,671	75,000	(167,849)	619,182	451,333
Funding	-	75,000	75,000	-	2,253,294	2,253,294
Payment of loans and leases (except interest)	-	-	-	-	(1,801,961)	(1,801,961)
Funding interest paid	(2,671)	2,671	-	(167,849)	167,849	-

It refers to the reclassification of balances from “Changes in assets and liabilities” to “Cash from operations” in order to present the gross amounts, in addition to the opening of “Financial liabilities”.

2.5 CONTROL AND CONSOLIDATION

(a) SUBSIDIARIES

Subsidiary is the company in which the Parent Company, directly or through other subsidiaries, holds rights of partners or shareholders which entitle them to the power and ability to control the relevant activities of the companies, also affecting their returns on them, and when there is the right to variable returns of the companies.

The accounting policies of the subsidiaries were harmonized, when necessary, for consolidation purposes, aiming to eliminate the effect of the adoption of non-uniform practices among the companies and the correction of some practices provided for by the regulatory bodies and considered in disagreement with

the international accounting practices by the Management.

The consolidation process includes the following eliminations: (i) the equity interest held between them; (ii) of the balances of checking accounts and other assets and/or liabilities, maintained among them; and (iii) of balances of revenues and expenses from operations conducted between them – when applicable. As a result, the amount for non-controlling interest of these subsidiaries in consolidated financial statements is highlighted.

The subsidiaries are consolidated as of the date in which the control is transferred and are no longer consolidated as of the date in which this control ceases to exist.

(b) ASSOCIATED COMPANY AND JOINTLY-CONTROLLED SUBSIDIARY

Associated companies are all entities on which the Company has significant influence, but not the control, usually through ownership interest from 20% to 50% of voting rights.

Jointly-controlled subsidiaries are all entities over which the Company has shared control with one or more parties. Investments in joint agreements are classified as joint ventures depending on the contractual rights and obligations of each investor.

(c) BUSINESS COMBINATION

Business combinations are accounted for under the acquisition method. Acquisition cost is measured by the sum of transferred consideration, which is evaluated based on fair value on acquisition date. Costs directly attributable to the acquisition are accounted for as expense when incurred. When acquiring a business, the Company evaluates financial assets and liabilities assumed at the fair value with the purpose of classifying and allocating them according to contractual covenants, economic circumstances and pertinent conditions on the acquisition date. Any contingent payments to be transferred by the buyer will be recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability should be recognized in accordance with IFRS 9/CPC 48 - Financial instruments in the statement of income.

Initially, goodwill is initially measured as being the excess of consideration transferred in relation to net assets acquired (acquired identifiable assets, net and assumed liabilities).

After initial recognition, the goodwill is carried at cost less any accumulated loss for the impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating units of the Company that are expected to benefit by the synergies of combination, regardless of other assets or liabilities of the acquiree being allocated to those units.

When the goodwill is part of a cash generating unit (CGU) and a portion of this unit is disposed of, the goodwill associated with the disposed portion should be included in the cost of the operation when calculating gains or losses on disposal. The goodwill disposed under these circumstances of this operation is determined based on the proportional values of the portion disposed of, in relation to the cash generating unit maintained.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries



(i) PETLOVE

The Company, through its subsidiary Porto Serviços e Comércio, signed an agreement to acquire a 13.50% interest in Petlove Cayman Ltd. (“Petlove”) and, after fulfilling all the conditions precedent, concluded the transaction (“closing”) on June 30, 2021. On this date, it presents the evolution of the effects of the transaction, as well as the opening of the acquired and identified assets, through a PPA (“Purchase Price Allocation”) appraisal report, prepared by independent consultants, as shown below:

EVOLUTION OF TRANSACTION EFFECTS

	<u>June 2021</u>	<u>Restatement</u>	<u>June 2022</u>
Assets			
Investments			
Book balance before “closing”	5,282	-	5,282
Accounting write-off (Porto.Pet)	(5,282)	-	(5,282)
Consideration transferred	361,494	21,811	383,305
Unrealized gain (i)	(16,869)	5,635	(11,234)
Total assets	<u>344,625</u>	<u>27,446</u>	<u>372,071</u>
Liabilities			
Other liabilities			
Revenues to be deferred (ii)	124,953	(41,737)	83,216
Unrealized gain (i)	(16,869)	5,635	(11,234)
Income tax and social contribution	78,628	21,606	100,234
Total liabilities	<u>186,712</u>	<u>(14,496)</u>	<u>172,216</u>
Statement of income			
Gross gain in the income (loss) for the period	231,259	63,548	294,807
(-) Income tax and social contribution	(78,628)	(21,606)	(100,234)
Net effect on income (loss) for the period	<u>152,631</u>	<u>41,942</u>	<u>194,573</u>

(i) Refers to the elimination of the unrealized gain, equivalent to the 13.50% interest held by Porto Seguro, offset by the amortization in the period in the amount of R\$ 1,170.

(ii) Revenue from brands and distribution channel that will be deferred over the term of the contracts.

The preliminary registration, as the best estimate, observed the transaction valuation on the base date of December 31, 2020, and updated it to the closing base date, adjusting the capital gain by R\$ 41,942, net of taxes.

CONSIDERATION TRANSFERRED AND IDENTIFIED ASSETS

	<u>June 2021</u>	<u>Restatement</u>	<u>June 2022</u>
Total consideration transferred (a) + (b)	361,494	21,811	383,305
Identified assets (a)			146,215
Goodwill (b)			237,090
Assets - Surplus of assets/Identified assets			<u>146,215</u>
Petlove			
Brand			78,716
“Software”			15,975
Distribution channel			3,917
Porto.Pet			
Brands			6,739
Relationship with client			50
Distribution channel			4,446
Vet Smart			
Platform			3,468
Investment			32,904

CONTRACTS DELIVERED

In return for the equity interest received, Porto Serviços e Comércio transferred control (100% of the shares) of Porto.Pet Administração de Planos de Saúde Animal S.A. (“Porto.Pet”). Additionally, the use of the Porto Seguro and Porto.Pet brands in Brazil and the dissemination of healthcare plans for animals offered by Porto.Pet in Porto Seguro’s distribution channels were authorized, including the distribution of advertising materials to brokers.

Liabilities	<u>83,216</u>
Porto.Pet	
Relationship with client	367
Brand licensing agreement	49,918
Distribution channel	32,931

2.6 DISCLOSURE OF INFORMATION BY SEGMENT

The operating segment reporting was grouped and disclosed in a consistent manner with the internal report provided to Executive Board, which is the main operating decision makers, allocation of funds and responsible for performance evaluation of the operating segments and also, Porto Seguro’s strategic decision making. The details and disclosures of segments are presented in note 7.

2.7 FUNCTIONAL AND PRESENTATION CURRENCY

The Company’s financial statements are being presented in thousands of Reais, which is its functional currency and the most observed in the main economic environment in which every Porto Seguro’s company operates.

(a) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions denominated in foreign currency are converted into Company's functional currency by using exchange rates prevailing on the transaction dates. Gains or losses on conversion of balances resulting from the settlement of these transactions are recognized in the result for the year, except when recognized in shareholders' equity as result of items of operation characterized as investment abroad.

The result and balance sheet assets of Porto Seguro Uruguai and Porto Serviços Uruguai (whose functional currency is the Uruguayan peso) are converted to the currency of presentation of the Company as follows: (i) assets and liabilities – at the exchange rate on the balance sheet date or at historical rate, according to the characteristic of the item; (ii) revenues and expenses – at the average exchange rate of the year (except when the average does not correspond to a reasonable approximation for this purpose); and (iii) all translation differences are recorded as a separate component in the shareholders' equity.

2.8 STANDARDS, CHANGES AND INTERPRETATIONS OF STANDARDS NOT YET IN EFFECT AND WERE NOT ADOPTED IN ADVANCE BY THE COMPANY**IFRS 17 – INSURANCE CONTRACTS**

Disclosed in May 2017, the standard establishes the principles for recognition, measurement, presentation and disclosure of the insurance agreements. IFRS 17 introduced several new measurement and disclosure requirements compared to the current standard IFRS 4 – Insurance Contracts. In May 2021, the CPC adopted this standard through CPC 50 – Insurance Contracts.

IFRS 17/CPC 50 will be applied to:

- underwritten insurance and reinsurance contracts;
- all reinsurance contracts held; and
- investment contracts with a discretionary participation feature.

This standard brings the need to separate insurance contracts into groups of contracts, or cohorts, with a maximum of 12 months of issuance. Moreover, each group of contracts is divided based on the expected profitability presented by these portfolios, which upon initial recognition can be classified as:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- group of remaining contracts in the portfolio, that is, profitable contracts.

Furthermore, the standard brings new measurement models for insurance contracts, whose models were not provided for in IFRS 4. The measurement models are determined based on specific criteria that involve quantitative and qualitative analyzes of these contracts. The measurement models can be segregated into three categories, as follows:

(a) BUILDING BLOCK APPROACH—BBA

It is the standard model of the standard, and can be applied to all contracts, except for direct participation contracts that have a specific accounting model. In BBA, the liability/obligation of contracts will be measured according to the following blocks:

1. Expected future cash flows: premiums, claims, benefits, expenses and acquisition costs;
2. “Time value of money” discount: adjustments that convert future cash flows into current values;
3. Risk adjustments (RA): compete in company-specific assessments of the uncertainties of the value and timing of future cash flows; and
4. Contractual Service Margin (“MSC”) corresponding to the “Profit” expectation that the contract can provide.

The MSC represents the unearned profit of the group of insurance contracts that the entity will recognize as the provision of services occurs in the future. It is included in deferred income (liabilities) on the balance sheet and recognized in income (loss) as services are provided. The MSC is adjusted as changes occur in the future cash flows established in item 1.

If the group of insurance contracts is expected to generate a loss, if they are determined to be onerous at their initial recognition or in subsequent periods, instead of recording a negative MSC, a loss component is recognized immediately in income (loss) when the group of onerous contracts is initially recognized or a group of contracts becomes onerous.

(b) VARIABLE FEE APPROACH—VFA

It is a model applicable to insurance contracts with direct participation characteristics that contain the following conditions:

- contractual terms specify that the insured participates in a portion of a pool of clearly identified underlying items;
- the entity expects to pay the policyholder an amount equal to a substantial portion of the fair value returns on the underlying items; and
- a substantial proportion of the cash flows that the entity expects to pay to the policyholder is expected to vary with changes in the fair value of the underlying items.

(c) PREMIUM ALLOCATION APPROACH—PAA

It is a simplified model in relation to the BBA and VFA, allowed for groups of insurance contracts that have a contract limit term of less than 12 months. This model is optional and can be applied to:

- all insurance contracts other than those with direct participation features, provided that the PAA model produces a measurement that is not materially different from that produced by applying the BBA model; and
- contracts with a contractual limit of less than one year (coverage period of one year or less).

The PAA model has reserves for the remaining coverage, based on the unearned premiums model, similar to IFRS 4, but with occasional differences in the evaluation and presentation mechanism. The rule also

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

allows the appropriation of revenue in the PAA model to be carried out concurrently with the risk release of insurance contracts classified in this accounting model.

TRANSITION

There are 3 types of approaches to applying the transition from IFRS 17/CPC 50, which may be adopted by portfolio, as follows:

- Full Retrospective Approach—FRA
- Modified Retrospective Approach—MRA
- Fair Value Approach—FVA

IFRS 17/CPC 50 provides for that the priority model to be applied is the full retrospective approach (FRA), which requires complete information on the group of contracts, from the initial date of provision of the insurance contract. However, its application will be in accordance with the availability or quality of existing data, which is determined as a result of the efforts that the company will have to make to access such data and until which date the company will have access to its information, since systematic changes can cause some very old contracts to lose their information from the beginning of their effectiveness. The Company may terminate the search when access to this data is not feasible, leaving at its discretion the choice between the other transition approaches (MRA or FVA). According to IAS 8/CPC 23, the application of a requirement is impracticable when the Company cannot apply it after making all reasonable efforts to do so.

COMPLIANCE WITH THE STANDARD

For full compliance with the standard, it is established the need to adjust the transition of balances between IFRS 4 and IFRS 17. This transition must occur at the beginning of the annual reporting period, immediately prior to the date of first-time adoption, i.e., from January 1, 2023. In accordance with IAS 8/CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative periods and the impact of the new standard will be disclosed so that the impact can be understood by the user of the Company's financial statements. With its adoption as of January 1, 2023 and with the first annual publication for the end of the same year, the Company must disclose its comparative financial statements for the year 2022.

The Company carried out implementation studies to adapt its accounting records to meet the requirements of the new standard, presenting its portfolio segregation, identifying its measurement models and defining the transition approach and concluded that a substantial part of its portfolio consists of short-term insurance, thus eligible for the simplified measurement model.

According to evaluation and studies, 78.2% of the portfolios will be accounted for under the PAA measurement model, while 18.7% under the BBA (pension risk portfolios and combined plans), while the other 3.1% correspond to the VFA measurement methodology (PGBL/VGBL portfolios).

For portfolios assessed as PAA, in which short-term contracts represent approximately 99.8% of Porto Seguro's portfolio, the full retrospective transition approach will be applied. Only for the life portfolio the application of the applied approach will be the modified retrospective approach.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

For these consolidated financial statements, the estimate of the impact of adopting IFRS 17 is preliminary, as the transition work is being concluded and they are subject to changes until the Company finalizes its first financial statements that include the application start date.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are shown below. These policies were adopted on consistent basis for all the comparative years presented. As of December 31, 2022, there were no changes in the Company's significant accounting policies, except for the change in note 3.16 – Judicial provisions, contingent liabilities, and judicial deposits, where judicial deposits directly linked to provisions for tax, civil and labor lawsuits are now presented at the gross value in the Balance Sheet. The Company reclassified the balances as of December 31, 2021, for comparability purposes as shown in Note 2.4.

3.1 CASH AND CASH EQUIVALENTS

They include cash, bank deposits and other high-liquidity short-term investments, maturing originally after three months and less an insignificant risk of change in value.

3.2 FINANCIAL ASSETS

(a) MEASUREMENT AND CLASSIFICATION

Porto Seguro's Management determines the classification of its financial assets at initial recognition, according to the definition of IFRS 9/CPC 48 - Financial instruments that introduced the concept of business model and the evaluation of contract cash flows characteristics (SPPJ – only payment of principal and interest). Business model represents the way in which the Company manages its financial assets and SPPJ refers to evaluation of cash flows generated by a financial instrument for the purpose of verifying if they are only payment of principal and interest. According to these concepts, financial assets are classified in the following categories:

(i) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets whose purpose and investment strategy is to maintain frequent negotiations are classified in this category. Gains or losses resulting from changes in fair value are immediately recorded and presented in statement of income under "financial income" for the year in which they occur.

(ii) FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets that are maintained both to obtain contract cash flows - comprised only of payment of principal and interest - and to sell are classified in this category. Interest of these securities, calculated under the effective interest rate method, is recognized in the statement of income under "Financial income". The change in fair value (unrealized gains or losses) is recorded against Shareholders'

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Equity, under “Other comprehensive results”, and was realized against the result upon its effective settlement or for loss considered permanent (impairment).

(iii) AMORTIZED COST

Used when financial assets are managed to obtain contract cash flows, comprised only of payment of principal and interest. This category includes receivables (securities, premiums receivable from insured parties, credit operations, securities and credits receivable and receivables from provision of services) which are non-derivative financial assets with fixed or measurable payments, not quoted in an active market. These receivables are accounted for at amortized cost, using the effective interest rate method (when applicable), and are assessed for impairment at each balance sheet date (see note 3.5.1).

(b) DETERMINATION OF FAIR VALUE OF FINANCIAL ASSETS

The fair values of investments with public quotation are recorded based on trading prices. For financial assets without an active market or public quotation, Management establishes the fair value through valuation techniques. These techniques include the use of recent operations contracted with third parties, and reference to other instruments that are substantially similar, making the greatest possible use of information generated by the market and has the minimum amount of information possible generated by the Management. Fair values of assets classified as “Financial instruments at fair value through profit or loss” and “Financial instruments at fair value through other comprehensive income” are based on the following hierarchy:

- Level 1: prices quoted and not adjusted in active markets for identical assets.
- Level 2: classified when a discounted cash flow methodology or other methodology is applied for pricing the asset based on market data which are observable in money market.
- Level 3: pricing is not based on observable market data, and the Company uses internal assumptions to determine its fair value.

Market value for governmental bonds is based on the unit price in the market as informed by ANBIMA – Brazilian Association of Financial and Capital Market Entities. Investment fund quotas are valued by the value of the quota informed by the respective fund manager. Private securities are valued at market using the same pricing methodology adopted by the manager of investment funds.

There was no change in the classifications of the levels of these Financial Instruments for the year ended December 31, 2022.

3.3 DERIVATIVE FINANCIAL INSTRUMENTS

3.3.1 EMBEDDED DERIVATIVES

The Company, by means its subsidiaries, issues supplementary pension agreements in which the participants are granted guarantee of interest rates and options of redemption of its reserve. These guarantees comply with the definition of embedded derivative, however, it is used the exemption provided for in IFRS 4 - Insurance Agreements, in which, in case the embedded derivative complies with the definition of an insurance agreement alone, the separation of the embedded derivative is not made in this agreement.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

As shown in Note 3.13.2, these embedded guarantees are considered in the Liability Adequacy Test (LAT), since they modify the estimated cash flows of the agreements.

3.3.2 HEDGE INSTRUMENTS

The operations with derivative financial instruments contracted by Porto Seguro, allocated to own portfolio or to closed investment funds, refer to: (i) “swaps”, aimed to hedge against exchange rates originated from funding liabilities or against adverse interest rate changes of interest earning bank deposits allocated to investment funds; (ii) future agreements of prefixed interest, which summarize the exposure to interest; (iii) future index options of Ibovespa, which summarize the exposure to the index; (iv) future currency agreement, which summarize the exchange exposure of interest earning bank deposits in foreign currencies; and (v) cash flow hedge, in which the valuation or depreciation of the effective portion is recorded as a contra entry to the separate account in shareholders’ equity, net of tax effects.

These instruments are measured at their fair value, with changes recorded against the financial income (loss) for the year, simultaneously to the change in fair value of the item object of hedge. Fair value of derivatives is calculated based on information from each contracted transaction and on respective market information on foreign exchange rate and market interest rate, disclosed by B3.

At the beginning of hedge operations, the Company documents the relation between it and the item object of hedge with its purposes and strategies in the management of risks, in addition, the Company checks, over the entire life of the agreement, its effectiveness. The fair values of derivatives are disclosed in note 15. The determination of the market risk to which the Company is exposed is shown in Note 5.3 and consolidates the exposure of assets, as well as the derivative hedge instruments, which is shown on net basis.

3.4 REINSURANCE ASSETS

The reinsurance assets are reinsurance values receivable from reinsurance holders and values of technical reinsurance reserves, stated on consistent basis with the balances associated to insurance liabilities object of reinsurance. Values payable to reinsurance holders are composed of premiums in reinsurance assignment agreements.

Impairment losses, when applicable, are stated using a methodology similar to that applied to financial assets (see note 3.5.1). This methodology also takes into consideration administrative flows that are specific for recovery from reinsurance companies.

3.5 ANALYSIS OF ASSET IMPAIRMENT

3.5.1 LOANS AND RECEIVABLES (CLIENTS)

It is constantly assessed if there is evidence that a given asset or group of assets classified in the category of loans or receivables (stated at amortized cost) is deteriorated or “impaired”. For impairment analysis, the Company uses observable factors that include historical base of losses and default and breach of agreements (cancellation of risk coverage).

The methodology used for premiums receivable considers the existence of objective evidence of impairment for individually significant assets. If the conclusion is that there is no such evidence, the assets are included in a group with similar credit risk characteristics (types of insurance agreement, internal “ratings”, etc.) and tested on a grouped basis, with the adoption of the following parameters: probability of default of the operations, expectation of recovery of these losses including the current guarantees and the historical losses of debtors classified in the same category.

Regarding the receivables from credit, CDC and credit card transactions (issued by Portoseg), the Company adopts the concept of expected asset impairment losses. Accordingly, amount of provision for this portfolio is calculated through a methodology that captures, in addition to incurred losses, those expected during contractual flow of assets; thus, these financial assets are classified into three different stages, in compliance with the credit quality of the counterparty as follows:

- Stage 1: with no significant credit deterioration since initial recognition or low credit risk on calculation date (12 months);
- Stage 2: significant deterioration in credit since initial recognition quality, but no objective evidence of impairment;
- Stage 3: objective evidence of impairment on observation date.

An asset will migrate from a stage as its credit risk increases or decreases. Accordingly, a financial asset that migrate to stages 2 and 3 may return to stage 1, unless it was originated or purchased with credit recovery issues. For each stage, a specific expected loss is calculated to reflect a higher or lower risk in each transaction.

Values recorded as loss are usually written off when there is no expectation of recovery of the asset.

3.5.2 NON-FINANCIAL ASSETS

Assets subject to depreciation and amortization, such as intangible assets with defined useful life and property, plant and equipment are reviewed to confirm their impairment and whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the book value of the asset exceeds its recoverable value. The latter is the higher of the asset's fair value less its sale costs and value in use.

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows, “Cash Generating Units” (CGUs). CGUs are determined and grouped by Management based on the geographic distribution of its business and based on the services and products offered, in which specific cash flows are identified. Non-financial assets that suffered impairment are subsequently reviewed for possible reversal of the impairment.

3.6 GOODS FOR SALE

The Company, by means of its subsidiaries, holds current assets that are maintained for sale, such as inventories of recovered salvage assets after full indemnities in automobile claims, recorded at the

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

estimated realizable value, based on historical recovery studies and vehicles from terminations of lease agreements and assets from guarantees offered in credit operations that are stated at realizable value.

3.7 DEFERRED ACQUISITION COST

Commissions on premiums issued and direct costs of client attraction are deferred and amortized according to the validity term of the policies, as shown in note 14. Administrative costs directly related to obtaining new insurance contracts, such as cost for acceptance of risks and policy issue, are also deferred using the same criterion. Indirect trading costs are not deferred.

3.8 INTANGIBLE ASSETS

(a) SOFTWARE

Costs related to acquisition and implementation of software programs and systems are recognized as assets when there are evidences of generation of future economic benefits, considering its economic feasibility. Expenses related to software maintenance are recognized in income for the year, when incurred.

(b) GOODWILL AND INTANGIBLE ASSETS WITH UNDEFINED USEFUL LIFE

The goodwill recorded on the acquisition of companies represents the excess of the consideration transferred over the fair value of net assets acquired on the date of the business combination. After initial recognition, goodwill is stated at cost, less any accumulated impairment.

The Company recognizes a business combination at fair value on the acquisition date, with indefinite useful life, since there is no estimated limit of time for generation of future benefits, stated under the discounted cash flow method.

The amount of goodwill arising from business combinations and indefinite-lived assets is submitted to the impairment test annually to determine whether there was a loss in the recoverable amount.

The impairment test uses reasonable assumptions supported by management in economic and operating conditions to estimate future discounted cash flows and measure the recoverable value of assets.

(c) INTANGIBLE ASSETS WITH DEFINED USEFUL LIFE

The other intangible assets acquired and identified in a business combination are recognized at fair value on the date of the business combination and amortized based on the estimated useful life, under the straight-line method. Amortization rates used are disclosed in Note 21.

3.9 PROPERTY, PLANT AND EQUIPMENT FOR USE

Include properties, equipment, furniture, machines and fixtures and vehicles used in the Company's business, by means its subsidiaries. Property and equipment in use is stated at historical cost, less

accumulated depreciation (except for land not depreciated). The historical cost of this asset includes costs directly attributable to its acquisition so that the asset is in conditions of use.

Subsequent costs are recorded in assets only when it is probable that future economic benefits associated to the asset item will flow to the Company. All the other repair or maintenance costs are recorded in the result as incurred.

Depreciation of property, plant and equipment is calculated under the straight-line method and according to the estimated useful lives of the assets. Depreciation rates used are disclosed in Note 20.

3.10 RIGHT-OF-USE ASSETS

These are related to the properties that are leased from third parties in order to conduct Company business in several locations in Brazil. These assets are measured at cash flow from lease liability (see Note 3.17), discounted at present value. Incremental costs (if any) that are necessary to obtain a new lease that would otherwise not have been incurred are also added.

3.11 INVESTMENT REAL ESTATE PROPERTIES

Include properties owned by the Company that are being held for capital appreciation. These properties are timely evaluated at fair value and fluctuations are immediately recorded in income (loss) for the year.

These properties are written off when they are sold or when the investment property is no longer permanently used and it is not expected any future economic benefit of its sale. The difference between the net sales price and book value of the investment properties is recognized in the statement of income in the year it was written-off. In determining the amount arising from the derecognition of the investment property, the Company evaluates the effects of variable considerations, the existence of a significant financing component, considerations that do not involve cash, and considerations due to the buyer (if any).

3.12 INSURANCE AGREEMENTS AND INVESTMENT AGREEMENTS – CLASSIFICATION

Porto Seguro issues several types of general insurance agreements and accumulation products (supplementary pension) which transfer material insurance and financial risks or both. Material insurance risk means the chance of paying material benefits to insured parties upon occurrence of an insurance event with commercial substance. Reinsurance agreements are also classified according to the principles of transfer of insurance risk.

The agreements of assistance to insured parties whereby the Company hires service providers or uses own employees to provide services, such as services to automobile and residences and 24-hour assistance, among other, are also evaluated for purposes of classification of agreements and are classified as insurance agreements when there is significant transfer of insurance risk between the parties to the agreement.

In insurance agreements-health, the insurance party (exclusively legal entities) has the option to cancel the agreement with 60-day prior notice for agreements with minimum life of 12 months, with no obligation of

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

payment of values of loss ratio due, thus creating a probable scenario and with commercial substance of retention of material insurance risk.

Investment agreements are those that do not transfer material insurance risk. The special savings bonds issued by Porto Seguro are classified as investment agreements and accounted for as financial instruments according to IFRS 9/CPC 48 – Financial instruments.

3.13 LIABILITIES FROM INSURANCE AND SUPPLEMENTARY PENSION CONTRACTS

3.13.1 ASSESSMENT OF LIABILITIES FROM INSURANCE CONTRACTS

They use the instructions of IFRS 4 for evaluation of insurance agreements and adopt the rules of minimum procedures for evaluation of insurance agreements, such as: Liability adequacy test (TAP); evaluation of the level of caution used in the evaluation of agreements; among other applicable policies.

The principles of “Shadow Accounting” are not applied, since the Company does not have agreements whose evaluation of liabilities or benefits to insured parties is affected by unrealized gains or losses on financial assets classified as financial instruments at fair value through other comprehensive income.

The technical reserves are recognized according to the guidelines of the National Council of Private Insurance (CNSP), Superintendence of Private Insurance (SUSEP) and the National Regulatory Agency for Private Health Insurance and Plans (ANS), whose criteria, parameters and formulas are documented in Actuarial Technical Notes (NTAs) and are summarized as follows:

- (a) The Provision for Unearned Premiums (PPNG) is calculated on a daily “pro rata” basis for damage and personal insurance plan, based on the premiums issued, the purpose is to accrue the portion of them corresponding to the period of risk to elapse from the base date of calculation.
- (b) The purpose of the unearned premiums to current risks relating to policies not yet issued (PPNG-RVNE) is calculated to Damage Insurance and Personal Insurance and to estimate the portion of unearned premiums referring to assumed risks and effectiveness periods already started and are in the issue process.
- (c) The Provision for Unsettled Claims (PSL) – administrative and judicial – is recognized based on the estimate of values to be indemnified made upon receipt of the claim notice, events or notification of the lawsuit, gross of reinsurance adjustments and net of coinsurance. This provision is adjusted by the “IBNeR” provision, in order to estimate the changes of values that the reported claims will suffer during the processes of analysis until its settlement. The IBNeR is calculated using statistical and actuarial techniques as run-off triangles, based on the historical development of claims for damage insurance and individual insurance.
- (d) The Provision for Claims Incurred but Not Reported (IBNR) is recognized for payment of claims already incurred, but not yet reported to the Company until the base date of calculation, and is calculated through statistical and actuarial techniques, as adopting run-off triangles, based on the historical behavior between the date of occurrence of the claim and the date of its registration, for damage and individual insurance. The IBNR of DPVAT (mandatory insurance) is recognized as

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

required by CNSP Resolution and information of Leading Insurer of Consortium.

- (e) The Provision for Related Expenses (PDR) is recognized in order to ensure the coverage of the values expected in connection with claim-related expenses. This provision should include recognizable and non-recognizable expenses related to settlement of indemnities or benefits.
- (f) Mathematical Provision for Granted Benefits (PMBC) of the healthcare line is recognized based on expected future hospital-medical expenses of the insureds that are enjoying remission benefit (death of the main insured with maintenance of coverage for dependent insured parties without respective payment of premiums) and is calculated based on present value of respective expected expenses.
- (g) Mathematical Provision for Benefits to be Granted (PMBaC) and Mathematical Provision for Granted Benefits (PMBC) represent the value of obligations assumed with participants of supplementary pension plans of the income and life savings types, structured at the capitalization and coverage capitals' financial systems, as well as life insurance with survival coverage.
- (h) The Provision for Related Expenses (PDR) of the pension line is established to cover expenses related to the payment of indemnities or supplementary pension benefits. This provision is also recognized for plans that are still in the contribution stage, assuming a rate for conversion into future income. Provision is calculated considering present value of future expected expenses and a realistic assumption of participants' survival.
- (i) The Provision for Financial Excess (PEF) is calculated according to criteria established in the participant's contract and includes financial excess values for which a provision was recorded and that are to be used in accordance with pension plan regulation.

Technical reserves are segregated into current and non-current in balance sheet, according to their settlement profiles and based on actuarial flows.

3.13.2 LIABILITY ADEQUACY TEST (LAT)

The Company prepares the Liability Adequacy Test on each balance sheet date, for all insurance contracts in force, in accordance with IFRS 4 and SUSEP criteria. The expected amounts of future cash flows related to the fulfillment of these contracts are estimated, which are compared with the book value of all related liabilities, less deferred acquisition costs.

The test considers the projection of claims incurred and to be incurred, incremental and settlement expenses, as well as salvage and recovery revenues, and elapsed risk premiums, when applicable. Flows are calculated using realistic assumptions, based on the Company's experience, which seek to reflect the best estimate of future obligations generated by current contracts.

Insurance contracts are grouped according to their risk characteristics and similarities. For mortality and survival assumptions, the current BR-EMS biometric tables are used.

For legal liabilities, when applicable, monetary restatement indexes are estimated until the expected settlement of obligations. For insurance contracts in force, additional obligations related to the interest

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

rate of assets are not applicable. Estimates do not consider additional assumptions from biometric tables. For Azul and Saúde, reinsurance flows are not applicable for claims to be incurred.

For private pension, health and insurance products under the capitalization regime, the term structure of the risk-free interest rate (RFR), prepared by SUSEP, is also considered when calculating the expected interest rate on assets. Indexes (IPCA or IGPM) are also weighted, as well as guaranteed interest rates (from 0% to 6%), when applicable.

For Porto Vida e Previdência's pay-as-you-go insurance products, the average (gross) loss ratio estimated at TAP was 24.2%, while the reinsurance percentage was 57.1%. The estimated average loss ratio (gross) calculated at TAP was 62.4%, and the reinsurance percentage was 1.1% for Porto Cia, as well as 21.8% and 0.9%, respectively, for Itaú. For Azul and Saúde, the average (gross) loss ratio calculated in the TAP was 78.5% and 83.7%, respectively.

The expected present value of cash flow related to claims incurred, including related expenses, salvage, and recoveries, was compared to the sum of technical provisions for claims incurred. On the other hand, for the expected present value of the cash flow related to claims to be incurred for policies in force, including related expenses, salvage, and recoveries, were compared to the sum of the technical provisions for premiums.

The expected present value of the cash flow related to claims to be incurred for policies in force, including related expenses, salvage, and recoveries, were compared to the sum of the technical provisions for premiums.

The expected present value of the cash flow related to the incurred risks, which consider the premiums earned and the claims to be incurred referring to unrecorded obligations of the current insurance contracts, including related expenses, are evaluated by comparing the estimated amounts of revenues and expenses for applicable products.

The expected present value of the cash flows referring to the obligations recorded of the insurance and pension contracts in force were compared to the sum of the related technical reserves.

Any shortcomings found in the TAP are immediately recorded as an expense in the statement of income, constituting the Complementary Coverage Provision (PCC).

For companies Porto Cia, Azul and Itaú, TAP result did not present insufficiency for the analyzed groups and, therefore, no additional expenses or provisions were recognized on this base date. For Health, calculations of the Provision for Insufficiency of Premiums/Contributions (PIC) are made monthly, under the terms of ANS Normative Resolution 393/15, but there is no amount to be formed, since the value of the insufficient considerations/premiums (FIC) is zero, that is, there is no shortage of premiums.

For Porto Vida e Previdência, the TAP result was insufficient in the amount of R\$ 68,154, but only R\$ 61,283 of additional expenses or provisions were recognized on this base date, since offsetting of R\$ 6,871 was observed corresponding to the gain of securities pledged as guarantee of technical reserves, recorded in its

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

assets under the “held to maturity” category, as provided for in Article 43, §2 of SUSEP Resolution 648/2021.

3.14 FINANCIAL LIABILITIES

3.14.1 DEBENTURES, LOANS AND FINANCING

Debentures, loan and financing liabilities deriving from fund raising transactions, amounts payable from credit card transactions and financing of property, plant and equipment and cash flow are initially recognized at fair value, net of incremental transaction costs directly attributable to liability origin. These liabilities are subsequently evaluated: (i) at amortized cost, using the effective interest rate method, which takes into consideration transaction costs, and interest is recognized up to contract maturity; or (ii) assigned at fair value through profit or loss.

Any options for advanced redemption or different debt settlement rules are evaluated for the purpose of identifying embedded derivatives in such contracts. For floating loans, effective interest rate is periodically estimated when the effect of reevaluating contracts’ effective interest rate is significant.

3.14.2 LIABILITIES OF CAPITALIZATION PLANS

Capitalization liabilities are calculated at the time securities are issued, and they are paid on a single installment. Value of deposit intended to redeem securities is adjusted for inflation in accordance with indices and criteria established in respective general conditions. Beneficiaries of securities may receive a draw prize and/or redeem amount corresponding to the portion of deposits intended for redemption.

Technical reserves are formed according to CNSP (National Private Insurance Council) and SUSEP (Superintendence of Private Insurance), whose criteria, parameters and formulas are documented in Actuarial Technical Notes (NTAs), described, in summary, as follows:

- (a) Mathematical Provision for Redemption (PMR) is calculated for each security over the period provided for in securities’ general conditions. It is also calculated for overdue securities and current securities for which requests for advanced redemption were placed by clients.
- (b) Provisions for Unrealized and Payable Draws are calculated to cover premiums deriving from future draws (to be realized) and also to premiums deriving from draws in which clients have already been contemplated (payable).
- (c) Provision for Administrative Expenses (PDA) includes deferral of revenues from single-payment securities, carried out at a “pro rata” basis from issue date to end of security’s effective period.

3.15 EMPLOYEE BENEFITS

Short-term benefits: they are recognized at the expected amount to be paid and recognized as expenses as the related service is provided. Short-term benefits, such as health plans, dental health plans, pharmacy cards, transportation vouchers, meal vouchers, food vouchers, daycare and/or babysitting allowance,

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

scholarships, life insurance, and parking at the head office, are offered to employees and managers and recognized in the income (loss) for the year as they are incurred.

Retirement obligations: the Company sponsors the plans managed by the entity PortoPrev – Porto Seguro Previdência Complementar, with the PORTOPREV Plan in the VC (Variable Contribution) modality closed to new members, and the PORTOPREV II Plan in the DC (Defined Contribution) modality, open to new members.

Post-employment benefits: post-employment benefits, such as healthcare, calculated based on policy that assigns scores to employees based on service provision period.

Liability for retirement obligations and post-employment benefits are calculated through a specific actuarial methodology that takes into consideration employees' turnover rates, interest rates for determination of current service cost, and interest cost. Other termination benefits, such as fine or severance pay (FGTS), were also calculated and a provision was recorded, using that methodology, for already-retired employees whose right had already been established.

3.16 JUDICIAL PROVISIONS, JUDICIAL DEPOSITS AND CONTINGENT LIABILITIES

Provisions are formed to cover future disbursements that might arise from civil, fiscal and labor lawsuits in progress. The obligations are measured at the Company's best estimate and the constitutions are based on an individual analysis, carried out by the Company's legal advisors, of the legal proceedings in progress and the prospects of an unfavorable result implying a future disbursement, following the principles of IAS 37/CPC 25 - Provisions, Contingent liabilities, and Contingent assets. They are updated monetarily on a monthly basis by several indexes, according to the nature of the provision, and are reviewed periodically.

Taxes, whose enforceability is being questioned in court, are recorded taking into consideration the concept of "legal obligation" (tax and social security), which challenges their legality or constitutionality and, regardless of evaluation on likelihood of success, have their amounts fully recognized and adjusted for inflation at SELIC rate. Judicial deposits are adjusted for inflation and presented in non-current assets.

Contingent assets are not recognized for accounting purposes, once it may refer to an income that may never be realized. However, if the gain on this asset is virtually certain, it ceases to be a contingent asset and is recognized in the accounting records. If it is likely that this contingent asset will generate future economic benefits, this is disclosed in an explanatory note.

3.17 LEASE LIABILITIES

They refer to lease liabilities, which are recognized against right-of-use assets, measured at the present value of the lease payments expected up to the end of the contract, discounted at an incremental financing rate, considering possible renewals and cancellations.

3.18 CAPITAL

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Capital is formed by common shares. When the Company purchases its own shares (treasury shares), the amount paid, including any additional costs directly attributable, is deducted from shareholders' equity attributable to shareholders until shares are canceled or resold. When those shares are resold, any amount received, net of any additional directly attributable transaction costs, is included in the shareholders' equity attributable to the Company's shareholders.

3.19 RECOGNITION OF REVENUES

3.19.1 INSURANCE AND REINSURANCE PREMIUMS

Revenues from insurance contracts' premiums are recognized upon policy issue or upon risk validity, whichever occurs first, proportionately and during respective policies risk coverage period, through recognition/reversal of PPNG (see Note 3.13.1(a)).

Expenses with granted reinsurance are recognized according to respective insurance premium (proportional reinsurance) recognition and/or according to reinsurance contract (not proportional reinsurance).

3.19.2 PENSION PLAN CONTRIBUTIONS

Supplementary pension plans' contributions are recognized upon effective receipt. Revenue includes charged administrative and loading rates.

3.19.3 LOAN OPERATIONS

Revenue from interest on granted loans and financing continues to be recognized even after contract is in delay. Beginning as of the time in which the asset is greatly deteriorated, (migration to stage 3 – see Note 3.5.1), revenue is now recognized at net value of the asset for which a provision was recorded.

3.19.4 REVENUES FROM SPECIAL SAVINGS BONDS

Revenue from special savings bonds includes administrative rate charged upon issue of securities and fees on advanced redemption. It is recognized in income at a "pro rata temporis" basis according to securities' effectiveness and with recognition/ reversal of PDA (see note 3.14.2 (c)).

3.19.5 REVENUES FROM PROVISION OF SERVICES, TRADING OF EQUIPMENT AND MANAGEMENT OF CONSORTIA FOR THE PURCHASE OF GOODS

Revenues from provision of services, trading of equipment, and fees for the management of consortia for the purchase of goods include fair value of consideration received or receivable for the trading of products and services provided by Porto Seguro. The revenue is stated net of taxes, returns, rebates or discounts.

3.19.6 INTEREST REVENUE AND DIVIDENDS RECEIVED

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Revenues from financial instruments' interest are recognized in income (loss) for the year at the amortized cost method and using the effective return rate. The interest charged on the installment of insurance premiums is allocated in statement of income in the same receipt period.

Revenues from dividends of investments in financial assets represented by capital instruments (shares) are recognized in income (loss) when the right to receive dividend payment is established.

3.20 LOYALTY PROGRAMS

The Company issues credit cards that provide benefit programs for clients. These programs include bonuses based on mileage and other loyalty parameters that estimate and account for obligations related to cost of future bonuses based on these benefits' fair value and considering several assumptions for valuation of that component. These assumptions include benefit usage behavior, type of benefit, and estimated expiry of benefits because the client did not use them.

3.21 PAYMENT OF DIVIDENDS AND INTEREST ON OWN CAPITAL

Payment of dividends and interest on own capital (JCP) to shareholders is recognized as a liability, based on the by-laws. Any amount above the mandatory minimum (25%) is provisioned only on the date of its approval by shareholders.

The tax benefit of interest on own capital is recognized in income (loss) for the year. The rate used in the calculation of interest on own capital is the Long-term interest rate (TJLP) during applicable year, according to prevailing law.

3.22 INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution values include current tax expenses and deferred taxes' effects. These amounts are recognized in income for the year, except for tax effects on items that were directly recognized in shareholders' equity; in these cases, the tax effects are also recognized in shareholders' equity.

Taxes are calculated based on tax laws and rules prevailing on year end. In Brazil, the income tax is calculated at the rate of 15% plus a 10% surtax on taxable income exceeding R\$240 in the year. The provision for social contribution tax for insurers and financial companies is calculated based on a rate of 16%. For the Parent Company and the other companies of Porto Seguro, the current rate is 9%.

Deferred taxes are recognized on temporary differences deriving from assets and liabilities' tax bases and respective book values of these assets and liabilities. Deferred taxes are also recognized on tax losses for income tax and negative basis of social contribution. Deferred tax assets are recognized at the limit in which future taxable income is probably available for realization of such assets and in compliance with the estimates of realization.

4. USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Preparation of the financial statements requires that Company's Management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include, among others, the determination: (i) of the fair value of financial assets and liabilities, (ii) of technical reserves, (iii) of the provision for credit risk (impairment), (iv) of the realization of deferred taxes and (v) of the provisions and contingencies for proceedings and lawsuits. The settlement of transactions involving these estimates may be performed in sensitively different amounts due to the lack of precision inherent to the process of their determination.

Accounting estimates and judgments are constantly assessed and are based on prior experience and other factors, including expected future events considered as reasonable in view of circumstances. There were no material changes in criteria for determining estimates in relation to the financial statements for the year ended December 31, 2021.

4.1 EVALUATION OF INSURANCE LIABILITIES

Recognition of insurance liabilities is the component in which Management mostly exercises its judgment and uses estimates. There are many sources of uncertainties that should be considered in the estimate of liabilities that shall be ultimately settled. All sources of information (internal and external) available are used regarding past experiences and indicators which could influence the decision making by Management and actuaries for definition of actuarial assumptions and the best estimate of the value of settlement of claims for agreements whose insured event has already occurred.

Consequently, accrued amounts may significantly differ from the amounts effectively settled on future dates for such liabilities. Provisions that are mostly impacted by judgment and uncertainties are those related to insurance contract lines with great risks and insurance contracts for life coverage; however, these lines represent less than 10% of premiums issued by the Company. Provisions for unsettled claims, IBNeR and IBNR are also established with the use of judgments and estimates by Management.

4.2 CALCULATION OF FAIR VALUE AND IMPAIRMENT OF FINANCIAL ASSETS

The fair value of financial instruments that are not traded on active markets is determined based on valuation techniques. The Company uses its judgment to select a several methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

Rules for impairment analysis are applied for receivables, especially for credit transactions. High level of judgment is applied to determine uncertainty level in association with realization of estimated financial assets' contract flows. This judgment considers the type of contract, economic segment, maturity history and other relevant factors that may affect the establishment of impairment losses, as described in note 3.5.1.

4.3 EVALUATION OF PROVISIONS FOR TAX, CIVIL AND LABOR PROCEEDINGS

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

The Company is a party to a great number of ongoing lawsuits on financial statements' dates. Procedure to build accounting estimates used by Management takes into consideration legal advisory from specialists of the area, evolution of lawsuits, situation and court level of each specific case.

4.4 CALCULATION OF TAX CREDITS

Deferred tax assets are recognized at the limit in which future taxable income is probably available. This is an area that requires the use of judgment by the Company's Management in determining future estimates regarding the ability to generate future taxable profits, based on projections of future income, prepared and based on internal assumptions and future economic scenarios that may have changes.

5. RISK MANAGEMENT

Due to the large number of businesses in which it operates, the Porto Group is naturally exposed to several risks inherent to its activities. For this reason, the need to protect its operations and financial results, ensuring its economic sustainability and the generation of shared value, is highly strategic for Porto Seguro.

By defining risks as any effects of uncertainty on its objectives, Porto Seguro adopts a formal management process, which seeks to minimize their possible negative effects and maximize the opportunities they provide. Aiming to develop an effective model for managing these risks, in line with the best market practices, the Porto Group adopts several principles, guidelines, actions, roles and responsibilities. It is through them that management has the necessary means to identify, assess, address and control risks.

Porto Seguro's approach to defending against potential risks, which determines which procedures and controls are appropriate for each situation, comprises three levels of defense:

- Operational units;
- Control functions; and
- Internal audit.

Furthermore, given the regulatory requirements and best governance practices regarding risk management, the Group has an Integrated Risk Committee, whose purpose is to approve and monitor the Group's Risk Appetite, propose action plans and guidelines and assess compliance with risk management standards.

It is worth pointing out that in the year ended December 31, 2022, when compared to the year ended December 31, 2021, there were no significant changes in risks: (i) liquidity risk, since the average duration of the Company's main assets and liabilities have not changed significantly and; (ii) insurance risk, since the changes observed are due to the normal growth of Porto Seguro's operations.

Management of financial and operating risks includes the following categories:

5.1 CREDIT RISK

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Credit risk is characterized by the counterparty risk, which is the possibility that a given counterparty (individual, legal entity or government) does not comply with obligations related to settlement of transactions involving financial assets. This risk is comprised of:

- (a) **Portfolio of investments:** to manage this risk, the Company has monitoring policies and processes carried out on a monthly basis to ensure that limits or certain exposures are not exceeded. Criteria that contemplate financial capacity, as well as minimum risk level “B” (rating) according to the own classification methodology, which follows governance procedures to evaluate and approve operations made by Porto Investimentos Credit Committee.

As of December 31, 2022, 77.6% (75.5% as of December 31, 2021) of interest earning bank deposits were allocated to Brazilian treasury bonds (sovereign risk) and remaining portion to “AA” and “A” rating investments. Moreover, of the total financial investments, 98.2% refer to exposures in Brazil and the remaining in Uruguay.

Table below demonstrates concentration of the Company’s investment portfolio per type of counterparty:

	<u>December 2022</u>	<u>December 2021</u>
Sovereign risk - Brazil	85.9%	82.2%
Financial institutions	4.5%	3.1%
Electric energy and telecommunication companies	0.8%	1.2%
Other	8.8%	13.5%

In investment portfolio, no transaction is delayed or impaired.

- (b) **Default in premiums receivable:** it is the possibility of loss due to non-payment of premiums by insured parties. To mitigate these risks, acceptance rules are established to include analysis of insured parties’ credit risk, based on market agency and historic behavior information from Porto Seguro; and, in case of default, coverage of claims will be cancelled according to product, prevailing regulation, and client relationship. Premiums receivable from the Company’s insured, in general, do not concentrate risks (per economic sector, for example) as they are receivable mainly from individuals and retail.

Table below presents maturities of premiums receivable from the Company, by means of its subsidiaries:

	<u>December 2022</u>	<u>December 2021</u>
Not overdue	7,362,733	5,554,815
Overdue (days):		
01–30	280,815	240,400
31–60	35,968	46,886
61–90	13,475	14,532
91–180	15,454	16,147
>180	27,410	15,674
Allowance for credit risk	(30,332)	(36,185)
	<u><u>7,705,523</u></u>	<u><u>5,852,269</u></u>

	<u>2022</u>	<u>2021</u>
Current	7,299,599	5,550,561
Non-current	405,924	301,708

- (c) **Default in loan operations:** It is the possibility of losses associated with non-compliance with financial obligations under the terms and conditions agreed upon in loan transactions, including: personal loans, such as payroll loans and working capital; financing through direct consumer credit (CDC), for individuals and companies; and credit card. Management of this risk counts with devices and processes for continued monitoring of credit portfolio. Among the monitoring indicators, the following stand out: default due to days in arrears by concession period and asset portfolio; provision for credit loss; recovery rate for overdue operations; concentration of operations and credit expense in relation to revenues.

Table below presents assets classified per aging:

	<u>December 2022</u>	<u>December 2021</u>
Falling due (days):		
up to 30	7,654,739	7,161,950
31–60	31,151	21,154
>60	5,216	2,540
Overdue (days):		
01–30	3,266,979	2,852,600
31–60	284,342	217,311
61–90	468,673	276,773
91–180	960,770	546,084
>180	1,316,191	630,242
Allowance for credit risk	(2,229,690)	(1,183,343)
	<u>11,758,371</u>	<u>10,525,311</u>
Guarantees linked to loan operations	2,191,987	2,158,133
Type of counterparty		
Individuals	93.5%	88.6%
Legal entities	6.5%	11.4%

Given the predominant retail characteristic of the Company's portfolio of credit transactions, there are no individually significant balances classified as impaired.

- (d) **Reinsurance assignment:** for credit risk management of reinsurance risk grant, there is a specific policy with counterparty limits based on external agencies' ratings, considering "A" as minimum for risk granting to minimize the potential for losses arising from the default of risk assignment agreements.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

It is worth highlighting that the contracting of reinsurance considers the needs of the products in terms of risk assignment, corporate business strategy and risk retention of the Porto group, always complying with the rules established by the regulatory/supervising authorities in Brazil.

As of December 31, 2022, reinsurance exposure receivable totaled R\$ 46,404 (R\$ 67,381 as of December 31, 2021).

5.2 LIQUIDITY RISK

Liquidity risk is defined as the possible inability to efficiently meet its financial obligations, whether expected or not, when they become due, either due to the scarcity of assets or the impossibility of timely realization of its assets. In this sense, the Company has robust controls to maintain its liquidity levels at adequate levels.

For this purpose, minimum cash limits are defined, as well as a cushion of collateral assets, based on the cash flow projections of each business/company. As a way of complementing such limits, scenario simulations are carried out (stress testing), as well as definition of a liquidity contingency plan policy.

In addition to the daily monitoring of each company's cash, a Capital and Liquidity Committee meeting is held monthly, which is responsible for maintaining liquidity in favor of the Group's strategic objectives, in line with the criteria and definitions established in the policy.

Liquidity risk to which the Company is exposed is as follows (i):

	December 2022		December 2021	
	Flow of assets (ii)	Liability flow (iii)	Flow of assets (ii)	Liability flow (iii)
In cash/ with no maturity date	1,522,420	40,816	1,905,627	25,853
Flow 1–30 days	13,089,517	2,963,936	11,109,750	3,183,270
Flow 2–6 months	5,068,561	9,831,607	3,973,321	8,090,837
Flow 7–12 months	2,148,777	5,052,569	1,610,350	4,581,669
Flow >1 year	12,749,320	15,635,595	13,965,207	17,502,552
Total	34,578,595	33,524,523	32,564,255	33,384,181

(i) Cash flows estimated based on Management judgment and studies on insured parties' permanency in supplementary pension plans with redemption option, expiry of insurance contracts' risk and best expectation of estimated claim settlement date. These flows were estimated up to expected payment and/or receipt and do not consider overdue amounts receivable. Floating financial assets and liabilities were distributed based on contract cash flows, and balances were projected using interest curve, foreseen Interbank Deposit Certificate (CDI) rates and foreign exchange rates disclosed for future periods on close or equivalent dates.

(ii) Assets' flow considers cash and cash equivalents, financial assets, loans and receivables (clients), and transactions with reinsurance companies. Of total financial assets in December 2022, R\$ 5,623,667 (R\$ 5,689,730 in December 2021) refer to assets linked to supplementary pension plans (third parties' assets).

(iii) Liabilities' flow considers liabilities in insurance and supplementary pension plan contracts and financial liabilities.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

5.3 MARKET RISK

Market risk is defined as the possibility of losses occurring due to price and market rate fluctuations of positions held in portfolio. In view of Porto Seguro's business profile, its greatest exposure is related to interest rate risk. There are policies that establish limits, processes and tools for effective market risk management. Investment exposures segregated per market risk factor are as follows:

	<u>December 2022</u>	<u>December 2021</u>
Inflation (IPCA/IGPM)	41.3%	47.0%
Fixed	28.5%	19.9%
Fixed (SELIC/CDI)	24.3%	23.5%
Shares	2.0%	5.1%
Other	3.9%	4.5%

Among the methods used in management, the stress test of investment portfolio is used, considering historical scenarios and hypothetical market conditions, and their results are used for planning and take decisions of investments, identification of specific risks deriving from financial assets and liabilities held by the Company, as well as risk mitigation and understanding of impact on income (loss) and shareholders' equity.

In addition to the stress test, supplementary follow-ups are carried out such as sensitivity analyses and tracking error and "Benchmark-VaR" tools along with use of scenarios that are realistic and plausible for portfolio's profile and characteristics.

The following table shows the sensitivity analysis of financial instruments, on December 31, 2022:

<u>Risk factor</u>	<u>Scenario (*)</u>	<u>Impact on investment portfolio</u>
Price indices	+ 50 b..	(793,486)
	+ 25 b..	(430,683)
	+ 10 b..	(181,747)
	- 10 b..	181,747
	- 25 b..	430,683
	- 50 b..	793,486
Fixed interest	+ 50 b..	(559,833)
	+ 25 b..	(287,025)
	+ 10 b..	(116,375)
	- 10 b..	116,375
	- 25 b..	287,025
	- 50 b..	559,833
Shares	± 34%	182,476
	± 17%	91,238
	± 9%	45,619

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

	± 50 b..	20,146
Floating interest	± 25 b..	16,875
	± 10 b..	13,500

(*) B.P. = Basis Points. The baseline scenario used is the possible “stress” scenario for each risk factor, made available by B3.

It should be noted that given the Company’s ability to react, the impacts presented above can be minimized. Moreover, the Company has derivative instruments that reduce its exposure to risks, as shown in Note 15. This sensitivity analysis shows the Company’s exposure considering the use of derivative instruments used in order to hedge its operations.

5.4 INSURANCE RISK/UNDERWRITING

Underwriting risk is defined as the possibility that unexpected events may take place, including failures in the pricing or estimates of technical reserves, which may affect significantly the Company’s results of operations and shareholders’ equity.

The Company issues auto, casualty, financial risk, health, and life insurance contracts, in addition to supplementary pension plan contracts. The underwriting risk is segmented into the following categories of risk:

- (a) **Premium risk:** associated with a possible insufficiency of premiums collected to cover the financial disbursements required to fulfill the obligations assumed with the insured parties. The Company constantly develops risk analysis and pricing techniques, using different statistical models to renew existing contracts and issue new insurance policies, which enable anticipating the results arising from different scenarios, by combining price levels, quotation and result translations. The decisions are made considering the scenario that generates the best margins for the products.
- (b) **Risk of provision:** associated with a possible insufficiency of balances of reserves formed to cover financial disbursements required to fulfill the obligations assumed with the insured parties. For the purpose of assessing compliance with the assumptions and methodologies used to measure technical reserves, adhesion tests are constantly conducted on different base dates to verify the historical sufficiency of the reserves recognized, including the Liability Adequacy Test - LAT (see Note 3.13.2).
- (c) **Retention risk:** associated with the exposure to individual risks with high value-at-risk, risk concentration, or occurrence of catastrophic events. These exposures are monitored through appropriate processes and models, and the contracting of reinsurance protection, in accordance with the retention limits per risk approved by SUSEP, as well as internally set limits, which are reflected in the corporate risk assignment policy.
- (d) **Claim risk:** associated with inappropriate rules and procedures for claim regulation and settlement.

Each product department establishes, monitors and documents risk acceptance and claim practices and rules, in conformity with Porto’s general guidelines, which include, for example, previous opinion of the Actuarial Superintendency on the sale of each product and risk acceptance procedures.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

The assumptions used in insurance risk sensitivity analyses, as well as in the Liability Adequacy Test include:

- The use, as loss ratio assumptions, of the risk premium projections based on a history of frequency and severity of findings for each group of insurance line.
- Use of premium assignment and claim recovery projections based on a history of findings for each insurance line and/or group of lines. The projections considered the covenants in effect on the base date of the study of the contracts signed with reinsurance companies.
- The adoption, as index for liabilities, of the Amplified Consumer Price Index (IPCA), which is predominantly used in standard contracts.
- Expected interest rate for assets, equivalent to the SELIC/CDI rate, which matches the return obtained by the investment department during the current year.
- Specific actuarial assumptions for each product as a result of their impact on insurable risk pricing.

The results obtained in the processes to manage and monitor the underwriting risk are documented and reported on a monthly basis to the Top Management, enabling the adjustment of possible deviations in projections, within the shortest time possible.

Exposures to risk concentrations are monitored by analyzing concentrations in certain geographic areas. The table below shows the business risk concentration by region and segment based on the issued reinsurance premium, gross and net of reinsurance:

(*) Gross of reinsurance

											December 2022	
Region	Automobile	%	Residential	%	Life	%	Financial risks	%	Other	%	Total	%
Mid-West	875,710	4.70%	319,741	1.72%	42,222	0.23%	21,793	0.12%	41,384	0.22%	1,300,850	6.99%
Northeast	1,171,272	6.29%	214,173	1.15%	48,730	0.26%	11,292	0.06%	32,965	0.18%	1,478,432	7.94%
North	203,349	1.09%	81,839	0.44%	16,976	0.09%	1,485	0.01%	12,702	0.07%	316,351	1.70%
Southeast	9,980,523	53.60%	1,199,459	6.44%	556,153	2.99%	640,408	3.44%	721,840	3.88%	13,098,383	70.35%
South	1,802,857	9.68%	275,114	1.48%	116,782	0.63%	120,755	0.65%	109,227	0.59%	2,424,735	13.02%
Grand total	14,033,711	75.37%	2,090,326	11.23%	780,863	4.19%	795,733	4.27%	918,118	4.93%	18,618,751	100.00%

(*) Net of reinsurance

											December 2022	
Region	Automobile	%	Residential	%	Life	%	Financial risks	%	Other	%	Total	%
Mid-West	875,710	4.73%	261,594	1.41%	40,997	0.22%	21,686	0.12%	38,495	0.21%	1,238,482	6.69%
Northeast	1,171,272	6.33%	216,198	1.17%	47,338	0.26%	11,005	0.06%	31,061	0.17%	1,476,874	7.98%
North	203,349	1.10%	60,463	0.33%	16,532	0.09%	1,414	0.01%	12,249	0.07%	294,007	1.59%
Southeast	9,981,126	53.93%	1,219,809	6.59%	541,645	2.93%	637,453	3.44%	672,780	3.64%	13,052,813	70.53%
South	1,802,857	9.74%	306,212	1.65%	114,600	0.62%	120,289	0.65%	101,260	0.55%	2,445,218	13.21%
Grand total	14,034,314	75.83%	2,064,276	11.15%	761,112	4.11%	791,847	4.28%	855,845	4.62%	18,507,394	100.00%

(*) Do not include the values of RVNE and coinsurance accepted in the amounts of R\$ 85,777 and (R\$ 106,360), respectively (gross of reinsurance), and R\$ 440 of RVNE (net of reinsurance).

Notes to the financial statements
Porto Seguro S.A. and Subsidiaries

(*) Gross of reinsurance

											December 2021	
Region	Automobile	%	Residential	%	Life	%	Financial risks	%	Other	%	Total	%
Mid-West	607,171	4.12%	156,025	1.06%	34,784	0.24%	21,080	0.14%	31,750	0.22%	850,810	5.77%
Northeast	952,154	6.45%	256,461	1.74%	41,955	0.28%	13,837	0.09%	27,241	0.18%	1,291,648	8.76%
North	153,023	1.04%	24,628	0.17%	13,955	0.09%	1,937	0.01%	12,431	0.08%	205,974	1.40%
Southeast	7,779,017	52.73%	1,137,141	7.71%	449,476	3.05%	601,578	4.08%	586,458	3.98%	10,553,670	71.54%
South	1,332,624	9.03%	218,289	1.48%	89,951	0.61%	123,709	0.84%	85,440	0.58%	1,850,013	12.54%
Grand total	10,823,989	73.37%	1,792,544	12.15%	630,121	4.27%	762,141	5.17%	743,320	5.04%	14,752,115	100.00%

(*) Net of reinsurance

											December 2021	
Region	Automobile	%	Residential	%	Life	%	Financial risks	%	Other	%	Total	%
Mid-West	607,171	4.15%	154,116	1.05%	33,897	0.23%	20,860	0.14%	28,982	0.20%	845,026	5.77%
Northeast	952,153	6.50%	252,957	1.73%	40,817	0.28%	13,134	0.09%	25,888	0.18%	1,284,949	8.78%
North	153,023	1.05%	23,190	0.16%	13,645	0.09%	1,807	0.01%	12,088	0.08%	203,753	1.39%
Southeast	7,779,000	53.12%	1,105,894	7.55%	437,620	2.99%	598,985	4.09%	553,010	3.78%	10,474,509	71.53%
South	1,332,623	9.10%	211,105	1.44%	88,309	0.60%	123,371	0.84%	79,445	0.54%	1,834,853	12.53%
Grand total	10,823,970	73.92%	1,747,262	11.93%	614,288	4.20%	758,157	5.18%	699,413	4.78%	14,643,090	100.00%

(*) Do not include the values of RVNE and coinsurance accepted in the amounts of (R\$ 8,602) and R\$ 2,876, respectively (gross reinsurance), and R\$ 899 of RVNE (net of reinsurance).

5.4.1 AUTOMOBILES

The Company operates nationwide and in Uruguay, by selling auto insurance to individuals and legal entities, under individual or, in the case of fleets, group policies. Tracking devices and localization equipment and prior survey in certain type of vehicles.

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2022	December 2021
Administrative expenses - increase of 30.0 p.p.	(1,028,191)	(219,545)
Claims - 50.0% increase	(992,474)	256,238

5.4.2 CASUALTY INSURANCE (EXCEPT AUTO) AND FINANCIAL RISKS

This segment sells insurance coverage to households, companies, condominiums, construction works, farms, liability, equipment, transportation, contractual obligation guarantees, and Rental Surety Insurance. The main measures to mitigate risks include, in addition to the contracting of reinsurance, the previous inspection of the insured locations and credit analysis of the insured parties by means of statistical models and market data.

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2022	December 2021
Administrative expenses - increase of 30.0 p.p.	(29,628)	(25,563)
Claims - 50.0% increase	197,234	178,183

5.4.3 HEALTH

The Company operates in the supplementary health market, by selling annual corporate plans only. The main risk is related to the healthcare risk premium models arising from the potential increase in healthcare costs during the contractual period, and the risk of occurrence of extraordinary events with high frequency, such as pandemics.

In line with risk mitigation measures, Porto Seguro negotiates agreements with healthcare service providers so as to enable a reasonable increase in healthcare costs. The accredited network is continuously monitored by means of medical audits, interviews, and surveys with the insured parties to mitigate the possibility of medical frauds.

Highly complex procedures and hospitalizations require the analysis of the medical audit team, which also reviews the procedures performed by each healthcare service provider in order to verify the compliance and quality of the services provided.

The table below shows the portfolio sensitivity to the actuarial assumptions, net of tax effects:

Actuarial assumptions	December 2022	December 2021
Administrative expenses - increase of 30.0 p.p.	(21,233)	(15,899)
Claims - 50.0% increase	(29,860)	(20,434)

5.4.4 LIFE INSURANCE AND SUPPLEMENTARY PENSION PLAN

- **Traditional life insurance (individual and group)**

This line predominantly comprises products related to annual renewals with death, disability or income coverage due to temporary disability. The most significant risk to which this product is exposed is the biometric risk that can increase claims due to extraordinary events, such as pandemics or constant increase in disability rates. Group insurance contracting is exposed to the risk of anti-selection, where the insured group is different from the quotation group, as well as to the risk of catastrophes, which may affect various insured lives in the same event.

- **Life insurance with survival coverage and supplementary pension plan**

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

This segment includes the pension plans related to Free Benefit Generating Life Plan (VGBL) and Free Benefit Generating Plan (PGBL), which are products with longer-term guarantees, linked to the participants' retirement planning. These insurance lines offer survival, death, disability and pension coverage in case of death of the holder.

- **Traditional supplementary pension plan**

The main characteristic of these products is the guarantee of a minimum rate of return on the accrual and retirement stage. The Company no longer sells these products, but there are still 4,274 participants with contracts in force under these conditions, which totaled R\$ 817,434 as of December 31, 2022. They pose biometric and mainly economic risk.

Risk mitigation measures

Contracting and age limits are established for individual life insurance, based on which specific documentation is required for analysis of the individual risk. Group life insurance adopts centralized underwriting with prior analysis of insurable groups for determination of the premiums. Other important risk mitigation measures include the contracting of reinsurance and the management of asset and liability flows (Asset and Liability Management—ALM).

The tables below show the portfolio sensitivity to the actuarial assumptions, net of tax effects:

- Life insurance without a surviving beneficiary clause:

Actuarial assumptions	December 2022	December 2021
Administrative expenses - increase of 30.0 p.p.	4,057	20,216
Claims - 50.0% increase	68,473	84,095

- Life insurance with a surviving beneficiary clause and supplementary pension plan:

Actuarial assumptions	December 2022	December 2021
Administrative expenses - increase of 30.0 p.p.	(100)	(121)
ETTJ-SUSEP - 5.0% increase	10,175	8,382

5.4.5 OPERATING RISK

Operating risk is defined as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events, including legal risk.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Operating risk is monitored and managed on corporate and centralized manner, using a formal process to identify risks and opportunities, estimate the potential impact arising from such events, and provide methods to address such impacts and reduce threats to an acceptable level.

This process includes efforts to build a database of operational risk internal loss, containing wide-ranging, in-depth information, to identify the impact of such losses on Porto Seguro, and to improve the reliability of the tools used to manage, control and supervise the solvency in this market.

5.4.6 SOCIAL, ENVIRONMENTAL AND CLIMATE RISKS

Social, environmental and climate risks correspond to the possibility of losses occurring for Porto due to social, environmental or climate factors related to the business of Porto and its subsidiaries. Furthermore, losses that Porto Seguro may cause to third parties also due to the factors mentioned above are also considered.

In line with the regulatory requirements implemented by the Central Bank of Brazil and SUSEP, the Porto Group developed the corporate policy and methodology for Socio-Environmental and Climate Risk in 2022, which provides for the principles, guidelines, responsibilities, as well as evaluation and control mechanisms regarding the Management of Social, Environmental and Climate Risks - GRSAC.

In this sense, the Company established the identification, evaluation, treatment, mitigation and monitoring of social risks resulting from impacts on people's well-being, environmental risks related to the possibility of harmful effects caused by the company and the climate risks that due to events and climate change can generate an impact on the ecosystem and society. For the management of such risks, the exposure of each product or business is assessed, in addition to the construction of indicators for continuous monitoring.

6. CAPITAL MANAGEMENT

The capital management strategy consists of efficiently allocating capital, adding value to the business and shareholder by maximizing the Company's capital value through the optimization of the capital level and capital sources available, ensuring the business sustainability in the short and long term, also in adverse situations, in accordance with regulatory and solvency requirements.

The process of capital assessment and management is implemented based on a business viewpoint within one-year horizon to insurance companies and other companies and a three-year horizon to Porto Seguro's Prudential Conglomerate, supported by business growth, capital sources, regulatory environment and business, growth targets, dividend distribution assumptions, among other key business indicators. Additionally, projections are made based on historical scenarios or situations that may materially affect the group's results, through the application of stress tests and evaluation of their impacts on capital ratios.

In this sense, Porto Group has a dedicated framework enables an active and prospective management of this risk. Capital management is supported by a specific corporate policy, which defines principles and guidelines, methodology, internal sufficiency limits, reports and minimum monitoring frequency, capital contingency plans and roles and responsibilities.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Capital management is carried out by the Financial, Controllership and Investments Vice Presidency, being independently monitored in terms of compliance with regulatory requirements and internal policy by the Corporate Risk Management area.

A breakdown of the capital requirements, according to the established regulatory requirements, by capital portion and business, is provided below.

Insurance

Underwriting Risk Capital	3,647,860
Credit risk capital	234,683
Market risk capital	379,422
Operating Risk Capital	225,821
Benefit from correlation between risks	(350,053)

Required capital - insurance (i)	4,137,733
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Required capital - financial (ii)	1,588,856
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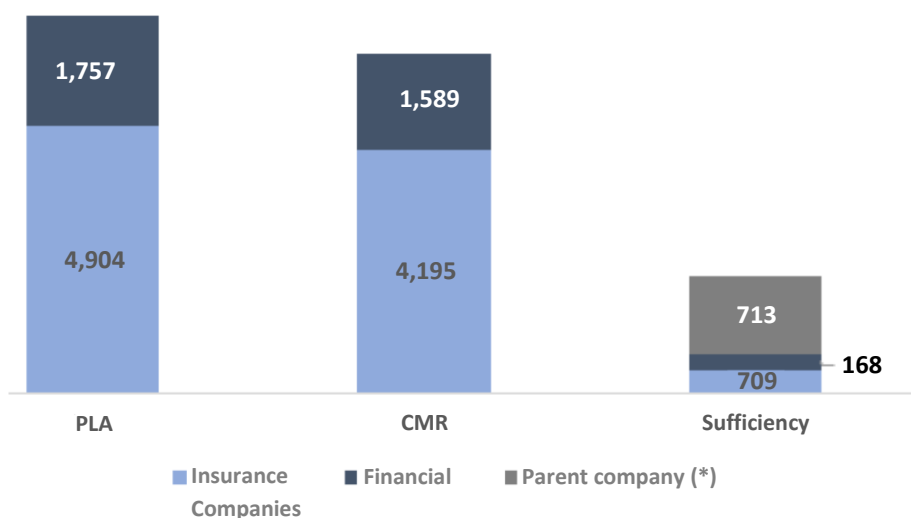
Margin of solvency (iii)	58,057
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(i) The amounts recorded for the insurance companies correspond to the straight-line sum of each risk capital portion of the companies regulated by SUSEP, since the concept of capital requirements and capital consolidated by economic group is not set forth in the Brazilian regulation.

(ii) Calculated based on the "Prudential Conglomerate" of Portoseg, Porto Consórcio, and Portopar.

(iii) Corresponds to the capital requirements of companies regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS), and of Porto Seguro Uruguay.

The chart below shows the Company's Minimum Capital Required (CMR), Adjusted shareholders' equity (PLA) and capital sufficiency as of December 31, 2022 (in millions of R\$):



(*) As the Parent Company has no Minimum Capital Required, the sufficiency amount recorded for it corresponds to the liquidity available. In addition to the amounts available at the Parent Company, Management can, based on the capital optimization

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

strategy, reallocate capital sufficiency among the group companies so as to maintain appropriate capital levels among the companies.

Capital levels are above the required level, which provides comfort for adapting to possible regulatory changes and capital requirements.

The following table presents the regulatory capital sensitivity analysis as of December 31, 2022, for the insurance companies and healthcare operator, in relation to the changes in the calculation assumptions that are more relevant to the group, showing the impacts on the risk portions:

Assumptions	Impact
Underwriting risk	
Increase of 2 p.p. in the loss ratio and 15% increase in issued premiums	15.6%
Increase in pension technical reserves	6.2%
Increase in net revenues from capitalization	32.9%
Credit risk	
Increase in credit risk exposure	12.6%
Operating risk	
Increase in earned premiums or technical reserve	20.8%
Market risk	
100% exposure of market risk capital	9.2%

The table below shows the regulatory capital sensitivity analysis of Portoseg's loan portfolio, due to its materiality in relation to the total Prudential Conglomerate, based on changes in the default scenarios:

Scenario	Basel Ratio
Current default	11.7%
Increase of 20% in the portfolio default rate	11.0%
Increase of 50% in the portfolio default rate	8.6%
As a consequence of the 17% default in the national financial system.	5.9%

7. SEGMENT REPORTING – CONSOLIDATED

Porto Seguro offers a wide range of products and services for individuals and legal entities in Brazil (primarily) and also in Uruguay. The Company applied IFRS 8/CPC 22 – Segment reporting and designated the following segments according to qualitative and quantitative criteria, considering the similarities between the services and products offered, to determine reportable segments:

- Auto Insurance: includes auto insurance premiums issued by Porto Cia and Azul Seguros, net of cancellations, refunds and reinsurance assignments.
- Health plans and insurance: comprise health and dental insurance premiums issued by Porto Saúde, net of cancellations and refunds, and the net consideration from the health plans marketed by Portomed.
- Personal insurance and supplementary pension: comprising: (i) the insurance premiums of persons issued by Porto Cia and Porto Vida e Previdência, net of cancellations, refunds and assignments of reinsurance, and (ii) revenues from management fees and contributions made monthly by participants in pension plans operated by Porto Vida e Previdência.
- Insurance - other lines: comprising insurance premiums for damages (other than auto) issued by Porto Cia, Itaú Auto e Residência, and Azul Seguros, net of cancellations, refunds and reinsurance assignments, in addition to insurance issued in Uruguay by Porto Seguro Uruguai.
- Financial entities and consortia: comprising (a) revenues from management fees of consortia groups operated by Porto Consórcio; (b) revenues of Portoseg from credit operations comprised of interest on loans, financing operations, and credit cards in the use of the revolving credit or installment payment of the credit card bill, and (c) revenues from the management of investment funds and management of financial assets of Portopar and Porto Investimentos.
- Other: mainly comprised of revenues from services rendered by all other companies of the Company (including revenues from services rendered in Uruguay by Porto Serviços Uruguai) and revenues from special savings bonds.

The Company takes into account the internal financial performance reports of each segment and geographic region in which it operates, which are used by Management in conducting its business. “Net Income/(Loss)” is the main indicator used by Company Management to manage segment performance.

Of the total revenues as of December 31, 2022, 98.2% (98.0% as of December 31, 2021) were from Brazil and the rest from Uruguay. At Porto Seguro, there is no concentration of revenue by client or by economic group.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

	Auto Insurance	Health plans and insurance	Personal insurance and supplementary pension	Insurance - other lines	Financial entities and consortia	Other	December 2022	December 2021
Insurance premiums issued and net considerations	14,087,792	3,135,248	1,540,156	3,965,655			22,728,851	17,712,070
Changes in technical reserves for insurance and reinsurance premiums ceded	(1,851,869)	448	(383,797)	(652,293)	-	-	(2,887,511)	(1,505,625)
Premium earned	12,235,923	3,135,696	1,156,359	3,313,362	-	-	19,841,340	16,206,445
Revenues from loans	-	-	-	-	2,942,924		2,942,924	2,119,399
Revenue from services rendered	-	-	-	-	635,561	1,337,637	1,973,198	1,309,719
Pension plan contribution	-	-	148,195	-	-	-	148,195	150,918
Revenue from special savings bonds	-	-	-	-	-	67,368	67,368	59,357
Withheld claims and supplementary pension benefits - net (i)	(7,730,492)	(2,544,775)	(400,969)	(1,539,054)	-	-	(12,215,290)	(8,612,488)
Acquisition costs	(2,587,500)	(272,287)	(378,247)	(960,754)	(257,589)	(85,947)	(4,542,324)	(4,048,776)
Costs of services rendered	-	-	-	-	-	(302,402)	(302,402)	(187,201)
Changes in pension technical reserves	-	-	(191,374)	-	-	-	(191,374)	(133,179)
Other revenues (expenses)	(1,797,579)	(221,817)	(251,749)	(998,896)	(3,068,953)	(675,144)	(7,014,138)	(5,617,154)
Operating income (loss)	120,352	96,817	82,215	(185,342)	251,943	341,512	707,497	1,247,040
Financial income (loss)	523,911	65,167	(14,809)	184	100,038	(70,178)	604,313	468,711
Income (loss) before taxes	644,263	161,984	67,406	(185,158)	351,981	271,334	1,311,810	1,715,751
Income tax and social contribution	(203,473)	(73,303)	(24,417)	338,533	(82,719)	(114,141)	(159,520)	(171,488)
Net income - December 2022	440,790	88,681	42,989	153,375	269,262	157,193	1,152,290	1,544,263
Net income - December 2021	505,837	105,820	(83,198)	611,196	317,420	87,188		
Assets and liabilities							December 2022	December 2021
Assets related to segments	13,295,109	1,105,051	5,091,376	5,259,342	13,724,907	2,511,101	40,986,886	34,740,509
Property, plant and equipment and intangible assets (ii)	127,667	-	-	286,968	-	4,113,055	4,527,690	4,023,687
Goodwill from business combination (iii)	109,901	-	-	236,899	43,974	618,303	1,009,077	370,780
Intangible asset with undefined useful life (iii)	77,958	-	-	168,042	36,388	78,716	361,104	246,000
Other assets (iv)	-	-	-	-	-	3,606,164	3,606,164	3,491,922
	13,610,635	1,105,051	5,091,376	5,951,251	13,805,269	10,927,339	50,490,921	42,872,898
Liabilities related to segments	9,298,176	800,128	6,142,719	3,182,470	12,176,821	3,616,140	35,216,454	29,486,075
Other liabilities	-	-	-	-	-	4,633,410	4,633,410	4,022,095
	9,298,176	800,128	6,142,719	3,182,470	12,176,821	8,249,550	39,849,864	33,508,170

(i) Amounts related to retained claims are presented net of recovery of reinsurance, co-insurance, recovery, salvages, and reimbursements.

(ii) Intangible assets allocated to the "Automobile insurance" and "Insurance – other lines" segments refer mainly to those stemming from the acquisition of Itaú Auto e Residência (see Note 21).

(iii) Goodwill and intangible assets with undefined useful lives allocated to the "Automobile insurance" and "Insurance – other lines" segments refer to those stemming from the acquisition of Itaú Auto e Residência. The goodwill allocated to the "Others"

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

segment refers to that stemming from the acquisition of companies Saúde Ocupacional, ConectCar, Porto Assistência Participações and Petlove (see Note 21).

(iv) Refer mainly to financial assets not linked to technical reserves, deferred income tax and social contributions, and recoverable taxes and contributions.

8. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Cash equivalents (*)	50,822	60,339	1,983,217	961,949
Bank deposits	324	157	450,691	438,885
	51,146	60,496	2,433,908	1,400,834

(*) Comprised of repurchase and resale agreements with maturity date in one day, mainly linked to National Treasury Bills (LTNs) and National Treasury Notes (LTNs).

9. FINANCIAL ASSETS

9.1 INTEREST EARNING BANK DEPOSITS VALUED UNDER THE FAIR VALUE

9.1.1 THROUGH PROFIT OR LOSS (FVTPL)

	Parent company	Insurance	Pension	Other activities	December 2022	December 2021
					Total consolidated	Total consolidated
Open-end funds						
Investment fund quotas -						
DPVAT (*)	116,073	253,642	-	538	370,253	232,185
Investment fund quotas	-	129,834	44,608	-	174,442	335,719
Other investments	-	2,040	-	-	2,040	2,164
	116,073	385,516	44,608	538	546,735	570,068
Exclusive funds						
Financial Treasury Bills (LFTs)	89,215	1,780,760	1,368,183	287,919	3,526,077	2,900,811
Fund quotas	226,244	224,226	532,721	16,160	999,351	917,883
NTNs - B	70,389	-	538,779	-	609,168	964,177
Financial Bills - Private	8,358	101,739	462,276	9,389	581,762	404,339
Debentures	11,627	91,199	447,248	13,064	563,138	697,546
Shares of listed companies	55,834	105,593	132,818	-	294,245	627,023
CDBs	-	130	89,878	-	90,008	21,782
NTNs - C	-	-	29,459	-	29,459	29,625
DPGEs	165	834	14,232	186	15,417	13,485
Commercial Note	70	355	3,066	78	3,569	-
National Treasury Bills (LTNs)	-	-	-	-	-	268,123
DI	-	-	-	-	-	63,987
	461,902	2,304,836	3,618,660	326,796	6,712,194	6,908,781
Total	577,975	2,690,352	3,663,268	327,334	7,258,929	7,478,849

Current	577,975	7,256,889	7,477,041
Non-current	-	2,040	1,808

(*) The decrease is due to the run-off process of the DPVAT Consortium.

9.1.2 THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

			December 2022	December 2021
	Insurance	Pension	Total consolidated	Total consolidated
Own portfolio (*)				
NTNs - B	2,492,355	-	2,492,355	3,175,424
NTNs - F	340,250	-	340,250	358,324
National Treasury Bills (LTNs)	253,335	-	253,335	-
NTNs - C	-	181,290	181,290	184,945
Total	3,085,940	181,290	3,267,230	3,718,693
Current			253,334	
Non-current			3,013,896	3,718,693

(*) The curve value (adjusted cost) of the securities in "Own portfolio" as of December 31, 2022 is R\$ 3,687,851 (R\$ 4,086,827 as of December 31, 2021); thus, generating a non-recurring gain recorded in shareholders' equity of R\$ -52,495 (R\$ -495,417 as of December 31, 2021).

9.1.3 FAIR VALUE HIERARCHY - CONSOLIDATED

	Level 1	Level 2	December 2022 Total	December 2021 Total
Exclusive funds	4,164,707	2,547,490	6,712,197	6,908,781
Own portfolio	2,926,978	340,249	3,267,227	3,718,693
Open-end funds	546,735	-	546,735	570,068
Total	7,638,420	2,887,739	10,526,159	11,197,542
Current			7,510,223	7,477,041
Non-current			3,015,936	3,720,501

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

9.2 INTEREST EARNING BANK DEPOSITS MEASURED AT AMORTIZED COST

	Parent company	Insurance	Pension	Other activities	December 2022 Total consolidated	December 2021 Total consolidated
Exclusive funds (*)						
NTNs - B	64,275	1,219,027	334,796	80,535	1,698,633	1,074,888
NTNs - C	-	-	850,063	-	850,063	825,072
NTNs - F	-	-	-	446,054	446,054	451,751
National Treasury Bills (LTNs)	19,377	223,526	-	21,816	264,719	-
Other investments						
Other	-	-	-	305	305	305
Total	83,652	1,442,553	1,184,859	548,710	3,259,774	2,352,016
Current	19,377				264,719	
Non-current	64,275				2,995,055	2,352,016

(*) Market value of papers as of December 31, 2022 is R\$ 3,155,791 (R\$ 2,314,236 as of December 31, 2021).

9.3 CHANGES IN FINANCIAL INSTRUMENTS DURING THE YEAR – CONSOLIDATED

	December 2022	December 2021
Opening balance	13,549,558	15,206,532
Investments	24,352,622	20,708,221
Redemption	(25,398,047)	(22,817,026)
Net income	1,334,295	947,248
Mark-to-market	(52,495)	(495,417)
Closing balance	13,785,933	13,549,558
Current	7,774,942	7,477,041
Non-current	6,010,991	6,072,517

9.4 CONTRACTED INTEREST RATES

The main contracted average annual interest rates on interest earning bank deposits are shown below (in %):

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Cash equivalents (*)	13.63	9.13	13.69	9.26
Exclusive funds				
Financial Bills %CDI	128.11	130.87	128.69	132.68
National Treasury Bills (LTNs)	11.98	-	11.98	-
NTNs - B - IPCA +	6.16	2.05	5.17	3.27
Debentures (DI+)	1.68	1.68	1.68	1.83
Financial Treasury Bills (LFTs)	0.08	0.12	0.07	0.15
NTNs - C - IGPM +	-	-	6.26	6.26
NTNs - F - FIXED RATE	-	-	7.96	7.96
Own portfolio				
National Treasury Bills (LTNs)	-	-	11.98	-
NTNs - F - FIXED RATE	-	-	6.99	6.99
NTNs - C - IGPM +	-	-	5.99	5.99
NTNs - B - IPCA +	-	-	3.85	2.61

(*) See Note 8.

10. LOANS AND RECEIVABLES (AT AMORTIZED COST) - CONSOLIDATED

	December 2022			December 2021		
	Portfolio	Provision for credit risks	Net portfolio	Portfolio	Provision for credit risks	Net portfolio
Securities and credits receivable (i)	7,691,105	(68,056)	7,623,049	7,185,644	(71,331)	7,114,313
Financing (ii)	2,105,688	(304,797)	1,800,891	2,104,809	(206,908)	1,897,901
Credit card operations (iii)	3,315,439	(1,755,713)	1,559,726	1,896,922	(854,364)	1,042,558
Loans	875,829	(101,124)	774,705	521,279	(50,740)	470,539
	13,988,061	(2,229,690)	11,758,371	11,708,654	(1,183,343)	10,525,311
Provision over total portfolio			15.94%			10.11%
Current			10,590,630			9,382,483
Non-current			1,167,741			1,142,828

(i) Refer to amounts receivable from credit cards due or unbilled, classified in current assets. These amounts are classified with credit granting characteristics and have, as their counterpart, accounts payable to affiliated establishments recorded in caption "Credit card transactions" (see Note 25).

(ii) Refers to vehicle financing in the form of Direct Consumer Credit (CDC).

(iii) Refers to amounts receivable from credit card transactions billed, past due, or paid in installments.

10.1 CHANGES IN THE IMPAIRMENT OF LOANS AND RECEIVABLES - CONSOLIDATED (*)

Changes among stages in the year are as follows:

	Stage 1	Stage 2	Stage 3	Total (*)
Balance at December 31, 2020	129,806	57,193	455,072	642,071
New entries	497,954	341,084	500,461	1,339,499
Improvement in stage	12,733	20,990	(33,723)	-
Worsening of stage	(104,514)	(180,128)	284,642	-
Settlements (total or partial)	(363,945)	(114,272)	(320,010)	(798,227)
Balance at December 31, 2021	172,034	124,867	886,442	1,183,343
New entries	537,001	509,755	868,049	1,914,805
Improvement in stage	27,420	7,516	(34,936)	-
Worsening of stage	(163,761)	(311,933)	475,694	-
Settlements (total or partial)	(382,358)	(162,536)	(323,564)	(868,458)
Balance at December 31, 2022	190,336	167,669	1,871,685	2,229,690

(*) Due to the new "Write off" model in 2021, the deadlines for the recording of trade notes as losses were extended. Previously, 360 days were used, and with the new model the release for cards was 1,890 days and 1,620 days for CDC.

11. PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED

			December 2022		December 2021	
	Premiums receivable from insured parties	Provision for credit risks	Premiums receivable, net	Premiums receivable from insured parties	Provision for credit risks	Premiums receivable, net
Automobile	5,013,980	(5,857)	5,008,123	3,713,574	(7,968)	3,705,606
Property and Casualty						
Insurance Lines	1,716,352	(8,030)	1,708,322	1,387,477	(6,621)	1,380,856
Life	574,753	(2,536)	572,217	442,136	(6,923)	435,213
Health	247,226	(2,182)	245,044	194,774	(2,893)	191,881
Porto Seguro Uruguai	129,032	(10,301)	118,731	118,596	(10,181)	108,415
Transportation	54,514	(1,428)	53,086	32,052	(1,754)	30,298
	7,735,857	(30,334)	7,705,523	5,888,609	(36,340)	5,852,269
Current			7,299,599			5,550,561
Non-current			405,924			301,708

11.1 CHANGES IN PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED

	December 2022	December 2021
Opening balance	5,852,269	4,760,792
Premiums issued	24,272,141	18,862,399
IOF	1,291,624	1,023,643
Interest for installment insurance payment	155,073	147,970
Canceled premiums	(1,742,132)	(1,219,932)
Receipts	(22,129,458)	(17,728,423)
Provision for credit risks	6,006	5,820
Closing balance	7,705,523	5,852,269

11.2 CHANGES IN IMPAIRMENT OF PREMIUMS RECEIVABLE FROM INSURED PARTIES - CONSOLIDATED (*)

	December 2022	December 2021
Opening balance	36,340	42,160
Formations	80,768	99,850
Reversals	(88,832)	(103,087)
Write-offs to loss (non-collectible)	2,058	(2,583)
Closing balance	30,334	36,340

(*) Expenses/reversals of provisions for credit risks were recorded in the "Operating expenses" account of the Statement of Income (see Note 39).

12. TAXES

12.1 RECOVERABLE TAXES AND CONTRIBUTIONS

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Income tax	54,890	49,486	138,471	114,746
Social contribution	6,263	-	41,601	50,018
Taxes - Uruguay	-	-	23,477	15,230
INSS	-	-	21,838	4,101
PIS & COFINS taxes	2	-	17,647	30,135
Other	6	9	8,757	6,308
	61,161	49,495	251,791	220,538
Current	61,161	49,495	249,475	218,243
Non-current	-	-	2,316	2,295

12.2 TAXES AND CONTRIBUTIONS PAYABLE

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
IOF over insurance premiums	-	-	430,086	347,625
PIS & COFINS taxes	416	835	70,667	72,030
INSS and FGTS	98	83	47,472	40,205
Social contribution (i)	-	-	43,342	71,641
IRRF	104	82	40,136	30,109
Income tax (i)	-	-	38,073	76,920
Uruguay	-	-	25,274	17,228
ISS	-	-	12,318	10,682
Other	2	1	48,551	14,763
	620	1,001	755,919	681,203
Current	620	1,001	729,497	660,563
Non-current	-	-	26,422	20,640

(i) Refer to provisions, net of prepaid amounts.

12.3 DEFERRED TAXES

12.3.1 ASSETS - CONSOLIDATED

	December 2021	Formation of assets and reversal of liabilities	Formation of liabilities and reversal of assets	December 2022
Income tax and social contribution on tax loss and negative basis	121,874	467,042	(347,258)	241,658
Temporary differences arising from:				
Provision for credit risks	312,229	228,595	(12,852)	527,972
Provision for legal obligations	431,423	45,699	(20,127)	456,995
Provisions on financial instrument adjustments (i)	161,305	118,275	(71,401)	208,179
PIS and COFINS over PSL and IBNR	115,292	35,927	(12,446)	138,773
Provision for profit sharing	28,597	125,710	(81,793)	72,514
Provision for lawsuits - civil and labor	30,925	58,606	(55,733)	33,798
Other provisions	93,169	73,639	(47,948)	118,860
	1,172,940	686,451	(302,300)	1,557,091
Offset of deferred assets/liabilities (ii)	(367,849)			(426,647)
	926,965			1,372,102

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

(i) Correspond to the effects on the mark-to-market of securities existing in the "Own portfolio", which are classified at Fair value through other comprehensive income - OCI, as well as cash flow hedge operations arising from the foreign currency funding (Law 4131/62).

(ii) Deferred income tax and social contribution assets and liabilities are presented in the balance sheet, offset by the Company.

12.3.2 REALIZATION ESTIMATE - CONSOLIDATED

The estimate of realization and present value of deferred tax credits for temporary differences (assets) and tax loss and negative basis, according to expected generation of future taxable income, based on past profitability and a technical feasibility study, is:

Year of realization:

2023	883,871
2024	429,503
2025	295,776
2026	33,849
2027	32,397
2028–2030	106,841
>2031	16,512

Total assets	1,798,749
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12.3.3 LIABILITIES

	Parent company			Consolidated			
	December 2021	Reversal/ Realization	December 2022	December 2021	Formation	Reversal/ Realization	December 2022
Income tax and social contribution over business combination (i)	264,593	(5,049)	259,544	343,220	102,108	(82,000)	363,328
Income tax and social contribution on CPC 47 (ii)	-	-	-	-	86,395	(19,721)	66,674
Deferred income tax and social contribution				45,523	32,132	(11,291)	66,364
Income tax and social contribution over financial instruments' adjustments				14,051	20,185	(6,631)	27,605
Income tax and social contribution over revaluation of real estate	4,102	(1,170)	2,932	49,707	3,723	(33,372)	20,058
Other	8,102	-	8,102	56,734	183	(16,935)	39,982
	276,797	(6,219)	270,578	509,235	244,726	(169,950)	584,011
Offset of deferred assets/liabilities			(6,838)	(196,386)			(160,181)
	276,797		263,740	312,849			423,830

(i) See Note 21.

(ii) Refers to taxes calculated by the adoption of BACEN Resolution 120/21, which provides for the general principles for recognition, measurement, bookkeeping and disclosure by consortium administrators.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

12.4 RECONCILIATION OF INCOME AND SOCIAL CONTRIBUTION TAX EXPENSE ON INCOME

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Income (loss) before income tax (IRPJ) and social contribution (CSLL) (A)	1,129,814	1,560,624	1,311,810	1,715,751
Current rate (i)	34%	34%	40%	40%
Income tax and social contribution (at nominal rate) (B)	(384,137)	(530,612)	(524,724)	(686,300)
Dividends and interest on own capital	(6,732)	47,328	192,009	151,114
Technological innovation (ii)	-	-	96,887	168,111
Judicial deposits	3,033	-	28,768	-
Tax incentives	-	-	13,272	18,344
Tax undue payments (iii)	-	-	-	272,861
Equity in net income of subsidiaries	403,447	561,542	-	-
Increase in CSLL rate (i)	-	-	(2,104)	(19,721)
Write-off for loss – deferred	(22,332)	-	(24,196)	-
Profit sharing	(3,073)	(2,320)	(26,632)	(26,467)
Other	14,827	(92,313)	87,200	(49,430)
Total effects of Corporate Income and Social Taxes on permanent differences (C)	389,170	514,237	365,204	514,812
Total income tax and social contribution (D = B + C)	5,033	(16,375)	(159,520)	(171,488)
Effective rate (D/-A)	-0.4%	1.0%	12.2%	10.0%

(i) On April 28, 2022, Provisional Measure 1115 was approved, which came into force on August 1, 2022, with the application until December 31, 2022, of the change in the Social Contribution on Net Income - CSLL rate from 15% to 16% on insurance companies' profits, supplementary pension, capitalization, financial institutions, among others.

(ii) Refers mainly to the benefits related to projects linked to the law to encourage research and development of technological innovation (Lei do Bem), as of 2021.

(iii) In 2021, the deferred income tax and social contribution liabilities was reversed on monetary restatement of federal judicial deposits according to the decision of the Federal Supreme Court (STF) under general repercussion published on December 16, 2021 on the non-levy of corporate income tax (IRPJ) and social contribution (CSLL) on SELIC interest arising from the recovery of unduly paid taxes (tax overpayments) and by virtue of Circular Letter 09/2021 issued by IBRACON.

13. GOODS FOR SALE - CONSOLIDATED

	December 2022	December 2021
Salvage (i)	232,544	220,881
Vehicles retired from leases (ii)	60,565	17,450
Vehicles recovered from financing agreements	9,780	11,816
Properties for sale (iii)	2,505	-
Provision for impairment	(48,926)	(41,303)
	256,468	208,844

(i) Deriving mainly from full indemnifications for auto claims, recorded at the estimated realizable value, based on historical studies of recovery.

(ii) Refers to vehicles arising from the deactivation of rentals by the company Mobitech.

(iii) Refers to the property whose deed was not transferred to the Fund on the same base date (see Note 1.2.2).

14. DEFERRED ACQUISITION COSTS – CONSOLIDATED

	December 2022	December 2021
Automobile	1,738,228	1,406,787
Property	752,575	453,496
Health	296,475	186,757
Financial risks	210,810	177,714
People	159,128	115,516
Liabilities	17,808	10,098
Transportation	12,521	4,806
Other	41,674	30,403
	3,229,219	2,385,577
Current	2,648,250	2,218,715
Non-current	580,969	166,862

The average deferral period is 12 months.

14.1 CHANGES FOR THE YEAR - CONSOLIDATED

	December 2022	December 2021
Opening balance	2,385,577	1,998,258
Formation	2,892,800	5,537,034
Appropriation to expense	(2,049,158)	(5,149,715)
	3,229,219	2,385,577

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	December 2022	December 2022
	Fair value	Fair value
Future dollar option	334	(1,684)
Variable income options	(1,717)	19,706
Options and futures contracts (*)	(1,383)	18,022
Total - current assets	60	18,022
Total current liabilities	(1,443)	-

(*) Instruments allocated to the Company's investment funds.

Furthermore, the Company and its subsidiary Mobitech have cash flow hedges arising from the foreign currency funding (Law 4131/62) (see Note 25.2), whose impact on Shareholders' equity is presented below:

					December 2022
		Contracted average rate (p.a.)	Notional value	Curve value	Impact in shareholders' equity
Parent company	Asset: fixed rate		100,000	108,839	110,512
	Short position: floating rate	CDI + 1.25%	(100,000)	(103,307)	(103,625)
Gain from mark-to-market					6,887
Parent company	Asset: floating rate		150,000	151,410	154,282
	Short position: floating rate	CDI + 0.95%	(150,000)	(152,496)	(153,133)
Gain from mark-to-market					1,149
Mobitech	Asset: floating rate	USD + 3.00%	50,000	49,473	49,789
	Short position: floating rate	CDI + 1.80%	(50,000)	(56,719)	(56,962)
Loss from mark-to-market					(7,173)
Mobitech	Asset: floating rate	USD + 2.96%	100,000	100,706	101,339
	Short position: floating rate	CDI + 1.70%	(100,000)	(113,037)	(113,495)
Loss from mark-to-market					(12,156)
Mobitech	Asset: floating rate	USD + 3.36%	100,000	113,502	114,182
	Short position: floating rate	CDI + 1.88%	(100,000)	(110,859)	(111,459)
Gain from mark-to-market					2,723
Mobitech	Asset: floating rate	CDI + 1.28%	153,641	152,555	155,020
	Short position: fixed rate	Fixed rate 15.25%	(153,641)	(152,510)	(156,212)
Loss from mark-to-market					(1,192)
Mobitech	Asset: floating rate	CDI + 1.33%	256,090	254,273	261,258
	Short position: fixed rate	Fixed rate 14.94%	(256,090)	(254,103)	(264,885)
Loss from mark-to-market					(3,627)
Total impact on Shareholders' Equity					(13,389)
Total impact on Shareholders' Equity (net of IR and CS)					(8,837)

16. OTHER ASSETS

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Dividends and interest on own capital receivable	30,320	64,897		
Prepaid expenses (i)	-	603	355,657	117,589
Other credits receivable from credit card	-	-	172,252	189,468
Accepted coinsurance (ii)	-	-	128,453	4,855
Commissions in processing (iii)	-	-	81,591	84,948
Administrative advances	11,849	-	64,310	55,438
Reinsurance receivables	-	-	46,404	67,381
<i>Sempre Presente</i> program	-	-	36,172	8,649
Accounts receivable - financial	-	-	34,712	-
Amounts receivable - insurance	-	-	31,975	27,639
Court-ordered freezing	39	47	8,194	7,608
Warehouse	-	-	7,464	5,677
Checks to deposit	-	-	7,176	2,524
DPVAT agreement	-	-	3,708	1,540
Other	7,107	4,626	97,561	63,153
	49,315	70,173	1,075,629	636,469
Current	49,276	70,127	930,832	596,700
Non-current	39	46	144,797	39,769

(i) The increase in prepaid expenses is mainly due to the acquisition of CDF S.A. and CDF Ltda., which represent R\$ 163,270. Said expenses arising from CDF S.A. and CDF Ltda. mainly refer to amounts paid in advance for obtaining an over-the-counter sales exclusivity contract with retail companies for the sale of installation, support, waterproofing and cleaning services.

(ii) The increase refers to the accepted coinsurance premium receivable.

(iii) Represent payments of commissions to brokers on current and non-issued risks.

17. JUDICIAL DEPOSITS

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
PIS & COFINS taxes	153,894	144,974	965,834	915,534
Lawsuits from adhesion to REFIS (i)	-	-	494,274	549,663
Judicial claims	-	-	37,536	39,681
Other	19	67	38,516	36,984
	153,913	145,041	1,536,160	1,541,862

(i) See Note 26.1 (a).

18. INVESTMENTS

18.1 INTEREST IN SUBSIDIARIES – PARENT COMPANY

	Balances at December 31, 2021	Equity in net income of subsidiaries	Capital increase (decrease) / spin- off	Financial instrument adjustments	Translation adjustment/ other	Dividends	Corporate reorganization (iv)	Balances at December 31, 2022
Porto Cia	4,910,072	671,255	640,082	(36,734)	74,725	(562,168)		5,697,232
Porto Negócios Financeiros		195,989			6,286	(91,222)	1,425,949	1,537,002
Azul Seguros (i)	715,117	5,835	204,255	5,237	10,997	(62,185)	-	879,256
Porto Serviços e Comércio	498,620	(4,795)	46,027		(12,680)		19,108	546,280
Porto Assistência Participações		105,052	50		(4,118)	(23,018)	173,509	251,475
Itaú Auto e Residência	128,706	76,744	(35,000)		310	(81,453)		89,307
Porto Saúde Serviços		5,792			116	(1,376)	68,183	72,715
Porto Consórcio	280,937	49,200	-	-	546	-	(263,980)	66,703
Porto Bank	-	169	-	-	(84)	(40)	14,217	14,262
Porto Investimentos	8,948	13,428	-	-	1,461	(10,756)	-	13,081
Porto Saúde Operações		23				(5)	7,812	7,830
Porto Saúde Participações		1					50	51
Portomed	13,560	431	(7,000)	-	-	-	(6,991)	-
Portoseg	1,142,085	19,361	104,115	-	1,358	(115,426)	(1,151,493)	-
Porto Serviços Financeiros		(121)			63		58	
Porto Odonto	1,004	(182)	-	-	-	-	(822)	-
Medical Services	64,652	11,512	(8,000)	-	18	-	(68,182)	-
Porto Assistência (ii)	-	36,461	16,176	-	1,421	(35,773)	(18,285)	-
Renova	6,535	3,042	5,200	-	15	-	(14,792)	-
Credi porto Protection and monitoring	4,630	140	-	-	21	-	(4,791)	-
Portopar	6,383	(2,113)	1,000	-	5	-	(5,275)	-
Portopar	2,338	(1,922)	10,000	-	35	-	(10,451)	-
Business combination (iii)	1,008,282				472,279			1,480,561
	8,791,869	1,185,302	976,905	(31,497)	552,774	(983,422)	163,824	10,655,755

(i) "Porto Cia" holds a 32.15% interest in this company.

(ii) On April 30, 2022, the partial spin-off of the subsidiary Porto Cia was completed. Moreover, Porto Assistência becomes a direct subsidiary of Porto Assistência Participações in August 2022.

(iii) The amount of R\$ 472,279 is composed of: R\$ 484,901 in a business combination based on Management's best estimate, supported by the shareholders' agreement (R\$ 127,671 in Net assets acquired and R\$ 357,230 as goodwill for expected future profitability) of Porto Assistência Participações (see Note 21.2), offset by R\$ 12,622 from the business combination of Itaú Auto e Residência.

(iv) The Company is structuring itself into verticals with the purpose of increasing autonomy and focus on each business, leveraging solutions that drive the growth of operations.

18.1.1 SUMMARIZED FINANCIAL INFORMATION OF SUBSIDIARIES

The table below shows the summarized financial information of the Company's subsidiaries:

				December 2022
	Total assets	Total liabilities	Total revenues (i)	Net income / (loss) for the year
Porto Cia (ii)	17,890,107	12,301,500	14,134,792	617,236
Portoseg	15,158,113	13,982,272	3,006,819	148,029
Porto Consórcio	612,858	321,723	573,039	115,403
Itaú Auto e Residência	717,837	630,331	559,500	76,744
Porto Saúde	2,108,175	1,106,462	3,216,262	53,597
Porto Capitalização	1,521,276	1,335,705	191,261	36,123
Porto Serviços e Comércio (ii)	728,442	182,160	72,625	26,307
Porto Uruguai	466,035	324,628	513,451	16,307
Medical Services (ii)	82,746	18,313	67,811	11,189
Azul Seguros (ii)	4,479,348	3,317,964	4,708,936	8,977
Porto Conecta	2,403	343	224	(674)
Protection and monitoring	9,234	4,179	12,249	(2,862)
Porto Vida e Previdência	5,691,638	5,377,961	1,035,477	(54,785)
Other companies	4,691,949	2,193,564	2,000,162	151,154
Non-controlling interest	-	-	-	(17,443)
Equity in net income of subsidiaries	54,160,161	41,097,105	30,092,608	1,185,302
				December 2021
	Total assets	Total liabilities	Total revenues (i)	Net income / (loss) for the year
Porto Cia (ii)	14,761,977	9,977,915	10,991,775	805,034
Portoseg	13,392,145	12,214,854	2,140,478	212,254
Azul Seguros (ii)	3,772,495	2,821,757	3,900,701	189,301
Porto Serviços e Comércio (ii)	699,866	201,244	63,084	173,123
Porto Consórcio	351,285	192,479	515,900	104,995
Porto Saúde	1,512,758	906,293	2,248,243	105,717
Itaú Auto e Residência	707,074	580,117	552,283	60,590
Porto Capitalização	1,250,212	1,110,665	137,432	26,428
Porto Uruguai	415,540	290,429	440,811	20,034
Medical Services (ii)	72,277	7,625	63,868	5,488
Porto Conecta	1,774	441	391	(692)
Protection and monitoring	11,134	4,746	11,487	(3,341)
Porto Vida e Previdência	5,555,947	5,226,977	862,948	(75,578)
Other companies	1,231,071	972,357	731,039	28,254
Non-controlling interest	-	-	-	(14)
Equity in net income of subsidiaries	43,735,555	34,507,899	22,660,440	1,651,593

- (i) They include financial revenues.
(ii) Equity in net income of subsidiaries is removed.

18.2 INTEREST IN ASSOCIATED COMPANIES AND JOINTLY-CONTROLLED ENTITIES

	Balances at December 31, 2021	Equity in net income of subsidiaries	Capital increase	Intangible assets identification (iii)	Evolution of transaction effects (iv)	Balances at December 31, 2022
Associated companies (i)	417,015	(22,029)	12,923	(340,337)	28,616	96,188
Jointly-controlled entities (ii)	162,432	(4,181)	27,500	(80,362)	-	105,389
	579,447	(26,210)	40,423	(420,699)	28,616	201,577

- (i) Corresponds to the minority interest of 13.50% in Petlove Cayman Ltd.
(ii) Shared control of 50.0% in ConectCar.
(iii) During 2022, the PPA appraisal report for Conectar and Petlove was finalized, prepared by independent consultants, in which the balances of identifiable assets were transferred to intangible assets (see Note 21.2).
(iv) See Note 2.5 (c) (i).

19. INVESTMENT PROPERTY

Of the amounts of R\$ 391,418 (Parent company) and R\$ 338,079 (Consolidated), R\$ 366,362 and R\$ 256,001 refer, respectively, to the sale value of properties held by the Real Estate Fund, as detailed in Note 1.2.2. In the Parent Company, properties are measured at market value. In the Consolidated, the same properties are measured at book value.

20. PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED

20.1 BREAKDOWN

	Annual depreciation rates	December 2022			December 2021		
		Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Buildings (i)	2.0	552,212	(46,269)	505,943	807,107	(135,406)	671,701
Land	-	127,484	-	127,484	244,257	-	244,257
Leasehold improvements	5.0–33.3	191,988	(63,058)	128,930	184,513	(53,486)	131,027
Works in progress		-	-	-	32,500	-	32,500
		871,684	(109,327)	762,357	1,268,377	(188,892)	1,079,485
IT equipment	20.0–33.3	488,829	(376,951)	111,878	420,467	(343,705)	76,762
Furniture, machinery and fixtures	10.0–50.0	84,417	(81,743)	2,674	88,253	(81,297)	6,956
Trackers	100.0	6,174	(3,358)	2,816	7,516	(5,463)	2,053
Vehicles	20.0–25.0	9,256	(7,380)	1,876	9,433	(7,243)	2,190
Equipment	10.0–14.3	36,951	(35,815)	1,136	36,786	(34,984)	1,802
		625,627	(505,247)	120,380	562,455	(472,692)	89,763
Vehicles and equipment leased to third-parties	3.0–29.3	1,422,967	(50,707)	1,372,260	1,013,055	(23,724)	989,331
		1,422,967	(50,707)	1,372,260	1,013,055	(23,724)	989,331
		2,920,278	(665,281)	2,254,997	2,843,887	(685,308)	2,158,579

(i) For this item, the weighted average rate was used.

20.2 CHANGES

	Changes					Net balance at December 31, 2022
	Net balance at December 31, 2021	Acquisitions	Write- offs/sales (i)	Depreciation expenses	Other/Transfers	
Buildings	671,701	103	(133,978)	(14,719)	(17,164)	505,943
Land	244,257	-	(91,064)	-	(25,709)	127,484
Leasehold improvements	131,027	9,407	(512)	(10,952)	(40)	128,930
Works in progress	32,500				(32,500)	
	1,079,485	9,510	(225,554)	(25,671)	(75,413)	762,357
IT equipment	76,762	86,573	(510)	(50,651)	(296)	111,878
Furniture, machinery and fixtures	6,956	898	(297)	(4,864)	(19)	2,674
Trackers	2,053	5,949	(622)	(4,564)	-	2,816
Vehicles	2,190	369	(33)	(654)	4	1,876
Equipment	1,802	1,036	(145)	(1,556)	(1)	1,136
	89,763	94,825	(1,607)	(62,289)	(312)	120,380
Vehicles and equipment leased to third-parties	989,331	745,052	(269,651)	(45,389)	(47,083)	1,372,260
	989,331	745,052	(269,651)	(45,389)	(47,083)	1,372,260
	2,158,579	849,387	(496,812)	(133,349)	(122,808)	2,254,997

(i) The balance in Write-offs/Sales in buildings and land mainly refers to properties of the first and second tranches sold to the Fund, as detailed in Note 1.2.2. In the heading Vehicles and equipment leased to third parties, they mainly refer to sales of Mobitech vehicles.

21. INTANGIBLE ASSETS - CONSOLIDATED

21.1 BREAKDOWN

	Amortization annual rates (%)	December 2022			December 2021		
		Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
“Software”	6.67–20.0	2,337,269	(756,493)	1,580,776	1,969,327	(641,540)	1,327,787
“Up front” contracts - CDF		137,861	(14,701)	123,160	-	-	-
Business combination - CDF - Montpellier/Tectotal		5,530		5,530			
Other intangible assets	20.0	55,134	(39,944)	15,190	55,135	(36,500)	18,635
		2,535,794	(811,138)	1,724,656	2,024,462	(678,040)	1,346,422
Distribution channel	2.2	568,001	(165,141)	402,860	568,000	(152,518)	415,482
Brand	-	246,000	-	246,000	246,000	-	246,000
Goodwill in investment acquisitions		346,800		346,800	346,800		346,800
Business combination - Itaú Auto e Residência		1,160,801	(165,141)	995,660	1,160,800	(152,518)	1,008,282
Brand		78,716	-	78,716	-	-	-
“Software”	13.3	15,975	(3,195)	12,780	-	-	-
Goodwill	-	237,092	-	237,092	-	-	-
Other	18.4	8,554	(3,829)	4,725	-	-	-
Business combinations - Petlove (i)		340,337	(7,024)	333,313			
Brand	-	34,488	-	34,488	-	-	-
Partnership	-	1,900	-	1,900	-	-	-
Goodwill		43,974	-	43,974	-	-	-
Business combinations - Conectcar (i)		80,362		80,362			
Partnership		127,671		127,671			
Goodwill	-	357,230	-	357,230	-	-	-
Business combinations - Porto Assistência Participações (ii)		484,901		484,901			
Goodwill on the acquisition of Porto Seguro Saúde Ocupacional		23,981		23,981	23,981		23,981
Other business combinations		23,981		23,981	23,981		23,981
		4,626,176	(983,303)	3,642,873	3,209,243	(830,558)	2,378,685

(i) See Note 18.2.

(ii) See Note 1.2.3.2.

21.2 CHANGES

	Net balance at December 31, 2021	Changes			Net balance at December 31, 2022
		Acquisitions	Amortization expenses	Other/Transfers	
“Software”	1,327,787	366,109	(113,112)	(8)	1,580,776
“Up front” contracts - CDF	-	123,160	-	-	123,160
Business combination - CDF - Montpellier/Tectotal	-	5,530	-	-	5,530
Other intangible assets	18,635	-	(3,445)	-	15,190
	1,346,422	494,799	(116,557)	(8)	1,724,656
Distribution channel	415,482	-	(12,622)	-	402,860
Brand	246,000	-	-	-	246,000
Goodwill in investment acquisitions	346,800	-	-	-	346,800
Business combination - Itaú Auto e Residência	1,008,282	-	(12,622)	-	995,660
Brand	-	78,716	-	-	78,716
“Software”	-	15,975	(3,195)	-	12,780
Goodwill	-	237,092	-	-	237,092
Other	-	8,554	(3,829)	-	4,725
Business combinations - Petlove	-	340,337	(7,024)	-	333,313
Brand	-	34,488	-	-	34,488
Partnership	-	1,900	-	-	1,900
Goodwill	-	43,974	-	-	43,974
Business combinations - Conectcar	-	80,362	-	-	80,362
Partnership	-	127,671	-	-	127,671
Goodwill	-	357,230	-	-	357,230
Business combinations - Porto Assistência Participações	-	484,901	-	-	484,901
Goodwill on the acquisition of Porto Seguro Saúde Ocupacional	23,981	-	-	-	23,981
Other business combinations	23,981	-	-	-	23,981
	2,378,685	1,400,399	(136,203)	(8)	3,642,873

21.3 MEASUREMENT OF RECOVERY OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Management annually performs the calculation of the impairment test of assets related to goodwill balances arising from the expected future profitability of acquired companies and brands, including the intangible assets of these cash generating units.

The recoverable amounts of cash generating units (CGUs) were valued using the value-in-use method, which is calculated based on estimated future cash flows discounted at a pre-tax discount rate that reflects the weighted average cost of capital to bring these cash flows at net present value. The perpetuity rate used to extrapolate the cash flow for a period of more than five years is applied to the net present value.

Cash flows derive from the most recent budget projections approved by Management and prepared for a period of five years. The projections consider market expectations for operations, use of judgments related to the revenue growth rate and perpetuity, estimates of future investments (“Capex”) and working capital.

On February 6, 2013, Serviços Médicos acquired a 100% equity interest in Porto Seguro Saúde Ocupacional, aiming at fulfilling its commitment to health care and the quality of care provided to policyholders. The recoverable amount of the cash generating unit as of October 31, 2022 was calculated based on the calculation of the value in use, considering the cash flow projections, based on financial budgets approved by Management over a period of five years. The pre-tax discount rate applied to the cash flow projections is 11.45% and the cash flow for the period that goes beyond five years considers a growth rate of 3.00%.

On August 23, 2009, the Company acquired 99% of the ownership interest at the company “Itaú Auto e Residência” by means of business combinations, aimed at unifying its home and auto insurance operations, as well as an operational agreement for the exclusive offer and distribution of these products to clients of Itaú Unibanco in Brazil and Uruguay. The recoverable amount of the ‘ISAR’ cash generating unit as of September 30, 2022 was calculated based on the calculation of the value in use, considering the cash flow projections, based on financial budgets approved by Management over a period of five years. The pre-tax discount rate applied to the cash flow projections is 12.80% (25.14% in 2021) and the cash flow for the period that goes beyond five years considers a growth rate of 3.29% (3.14% in 2021).

On June 19, 2021, Porto Serviços e Comércio acquired a 13.5% interest in the company Petlove through business combinations, aiming to strengthen the portfolio of its products with Petlove. Porto Serviços e Comércio currently offers Petlove’s entire set of solutions and convenience to its client base and Petlove now has one more product within the pet ecosystem. The recoverable amount of Petlove’s cash generating unit as of October 31, 2022 was determined based on the calculation of the value in use, considering the cash flow projections, based on financial budgets approved by Management over a period of five years. The pre-tax discount rate applied to the cash flow projections is 13.18% and the cash flow for the period that goes beyond five years considers a growth rate of 3.25%.

On October 1, 2021, Portoseg acquired a 50.0% interest in the company ConectCar, aiming at connecting mobility and several financial services, allowing to expand and modernize existing benefits, giving Portoseg credit card clients the right to the service of digital payment of tolls and parking lots directly through the

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

Porto Seguro Card application, providing security at the time of payment. The recoverable amount of ConectCar's cash generating unit as of October 31, 2022 was determined based on the calculation of the value in use, considering the cash flow projections, based on financial budgets approved by Management over a period of five years. The pre-tax discount rate applied to the cash flow projections is 19.33% and the cash flow for the period that goes beyond five years considers a growth rate of 3.25%.

Based on the analyzes carried out by Management, the recoverable amount is greater than its book value. Therefore, the need to recognize losses due to the impairment of the balances of said assets in the year ended December 31, 2022 was not identified.

22. RIGHT-OF-USE ASSETS – CONSOLIDATED

22.1 BREAKDOWN

	Annual depreciation rates (%)	December 2022			December 2021		
		Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Right-of-use	5.0–33.0	165,352	(54,737)	110,615	134,776	(36,936)	97,840

These are related to the properties that are leased from third parties in order to conduct Company business in several locations in Brazil.

22.2 CHANGES

	Balance at December 31, 2021	Acquisition of CDF (i)	Changes		Balance at December 31, 2022
			Formation of new contracts, write-offs and cancellations	Depreciation expenses	
Right-of-use	97,840	2,971	27,589	(17,785)	110,615

(i) See Note 1.2.3.2.

23. INSURANCE CONTRACT LIABILITIES AND SUPPLEMENTARY PENSION - CONSOLIDATED

	December 2022		December 2021	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Insurance (23.1)	16,438,448	16,263,516	13,508,703	13,335,190
Supplementary Pension (23.2)	2,985,045	2,985,045	2,921,002	2,921,002
	19,423,493	19,248,561	16,429,705	16,256,192
Current	13,632,844		10,670,728	
Non-current	5,790,649		5,758,977	

23.1 INSURANCE – CONSOLIDATED

	December 2022		December 2021	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Unearned premium reserve (i)	10,957,680	10,897,298	8,412,914	8,349,285
Mathematical provision - insurance	2,338,155	2,338,155	2,248,351	2,248,351
Unsettled claims (administrative and legal)	2,241,342	2,166,544	2,011,796	1,941,526
Provision for claims incurred but not reported	593,967	554,215	462,178	422,564
Provision for claims incurred but not reported - DPVAT (ii)	150,144	150,144	231,073	231,073
Other provisions	157,160	157,160	142,391	142,391
	16,438,448	16,263,516	13,508,703	13,335,190
Current	13,164,990		10,355,640	
Non-current	3,273,458		3,153,063	

(i) The evolution of balances is represented by the increase in the issuance of insurance contracts, resulting from the recovery of the market after COVID-19.

(ii) The decrease is due to the run-off process of the DPVAT Consortium.

23.2 SUPPLEMENTARY PENSION – CONSOLIDATED

	December 2022	December 2021
Mathematical provision for benefits to be granted	2,567,000	2,589,719
Mathematical provision for benefits granted	314,336	278,929
Supplementary provision for coverage (i)	60,831	-
Other provisions	42,878	52,354
	<u>2,985,045</u>	<u>2,921,002</u>
Current	467,854	315,088
Non-current	2,517,191	2,605,914

(i) The supplementary provision for coverage (PCC) was formed when there is a shortfall in technical reserves, according to the amount calculated in the Liability Adequacy Test (TAP), as detailed in Note 3.13.2.

23.3 CHANGES IN LIABILITIES OF INSURANCE CONTRACTS, SUPPLEMENTARY PENSION AND REINSURANCE ASSETS – CONSOLIDATED

	Insurance contract liabilities	Reinsurance contract assets
Balance at December 31, 2020	15,615,075	186,482
Constitutions arising from premiums/contributions	17,441,013	109,280
Deferral of the risk	(16,006,106)	(112,195)
Claim Notice	9,168,929	115,240
Payment of claims/benefits	(9,571,973)	(128,163)
Inflation adjustment and interest	433,929	3,316
Redemption	(519,917)	-
Net portability	(122,333)	-
(+/-) Other (formation/reversal)	(8,912)	(447)
Balance at December 31, 2021	<u>16,429,705</u>	<u>173,513</u>
Constitutions arising from premiums/contributions	22,326,829	114,876
Deferral of the risk	(19,750,555)	(111,941)
Claim Notice	13,363,248	78,940
Payment of claims/benefits	(12,808,303)	(86,018)
Inflation adjustment and interest	606,497	4,584
Redemption	(491,104)	-
Net portability	(301,993)	-
Formation/reversal of supplementary provision (i)	61,283	-
(+/-) Other (formation/reversal)	(12,114)	978
Balance at December 31, 2022	<u>19,423,493</u>	<u>174,932</u>
Current	13,632,844	160,896
Non-current	5,790,649	14,036

(i) See Notes 3.13.2 e 23.2.

23.4 GUARANTEE ASSETS – CONSOLIDATED

Pursuant to the current rules, the following assets were linked to SUSEP and National Regulatory Agency for Private Health Insurance and Plans (ANS):

	<u>December 2022</u>	<u>December 2021</u>
Total liabilities of insurance and supplementary pension plan (A)	19,423,493	16,429,705
Credits receivable (i)	6,203,565	4,719,618
Deferred and paid acquisition costs	1,457,262	1,212,055
Reinsurance assets	115,285	109,632
Other	9,862	14,448
	<hr/>	<hr/>
Total assets that reduce the need for coverage (B)	<u>7,785,974</u>	<u>6,055,753</u>
	<hr/>	<hr/>
Need to cover technical reserves (C = A - B)	<u>11,637,519</u>	<u>10,373,952</u>
	<hr/>	<hr/>
Investment fund quotas	6,779,015	4,645,181
Fund quotas specially formed	3,614,315	3,766,088
Fixed income securities - Public	3,267,227	3,718,695
Real estate - Uruguai	19,450	19,543
	<hr/>	<hr/>
Total assets offered as guarantee (E)	<u>13,680,007</u>	<u>12,149,507</u>
	<hr/>	<hr/>
Surplus (E - C - D)	<u>2,042,488</u>	<u>1,775,555</u>

(i) The amount corresponding to the installments due of the premiums receivable from insured parties and risk policies in progress.

23.5 BEHAVIOR OF PROVISION FOR CLAIMS

The table below shows the changes in the Company's reserve for claims (gross of reinsurance) (in years subsequent to the recognition year, in millions), named evolution of claims, and shows the consistency of the Company's reserve for claims policy:

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Estimated amount of claim in the year of notice	1,238.4	1,230.9	1,192.7	1,235.8	1,466.7	1,648.9	1,798.5	2,137.7	2,508.5	2,873.8
One year later	1,081.8	1,097.1	1,090.6	1,182.8	1,191.0	1,221.8	1,459.6	1,545.1	2,216.9	-
Two years later	1,119.2	1,163.8	1,153.5	1,260.6	1,240.3	1,410.3	1,542.0	1,509.1	-	-
Three years later	1,175.1	1,217.2	1,219.2	1,302.2	1,333.5	1,459.4	1,495.2	-	-	-
Four years later	1,225.2	1,277.9	1,265.5	1,373.9	1,365.2	1,413.0	-	-	-	-
Five years later	1,283.1	1,324.8	1,328.9	1,398.8	1,319.4	-	-	-	-	-
Six years later	1,320.0	1,380.9	1,351.0	1,357.0	-	-	-	-	-	-
Six years later	1,361.0	1,403.0	1,308.1	-	-	-	-	-	-	-
Eight years later	1,382.2	1,360.0	-	-	-	-	-	-	-	-
Current estimate	1,382.2	1,360.0	1,308.1	1,357.0	1,319.4	1,413.0	1,495.2	1,509.1	2,216.9	2,873.8
Payments accumulated up to the base date	(1,281.6)	(1,108.0)	(994.6)	(960.7)	(875.8)	(1,457.0)	(1,344.2)	(1,322.1)	(1,506.7)	-
Total	(86.7)	151.4	61.5	82.8	47.3	(487.6)	195.0	36.0	523.2	2,873.8
DPVAT, retrocession and Porto Seguro Uruguay										111.2
PSL and IBNR recognized in the balance sheet										<u>2,985.0</u>

24. DEBTS FROM INSURANCE AND REINSURANCE OPERATIONS - CONSOLIDATED

	December 2022	December 2021
Commissions on issued premiums	619,185	512,927
Reinsurance companies	81,851	87,709
Other insurance debits	59,199	15,147
Total	760,235	615,783

25. FINANCIAL LIABILITIES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Credit card operations (i)	-	-	7,688,029	6,888,635
Acceptances and endorsements (ii)	-	-	3,672,390	2,401,697
Debentures and loans (iii)	441,433	77,671	2,180,142	1,050,561
Capitalization liabilities (iv)	-	-	1,318,807	1,091,581
Fundraising - Deposits (v)	-	-	51,410	952,089
Lease liabilities (vi)	-	-	26,780	29,499
Total	441,433	77,671	14,937,558	12,414,062
Current	426,850	38,088	13,581,379	11,658,869
Non-current	14,583	39,583	1,356,179	755,193

(i) Refer mainly to amounts payable to affiliated establishments.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

- (ii) Fundraising of Portoseg, remunerated based on the CDI rate.
- (iii) The increase refers mainly to fundraising for the acquisition of vehicles from Mobitech. See notes 25.1 and 25.2.
- (iv) They are comprised of: provisions for redemption of special savings bonds, corrected for inflation according to the Remuneration Rate (“TR”), plus a fixed rate of 0.35% to 0.50% per annum, and provisions for sweepstakes drawings.
- (v) They refer to interbank deposits, deposits with special guarantee, and deposits with Portoseg certificates.
- (vi) They refer to vehicle, machinery, and IT equipment financing liabilities that do not fall within the scope of IFRS 16/CPC 06 (R2) - Leases.

Financial liabilities measured at fair value are classified as “Level 2” in the fair value hierarchy.

25.1 DEBENTURES

Debentures	Institution	Company	Contracted value	Contracting	Maturity	Charges	Parent company		Consolidated	
							December 2022	December 2021	December 2022	December 2021
1 st issue	Itaú BBA	Parent company	75,000	07/26/2021	07/26/2024	DI + 1.80%	79,872	77,671	79,872	77,671
1 st issue	Bradesco BBI and Itaú BBA	Mobitech	400,000	11/19/2021	11/19/2024	DI + 1.31%	-	-	406,543	404,486
2 nd issue	Itaú BBA and Safra	Mobitech	400,000	05/18/2022	05/18/2025	DI + 1.31%	-	-	406,827	-
2 nd issue	Itaú BBA and ABC Brasil	CDF	135,040	10/10/2022	10/25/2025	DI + 2.32%	-	-	124,429	-
							79,872	77,671	1,017,671	482,157

25.2 LOANS

Loans	Company	Maturity	Charges	Parent company		Consolidated	
				December 2022	December 2021	December 2022	December 2021
Loan – 4131	Parent company	Oct&Dec 2022	average CDI rate + 1.5%	361,561	361,561	-	-
Loan – 4131	Mobitech	Mar&Apr 2023	average CDI rate + 1.8%	-	263,682	-	-
CCB – Working capital – R\$	Porto Cia	Dec 2022 / May and Aug 2024 and Jan 2026	average CDI rate + 2%	-	134,568	111,429	-
CCB – Working capital – R\$	Mobitech	Jan, Apr, June 2023	average CDI rate + 1.8%	-	288,843	456,975	-
Guaranteed working capital - EUR	CDF	Oct 2022 and Mar 2025	3.49% avg rate	-	14,782	-	-
Guaranteed working capital - R\$	CDF	Jun 2024 and Dec 2029	4.24% avg rate	-	99,035	-	-
				361,561	1,162,471	568,404	

25.3 CHANGES IN FINANCIAL LIABILITIES - CONSOLIDATED

	Credit card operations	Acceptances and endorsements	Fundraising - Deposits	Capitalization liabilities	Lease liabilities	Debentures, loans and financing	Total
Balance at December 31, 2020	5,349,263	990,100	1,185,557	917,486	20,203	715,797	9,178,406
Acquisition/formation	24,317,903	1,838,100	2,849,237	1,514,165	24,892	714,237	31,258,534
Inflation adjustment/interest	-	109,989	51,827	46,125	1,410	19,287	228,638
Settlement/reversal	(22,778,531)	(536,492)	(3,134,532)	(1,386,195)	(17,006)	(398,760)	(28,251,516)
Balance at December 31, 2021	6,888,635	2,401,697	952,089	1,091,581	29,499	1,050,561	12,414,062
Acquisition of CDF (Note 1.2.3.2)	-	-	-	-	-	238,246	238,246
Acquisition/formation	39,045,976	1,371,600	2,378,590	1,701,310	10,618	858,109	45,366,203
Inflation adjustment/interest	-	389,681	64,973	71,844	1,743	704,098	1,232,339
Settlement/reversal	(38,246,582)	(490,588)	(3,344,242)	(1,545,928)	(15,080)	(670,872)	(44,313,292)
Balance at December 31, 2022	7,688,029	3,672,390	51,410	1,318,807	26,780	2,180,142	14,937,558

26. JUDICIAL PROVISIONS

26.1 PROBABLE

The Company is a party to legal, tax, civil and labor lawsuits. Provisions from these lawsuits are estimated and updated by Management, backed by the opinion of the legal department and external legal advisors. However, there are uncertainties in determining the probability of loss of the lawsuits, in the expected amount of cash outflow and in the final term of these outflows. The balances are shown below:

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Tax (a)	153,894	144,974	1,307,974	1,316,777
Civil (b)	-	-	49,457	43,296
Labor (c)	-	-	40,855	36,524
Total	153,894	144,974	1,398,286	1,396,597
Judicial deposits (*)	(153,894)	(144,974)	(1,303,742)	(1,243,660)
Net provision	-	-	94,544	152,937

(*) Refers to the balance of judicial deposits linked to the provision balances recorded.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

(a) TAX AND SOCIAL SECURITY

Tax-related lawsuits, when classified as legal obligations, are subject to the formation of a provision irrespective of their likelihood of loss. The other tax lawsuits are provisioned when the classification of risk of loss is 'probable.' The breakdown of these lawsuits is shown below, by nature of the lawsuit:

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
PIS	27,280	25,698	591,068	560,911
COFINS	126,614	119,276	333,215	315,004
Lawsuits from adhesion to REFIS (i)	-	-	288,478	356,218
Other	-	-	95,213	84,644
Total	153,894	144,974	1,307,974	1,316,777
Judicial deposits (*)	(153,894)	(144,974)	(1,293,719)	(1,233,232)
Net provision	-	-	14,255	83,545

(i) The reduction refers to the partial reversal of the balances (provision and deposit) on the discussion of the levy of the additional 2.5% of the social security contribution in Porto Cia, after approval by the Brazilian Federal Revenue Service (RFB).

(*) Refers to the balance of judicial deposits linked to the provision balances recorded.

(i) PIS

The companies Porto Cia, Porto Vida e Previdência, Porto Saúde and Azul Seguros are challenging the levy of the contribution for the Social Integration Program (PIS), introduced by the provisions of Constitutional Amendments 01/94, 10/96, and 17/97 that changed the calculation basis and the contribution rate, which started to be levied on gross operating revenue; the subsidiaries are also challenging the applicability of Law 9718/98, which determined the levy of this contribution on gross revenue, regardless of the accounting classification.

In the case of Constitutional Amendment 01/94, Porto Vida e Previdência partially joined REFIS program and; for the remaining installment, we await the withdrawal of deposits made, due to the recognition of the expiration. Azul Seguros awaits the judgment of the Extraordinary Appeal filed by the Federal Government.

The Special and Extraordinary Appeals filed by the companies Porto Cia and Porto Vida in relation to Constitutional Amendment 10/96 await judgment. The Extraordinary Appeal filed by Azul Seguros also awaits judgment.

Regarding Constitutional Amendment 17/97, in the lawsuit filed by Porto Cia and Porto Vida, the case records are awaiting analysis of the request for conversion into partial income, and partial withdrawal of judicial deposits. In the lawsuit of Azul Seguros, we are awaiting compliance with the decision in relation to

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

the deposit for February/98.

Regarding Law 9718/98, in the lawsuit filed by Porto Cia and Porto Vida, the Extraordinary and Special Appeals are awaiting judgment, currently suspended until the Extraordinary Appeal 609.096, with general repercussion, is judged. In Tax Foreclosure filed against Porto Cia, the conversion of the deposit of R\$ 136,683 in favor of the Federal Government was required, extinguishing the Enforcement in 2017, with no solution of merits. Thus, in the case of a favorable outcome in the Writ of Mandamus that discusses the thesis, a credit recoverable before the Brazilian Federal Revenue Service will be possible for Porto Cia.

Regarding the lawsuit of Porto Saúde, the Extraordinary and Special Appeals are awaiting judgment, currently suspended until the Extraordinary Appeal 609.096, with general repercussion, is judged. The lawsuit filed by Azul Seguros is awaiting judgment of the Special and Extraordinary Appeals filed by the Brazilian government, which were suspended until the judgment of Extraordinary Appeal 400,479 and Interlocutory Appeal 732,247.

(ii) REFIS

The Company joined the Tax Recovery Program – REFIS in 2013 and 2014, with respect to various lawsuits discussed in court, and currently awaits ratification of withdraws of lawsuits before the Judiciary Branch with the respective release of residual values.

(iii) COFINS

With the enactment of Law 9718, insurance and pension plan companies, among others, became subject to the levy of Social Contribution on Income (COFINS) on their revenues, at the rate of 4% after the enactment of Law 10684/03. The companies Azul Seguros, Porto Saúde, Itaú Auto e Residência, and Portopar challenged this taxation in court, as well as the calculation basis established by Law 9718, which classified billing as equivalent to gross revenue.

The lawsuits filed by Porto Saúde, Portopar and Itaú Auto e Residência are awaiting judgment of Extraordinary and Special Resources, currently suspended until judgment of Extraordinary Appeal 609.096, with general repercussion. In the lawsuit filed by Azul Seguros, the motions for clarification filed by Extraordinary Appeal filed by the subsidiary is currently awaiting judgment.

(iv) PIS and COFINS on interest revenues on own capital

The Parent Company has filed a lawsuit to challenge the legality and constitutionality of sole paragraph of article 1 of Decree 5164/04, which provides for the levy of PIS and COFINS on amounts received as interest on own capital. Currently is awaiting judgment of the Special and Extraordinary Appeals filed by the Parent Company.

(v) Other taxes

Subsidiaries Azul Seguros, Itaú Auto e Residência, Porto Cia, Porto Consórcio and Portoseg have discussions regarding: (i) IPTU; (ii) License Fee; (iii) Inspection fee; (iv) Garbage rate; (v) Installation Location and Operation Fee - TLIF; (vi) Operating and Advertising Fee – TFA; (vii) Fine for Lack of Cleaning/Conservation;

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries



(viii) Service Tax - ISS; (ix) Traffic Ticket and IPVA - arising from salvaged vehicles, after payment of indemnities for claims.

(b) CIVIL

The Company is a party to civil lawsuits, Mostly relating to claims for pain and suffering, property damages, bodily injuries and loss of suit fees. The likelihood of loss on these lawsuits is classified as probable and the average term for the conclusion of these lawsuits in the Company is 30 months.

(c) LABOR

The Company is party to labor lawsuits. The most frequent claims refer to overtime, its effects, termination pay, salary equivalence and undue payroll deductions. The likelihood of loss on these lawsuits is classified as probable and the average term for the conclusion of these lawsuits in the Company is 30 months.

CHANGES IN PROBABLE PROVISIONS FOR LAWSUITS

	Parent company				Consolidated
	Tax	Tax	Labor	Civil	Total
Balance at December 31, 2021	144,974	1,316,777	36,524	43,296	1,396,597
Acquisition of CDF (Note 1.2.3.2)	-	-	53	454	507
Formations	-	3,757	30,233	32,127	66,117
Successes/reversals	-	(84,728)	(18,979)	(19,227)	(122,934)
Payments	-	-	(11,931)	(12,920)	(24,851)
Inflation adjustment	8,920	72,168	4,955	5,727	82,850
Balance at December 31, 2022	153,894	1,307,974	40,855	49,457	1,398,286
(-) Judicial deposits (*)	(153,894)	(1,293,719)	(2,937)	(7,086)	(1,303,742)
Net provision as of December 31, 2022	-	14,255	37,918	42,371	94,544
Number of lawsuits	2	63	712	3,400	4,175

(*) Refers to the balance of judicial deposits linked to the provision balances recorded.

26.2 POSSIBLE - CONSOLIDATED

The Company is a party to other tax, civil and labor lawsuits that are not classified as legal obligations and since they are classified as possible loss, they are not provisioned. The breakdown of these lawsuits is shown below, by nature of the lawsuit:

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

	December 2022	December 2021
Tax (a)	1,156,908	1,193,143
Civil	232,496	201,549
Labor	6,939	4,981
Total	1,396,343	1,399,673

(a) TAX AND SOCIAL SECURITY PROCEEDINGS

The estimated total risk of these lawsuits total R\$ 1,156,908 (R\$ 810,560 with a possible impact on net income). The main reasons are: (i) inquiry by the Brazilian Federal Revenue Service challenging the non-inclusion of certain financial revenues in the PIS (Social Integration Program Contribution) and COFINS (Contribution to the Funding of Social Welfare Programs) calculation basis, with an estimated total risk of R\$ 439,799 (R\$ 323,980 of possible impact on net income); and (ii) INSS discussion regarding the profit sharing, with an estimated total risk by R\$ 406,308 (R\$ 287,271 of possible impact on net income).

27. LEASE LIABILITY – CONSOLIDATED

	Lease liabilities	Unearned interest from lease contracts	Net lease liability
Balance at December 31, 2021	213,573	(81,865)	131,708
Acquisition of CDF (Note 1.2.3.2)	4,950	(403)	4,547
Formation of new contracts, write-offs and cancellations	28,212	-	28,212
Interest appropriation	-	14,153	14,153
Payments	(29,683)	-	(29,683)
Balance at December 31, 2022	217,052	(68,115)	148,937
Current			16,016
Non-current			132,921

It refers to the lease liability, measured at the present value of the lease payments expected up to the end of the lease, calculated through an incremental financing rate considering possible renewals and cancellations.

28. OTHER LIABILITIES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Suppliers	229	10,845	407,254	307,210
Real estate investment fund transaction liabilities (i)	366,774	-	366,774	-
Revenues to be deferred (ii)	-	-	280,350	108,084
Profit sharing	9,500	12,252	145,361	250,325
Provision for vacation and social security charges	-	-	150,070	125,763
Payable - credit card	-	-	116,938	91,229
Post-employment benefits	-	-	83,104	77,182
Swap operations (iii)	3,589	-	47,140	-
"Profit sharing" provision	-	-	34,983	33,957
Return to consortium members (iv)	-	-	8,479	81,760
Other	-	-	97,373	92,783
	380,092	23,097	1,737,826	1,168,293
Current	13,318	23,097	1,099,476	982,677
Non-current	366,774	-	638,350	185,616

(i) See Note 1.2.2.

(ii) Refer to: revenue from brands and distribution channel that will be deferred over the term of the contracts with Petlove, revenue from the adhesion fee of Porto Consórcio and other revenue from the subsidiaries CDF S.A. and CDF LTDA.

(iii) Refers to losses from swap operations (see Note 15).

(iv) On January 1, 2022, BCB Resolution 156, of October 19, 2021, and BCB Normative Instruction 208, of December 15, 2021, came into force, determining and reclassifying the balance of unsought funds (RNP) to clearing accounts. Without this change, the balance as of December 31, 2022 would be R\$ 68,057.

29. SHAREHOLDERS' EQUITY – PARENT COMPANY

(a) CAPITAL

As of December 31, 2022, subscribed and paid-in capital amounted to R\$ 8,500,000 (R\$ 8,500,000 as of December 31, 2021), divided into 646,586,060 common, nominative, book-entry shares with no par value.

The breakdown of capital is shown below:

	December 2022		December 2021	
	Quantity of common shares	% Interest	Quantity of common shares	% Interest
PSIUPAR	457,883,778	70.8%	457,883,778	70.8%
Treasury shares	8,562,548	1.3%	8,874,272	1.4%
Outstanding shares	180,139,734	27.9%	179,828,010	27.8%
	646,586,060	100.0%	646,586,060	100.0%

Notes to the financial statementsPorto Seguro S.A. and Subsidiaries

(b) CAPITAL RESERVE

The capital reserve was formed as a result of the consideration transferred at fair value, in the amount of R\$ 644,329, equivalent to 18.83% of Porto Assistência and 81.17% of CDF, pursuant to IFRS 3 / CPC 15 (R1) - Business combination and the reduction of equity interest of Porto Assistência from 100% to 81.17%, which occurred at its book value (R\$ 10,207), as the Company maintained its control, resulting in an effect of R\$ 634,122 in Capital transactions with shareholders.

(c) PROFIT RESERVE

The main profit reserves are presented below:

(i) Legal reserve

Legal reserve, formed of 5% of net income for the year aiming at ensuring the integrity of capital, in conformity with article 193 of Law 6404/76. As of December 31, 2022, the amount of the balance was R\$ 177,425 (R\$ 120,683 in December 2021).

(ii) Statutory reserve

The statutory reserve has the purpose of compensating possible losses or capital increase, in order to protect the Company's equity and ownership interest in its Subsidiaries and associated companies, or ensure future distribution to the shareholders.

The remaining balance of net profit, after transfer to the legal reserve and distribution of minimum mandatory dividends, may be allocated to this reserve, except if Management considers this reserve sufficient to meet the Company's needs, in which case, in a specific year, the balance is fully or partially distributed to the shareholders or reversed for capital increase. This reserve is limited to the amount of the Company's capital. As of December 31, 2022, the balance was R\$ 1,458,225 (R\$ 680,971 as of December 31, 2021).

(d) SHARE REPURCHASE PROGRAM

On February 4, 2022, the Board of Directors approved the renewal of the share repurchase program under the following conditions:

- Program's purpose: the objective of the share repurchase program, by means of the acquisition of shares issued by the Company to be held in treasury, canceled or sold, without a capital decrease, and/or linking to the Company's share-based remuneration plan, is to create an additional alternative for creating value for the shareholders if the conditions are favorable;
- Program period: beginning February 4, 2022, to February 3, 2023;
- Number of shares to be acquired: up to the limit of 17,973,306 common shares;
- Authorized financial institution: Itaú Corretora de Valores S.A.

Changes in treasury shares are as follows:

	Treasury shares (R\$'000)	Quantity	Average amount per share (R\$)	Gain from use
Balance at December 31, 2021	205,493	8,874	23.18	145
Sold	(6,476)	(311)	20.64	460
Balance at December 31, 2022	199,017	8,563	23.18	605

As of December 31, 2022, the market value of treasury shares is R\$ 198,233 (R\$ 185,650 as of December 31, 2021).

(e) DIVIDENDS AND INTEREST ON OWN CAPITAL

The Annual and Special Shareholders' Meeting held on March 31, 2022 approved the distribution of dividends for 2021, in the amount of R\$ 629,500, comprised by: (i) interest on own capital charged to the mandatory dividend for the year 2021, in the amount of R\$ 344,062, net of income tax; (ii) dividends complementing the mandatory minimum in the amount of R\$ 23,709; and (iii) dividends in addition to the mandatory minimum dividend for the year of 2021, in the amount of R\$ 261,729. The Company also communicates that the Ordinary and Extraordinary General Meeting approved the full payment of interest on own capital on April 11, 2022, and, by November 25, 2022, it will pay the dividends declared at the Meeting.

Pursuant to the notice to shareholders on August 24, 2022 and October 26, 2022, the Company credited R\$ 397,575 and R\$ 56,000, respectively, gross of income tax (R\$ 391,301, net of income tax) in Interest on Own Capital (JCP) to its shareholders for the period from January to October 2022, to be included in the dividends for this year. The payment date will be determined at the Company's Annual Shareholders' Meeting, to be held until March 31, 2023.

The proposed minimum and additional dividends were calculated as follows:

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries



	December 2022	December 2021
Net income for the year - Parent Company (A)	1,134,847	1,544,249
(-) Legal reserve – 5%	(56,742)	(77,212)
IFRS adjustments	35,831	4,046
Primary earnings for determination of the dividend	1,113,936	1,471,083
Compulsory minimum dividends - 25% (*)	278,484	367,771
Additional dividends proposed	112,817	261,729
Total supplementary dividends/interest on own capital	112,817	261,729
Total dividends (B)	391,301	629,500
Total per share (R\$)	0.60759	0.97745
Total distribution (B/A)	34.5%	40.8%

(f) SHARE-BASED REMUNERATION

The Company has a share-based remuneration plan (“Plan”), approved by the general meeting held on March 31, 2022, which provides for the rules applicable to the assignment of shares to managers and employees of the Company and/or its subsidiaries and affiliates, directly or indirectly, as determined by the Remuneration Committee, as part of their remuneration.

The Plan aims to promote: (i) the long-term alignment between the interests of beneficiaries, shareholders, the Company and its investee companies; (ii) the commitment, on the part of the administrators and employees, to obtain sustainable results for the Company and its investees; (iii) creating value for shareholders; and (iv) the Company’s growth.

The terms and conditions provided for in the Plan were specified and complemented in programs approved by the Board of Directors, namely: (1) Annual Share-Based Remuneration, referring to the payment of part of the beneficiaries’ annual variable remuneration; (2) Additional Bonus, referring to the payment of variable remuneration according to the achievement of targets for clients and businesses of the Porto Group; (3) Mega Grant, referring to the payment of variable remuneration according to the achievement of targets for clients and businesses of the Porto Group; and (4) Porto em Ação, referring to the payment of variable remuneration according to the achievement of targets for clients and businesses of the Porto Group.

The Annual Share-Based Remuneration, Additional Bonus and Mega Grant programs have as beneficiaries the statutory directors of the Company and/or its affiliates or subsidiaries, directly or indirectly. The

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries



beneficiaries of the Porto em Ação program are employees of the Company and its direct or indirect subsidiaries.

Shares delivered to program beneficiaries are subject to vesting or lock-up periods ranging from 6 months to 3 years, depending on the program. Settlement of payments due to Plan beneficiaries occurs upon delivery of shares issued by the Company held in treasury. The shares are valued based on their quoted price at the close of the last trading session of the month immediately preceding the date on which the shares are assigned to the beneficiaries, under the terms of the Plan and its programs.

The Plan replaced the “Share-Based Remuneration Plan” approved at the general meeting held on March 29, 2018 (“2018 Plan”), which ceased to produce effects, except in relation to the rights already granted, which will remain in force and are subject to the rules provided for in said plan.

The 2018 Plan was intended for the Company’s statutory directors and/or companies in which the Company holds a direct or indirect interest, as provided for by the Remuneration Committee, reflecting the payment of part of their annual variable remuneration. In the 2018 Plan, the effective transfer of shares to beneficiaries is subject to a vesting period of 3 years. Settlement of payments due to beneficiaries of the 2018 Plan takes place upon delivery of shares issued by the Company held in treasury. The shares are valued based on their quotation price at the close of the last trading session of the year immediately preceding the date on which the shares are assigned to the beneficiaries, pursuant to the 2018 Plan.

Changes in share-based remuneration plan are as follows:

	Consolidated	
	December 2022	December 2021
Opening balance	20,430	7,314
Deferred year	97,275	13,116
Shares canceled, granted, or loss of right	(6,476)	-
Closing balance	111,229	20,430
Average weighted market value (R\$)	23.52	26.79

	Quantity	
	December 2022	December 2021
Opening balance	743,875	240,324
Deferred year	2,855,900	503,551
Shares canceled, granted, or loss of right	(312)	-
Closing balance	3,599,463	743,875

(g) INTEREST OF NON-CONTROLLING SHAREHOLDERS

The balance on December 31, 2022 of R\$ 57,950 refers to the interest that other shareholders hold in the subsidiary CDF, as detailed in Note 1.2.3.2.

30. INSURANCE PREMIUMS ISSUED AND NET CONSIDERATIONS – CONSOLIDATED

The earned premiums comprise insurance premiums issued, net of cancellations, refunds and assignments of premiums to similar products and net consideration of health plans. The amounts of the main groups of insurance lines are composed as follows:

	December 2022			December 2021		
	Premiums issued	Premiums ceded (reinsurance)	Premiums issued, net	Premiums issued	Premiums ceded (reinsurance)	Premiums issued, net
Automobile	14,200,013	-	14,200,013	10,841,384	-	10,841,384
Health	3,135,247	-	3,135,247	2,198,358	-	2,198,358
Property	2,096,972	(27,250)	2,069,722	1,793,542	(51,407)	1,742,135
People	1,296,873	(34,109)	1,262,764	1,047,457	(22,335)	1,025,122
Financial risks	796,139	(6,607)	789,532	763,454	(6,765)	756,689
VGBL (life insurance)	279,513	-	279,513	293,666	(55)	293,611
Transportation	260,612	(4)	260,608	227,753	(1,933)	225,820
Other	663,482	(68,825)	594,657	546,456	(43,335)	503,121
	22,728,851	(136,795)	22,592,056	17,712,070	(125,830)	17,586,240

31. REVENUES FROM LOAN OPERATIONS - CONSOLIDATED

	December 2022	December 2021
Credit card	1,737,553	1,102,833
“Interchange” (*)	642,153	535,240
Financing	380,707	350,510
Loans	130,206	84,738
Other	52,305	46,078
	2,942,924	2,119,399

(*) Refers to the remuneration received from the credit card brands on the transactions processed.

32. REVENUES FROM RENDERING OF SERVICES - CONSOLIDATED

	<u>December 2022</u>	<u>December 2021</u>
Porto Consórcio	558,020	487,105
Porto Assistência	341,304	-
Mobitech	298,013	172,859
Porto Atendimento	271,186	244,892
CDF S.A.	80,518	-
Portopar and Porto Investimentos	77,541	71,909
Porto Serviços e Comércio	71,497	62,501
Porto Seguro Saúde Ocupacional	69,745	65,259
Medical Services	66,607	63,237
Credi porto	44,218	59,841
Protection and monitoring	11,657	10,846
Other	82,892	71,270
	<u>1,973,198</u>	<u>1,309,719</u>

33. OTHER OPERATING REVENUES - CONSOLIDATED

	<u>December 2022</u>	<u>December 2021</u>
Sale of properties and investments (i)	133,494	275,422
Other revenues from credit card	56,038	48,748
Pension	31,762	28,116
Insurance (ii)	25,347	7,436
Other	19,817	27,511
	<u>266,458</u>	<u>387,233</u>

(i) In 2022, the amount is mainly due to the gain arising from the acquisition of Petlove, after completion of the PPA appraisal report and the disposal of vehicles from Mobitech. In 2021, it mainly corresponds to the fair value of the change in control of Petlove (see Note 2.5 (c) (i)).

(ii) Refer, mainly, to revenues from fees of the DPVAT Agreement for attending to insured parties of the Consortium.

34. CHANGES IN TECHNICAL RESERVES - CONSOLIDATED

	December 2022		December 2021	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Provision for unearned premiums	2,475,309	2,471,428	1,095,826	1,083,668
Mathematical Provision	279,288	279,288	296,127	296,127
Provision of pension plan	191,374	191,374	133,179	133,179
	2,945,971	2,942,090	1,525,132	1,512,974

35. RETAINED CLAIMS – CONSOLIDATED

The retained claims (expenses on claims) comprise the indemnities notified and IBNR change. The following table shows the gross retained salvage claims and compensations.

	December 2022			December 2021		
	Gross of reinsurance	Recovery of reinsurance companies	Net of reinsurance	Gross of reinsurance	Recovery of reinsurance companies	Net of reinsurance
Automobile	9,179,952	(31)	9,179,921	6,705,578	269	6,705,847
Health	2,543,650	-	2,543,650	1,739,276	-	1,739,276
Property	742,882	(13,833)	729,049	569,645	(13,915)	555,730
People	429,082	(33,230)	395,852	509,214	(30,435)	478,779
Financial risks	454,030	320	454,350	293,450	1,682	295,132
Other	331,797	(30,499)	301,298	331,598	(58,537)	273,061
	13,681,393	(77,273)	13,604,120	10,148,761	(100,936)	10,047,825

36. ACQUISITION COSTS – INSURANCE (*) - CONSOLIDATED

	December 2022	December 2021
Automobile	2,674,484	2,424,193
Property	571,255	496,648
People	348,323	303,953
Health	272,391	175,819
Financial risks	125,007	112,022
Other	201,812	185,314
	4,193,272	3,697,949

(*) Includes amortization of deferred acquisition costs (Note 14) and non-deferred marketing expenses.

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

37. ADMINISTRATIVE EXPENSES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Personnel and post-employment benefits	8,183	24,923	1,995,367	1,884,376
Outsourced services (i)	12,931	5,732	895,065	768,892
Localization and operation	2,226	1,763	498,141	418,332
Profit sharing	12,294	9,280	279,061	310,575
Advertising	451	496	132,356	103,848
Donations and contributions	-	-	37,569	39,179
Meu Porto Seguro Program (ii)	-	-	-	48,843
Other	468	632	45,691	27,721
	36,553	42,826	3,883,250	3,601,766

(i) The increase in the Parent Company is mainly due to the provision of financial advisory services, related to the conclusion of the acquisition of CDF (see Note 1.2.3.2).

(ii) Amounts referring to the Meu Porto Seguro Program, which began in July 2020 and ended during 2021.

38. TAX EXPENSES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
COFINS	35,977	19,719	495,356	434,089
PIS	7,811	4,281	84,034	70,333
Service tax	-	-	56,993	46,182
Other	818	1,643	75,722	66,805
	44,606	25,643	712,105	617,409

39. OTHER OPERATING EXPENSES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Funding	-	-	1,272,320	813,377
Provision for credit risks	-	-	1,018,736	583,613
Assistance services	-	-	93,210	145,815
Collection and Management of policies and contracts	-	-	78,933	56,824
Social charges upon insurance operations	-	-	40,426	40,707
Allowance for doubtful accounts- insurance	-	-	(6,006)	(5,820)
Amortization of intangible assets and business combination	12,622	12,622	19,646	12,622
Other	5,830	734	141,766	126,842
	18,452	13,356	2,659,031	1,773,980

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

40. FINANCIAL REVENUES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Valuation and interest from financial instruments at fair value through profit or loss	135,044	146,352	816,208	601,208
PGBL/VGBL Operations	-	-	454,182	204,646
Interest of financial instruments – other categories	-	-	288,855	491,775
Insurance operations	-	-	155,073	147,970
Inflation adjustment of judicial deposits	8,920	2,932	31,672	21,962
Foreign exchange rate - loans	30,593	-	30,593	-
Other 5	14,173	-	124,590	91,231
	188,730	153,415	1,901,173	1,558,792

41. FINANCIAL EXPENSES

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Inflation adjustment - Free Benefit Generating Plan— <i>PGBL</i> and Free Benefit Generating Life Insurance— <i>VGBL</i>	-	-	390,030	63,485
Expenses with loans	60,712	2,671	333,620	93,410
Devaluation of financial instruments at fair value through profit or loss	59,040	137,767	224,950	350,381
Inflation adjustment - pension liabilities	-	-	141,348	261,340
Inflation adjustment - insurance liabilities	-	-	75,119	109,104
Inflation adjustment of provision for long-term taxes	8,920	6,874	15,684	71,450
Other	15,935	15,247	116,109	140,911
	144,607	162,559	1,296,860	1,090,081

42. EMPLOYEE BENEFITS - CONSOLIDATED

42.1 SUPPLEMENTARY PENSION PLAN

The Company sponsors two supplementary pension plans for its employees, one in the form of a variable contribution plan and the other in the form of defined contribution plan. Both follow the criteria of CPC 33 - Employee benefits through Portoprev - Porto Seguro Previdência Complementar, a not-for-profit, closed-end private pension entity.

Under these plan's regulations, the main funds are represented by contributions from the plan's sponsors and participants, and the return on the investment of these resources. Contributions made by participants

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

vary from 1% to 8% of each participant's salary, and the sponsor's contribution corresponds to 100% of the participant's contribution.

In December 2022, the plans had 6.5 thousand active participants (6.0 thousand in December 2021). The Company's expenses with contributions to the plan amounted to R\$ 24,329 in December 2022 (R\$ 20,894 in December 2021).

42.2 POST-EMPLOYMENT BENEFITS

Changes in obligations with post-employment benefits were as follows:

	December 2022	December 2021
Present value of the actuarial obligation in the beginning of the year	77,182	57,943
Cost of interest	4,625	3,317
Cost of benefits	7,729	4,170
Actuarial gain on obligation	(6,170)	(8,519)
Benefits paid	(2,290)	(1,308)
Other	2,028	21,579
Closing balance of liabilities	83,104	77,182

The actuarial assumptions are reviewed on an annual basis. As of December 31, 2022, the main assumptions used were:

Average obligation discount rate (p.a.)	6.23%
Salary growth rate (p.a.)	1.00%
Economic inflation (p.a.)	5.02%
Medical inflation (p.a.)	4.00%
Rate change on FGTS balances (p.a.) - nominal	5.02%

43. RELATED PARTY TRANSACTIONS

Related party transactions are carried out at values, terms and average rates in compliance with the rates used with third-parties, if any, at the respective dates.

In addition to the amounts of Dividends and Interest on Own Capital receivable and payable in the amounts of R\$ 30,320 (see Note 16) and R\$ 262,337 (see Note 28), respectively, the main transactions between related parties are presented below:

- (i) Administrative expenses transferred by Porto Cia, Porto Vida e Previdência, Porto Saúde, and Azul Seguros for the use of the physical and personnel structure;
- (ii) Health insurance and health plan services contracted from Porto Saúde and Portomed;
- (iii) Monitoring services carried out by "Protection & Monitoring";
- (iv) Agreement for apportioning administrative costs between Itaú Auto e Residência and the companies of the Itaú Unibanco Group, due to the use of infrastructure;
- (v) Portfolio management and administration services by Porto Investimentos and Portopar;

Notes to the financial statements

Porto Seguro S.A. and Subsidiaries

- (vi) Agreement to use the means for credit card payment with Portoseg;
- (vii) Medical clinic services and administrative and agreement for apportioning operational costs among “Medical Services,” Porto Saúde, and Portomed;
- (viii) Call center services contracted from Porto Atendimento;
- (ix) Subscription of special savings bonds issued by Porto Capitalização;
- (x) Provision of vehicle and residential assistance services with Porto Assistência;
- (xi) Provision of electronic hosting services and advisory and consulting services by Porto Serviços e Comércio; and
- (xii) Fund raising with companies of the Itaú Unibanco Group.

The amounts of related-party transactions are as follows:

	Revenues		Expenses	
	December 2022	December 2021	December 2022	December 2021
Porto Cia	1,170,621	877,762	705,623	237,332
Porto Atendimento	231,244	235,459	118,888	116,818
Porto Saúde	182,373	182,365	149,997	125,195
Crediporto	50,251	69,261	9,959	7,505
Porto Investimentos	16,055	12,474	6,205	12,737
Portoseg	15,263	12,291	283,219	241,939
Porto Capitalização	8,409	7,343	11,590	12,629
Itaú Auto e Residência	1,583	1,553	75,283	47,796
Porto Vida	-	-	30,321	30,296
Azul Seguros	-	-	697,746	376,897
Medical Services	458	-	36,594	40,312
Porto Consórcio	537	-	94,218	69,343
Porto Assistência	668,044	-	59,960	-
Other	35,046	13,132	100,281	92,841
	2,379,884	1,411,640	2,379,884	1,411,640

In the year ended December 31, 2022, the amount of R\$ 145,513 (R\$ 77,054 as of December 31, 2021) was recognized in statement of income and R\$ 997,175 in Portoseg liabilities (R\$ 1,447,511 in December 2021) regarding funding from Itaú Unibanco Group companies, which are remunerated at 100% of CDI, plus Fixed rate.

43.1 TRANSACTIONS WITH KEY PERSONNEL

Transactions with key Management personnel refer to amounts recognized in Income (loss) for the year, such as profit sharing, fees, and charges to the Board of Directors, directors, members of the Audit Committee and Tax Council, as shown below:

	Parent company		Consolidated	
	December 2022	December 2021	December 2022	December 2021
Profit sharing - Directors	12,294	9,280	106,476	104,200
Fees and charges	5,469	5,398	43,831	33,949
	17,763	14,678	150,307	138,149

44. EARNINGS PER SHARE - PARENT COMPANY

The Company's basic earnings per share are calculated by dividing profit attributable to shareholders by the weighted average number of shares issued during the year, excluding any treasury shares repurchased during the reporting period and which were classified as treasury shares as a reducing component of shareholders' equity.

Porto Seguro does not have financial instruments convertible into own shares or transactions that generate a dilutive or antidilutive effect (as defined by IAS 33 – earnings per share) on the earnings per share for the year. Accordingly, the basic earnings per share that were calculated for the year are equal to the diluted earnings per share. Earnings per share already considering the stock split are presented below:

	December 2022	December 2021
Earnings attributable to Company's shareholders	1,134,847	1,544,249
Weighted average of the number of shares during the period	644,166	644,025
Basic and diluted earnings per share (R\$)	1.76173	2.39781

45. SUBSEQUENT EVENTS

AMERICANAS

The Company does not directly or indirectly have relevant exposures through its subsidiaries and affiliates with Americanas.

A free translation from Portuguese into English of Independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To
The Board of Directors, Shareholders and Officers of
Porto Seguro S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Porto Seguro S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Porto Seguro S.A. as at December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement and recognition of insurance and private pension contract liabilities

As disclosed on notes n° 3.13 e 23, as at December 31, 2022, the Company, through its subsidiaries, recorded insurance and private pension contract liabilities with the amount of R\$ 13.632.844 thousand. Determining the amounts of certain insurance and private pension contracts liabilities requires Board of Directors’ material judgment to select the key assumptions and methodologies, such as: estimated claims opening amounts, expected loss ratio, claims development experience, discount rate, cancellation rate, risk factors of judicial claims, assumed and effective risks of unissued policies, among others.

Additionally, the board performs the Liability Adequacy Test (“LAT”) in order to capture possible deficiencies in the amounts of obligations arising from insurance contracts. The LAT considers the present value estimate of all future cash flows, including administrative and operating expenses, claims settlement expenses and direct taxes, based on assumptions based on the best expectation on the test execution date. LAT also considers claims assumptions calculated as described in explanatory note n° 3.13.2. The evaluation of the methodologies and assumptions used by the board of directors in the constitution of its technical provisions for insurance and supplementary pension contracts was considered one of the main audit matters due to the magnitude of the amounts involved and the subjectivity and complexity in the measurement process related to the provision of claims and expenses incurred but not reported and the liability adequacy test.

How our audit addressed the matter

Our audit procedures included but were not limited to: (i) understandings of relevant controls; (ii) reconciliation of accounting records with operational controls; (iii) involving actuarial specialists to evaluate the adequacy of the methodologies used to calculate insurance and private pension contract liabilities issued by the Company, including those related to the liability adequacy test; (iv) evaluation of reasonableness on Board of Directors methodology and assumptions in the measurement of the insurance and private pension contract liabilities , including those related to the liability adequacy test; (v) testing the accuracy and completeness of the databases used in the actuarial calculations; (vi) independent calculation, challenging the main assumption used; (vi) documentary tests, based on a sample of claims about the existence, contributions, redemptions, portability, granting and payment of benefits and adequate accounting records; and (vii) review of the adequacy of disclosures included in the individual and consolidated financial statements.

Based on the result of our audit procedures carried out on the balance of technical provisions recorded by the Company's subsidiaries, which is consistent with the management's assessment, we consider that the methodologies, assumptions and respective calculations made to determine the

respective technical provisions, as well as the respective disclosures in the explanatory notes are acceptable, in the context of the individual and consolidated financial statements taken as a whole.

Provision for expected losses associated with credit risk (impairment) of loans and receivables

As disclosed in explanatory notes n° 3.5 and 10, the Company, through its subsidiaries, has loan and receivable operations recorded at amortized cost, which are periodically reviewed by management in terms of estimated expected losses associated with credit risk (impairment). We consider the provision for expected credit losses as one of the main audit matters, since the policies and methodologies applied determine, by their nature, that assumptions and judgments are used by the board, which include, among others, the levels of default by borrowers of these loans and receivables, including renegotiations, assessments of guarantees accepted in operations and counterparty risk, as well as the history of the quality of these portfolios. Additionally, we highlight the importance of the estimation process due to the relevance of the amounts involved, the high fragmentation of operations, and the possible impacts of default levels and renegotiations.

How our audit addressed the matter

Our audit procedures included, among others, a test of reconciliation of the accounting balances with the analytical position, analysis of the policies, procedures and internal manuals developed for the purpose of documenting the established methodologies, the evaluation, regarding the application of the methodologies both quantitatively and qualitatively, in addition to evaluating the assumptions and other information determined by the board for the purpose of estimating the amounts of expected losses in operations subject to credit risk and their adherence to accounting standards adopted in Brazil and with international financial reporting standards (IFRS) and the evaluation of the disclosures in notes n° 3.5 and 10 to the individual and consolidated financial statements.

Based on the result of the audit procedures carried out on the provisions for expected losses associated with credit risk, which is consistent with the management's assessment, we consider that the criteria and assumptions associated with the provision adopted by the management, as well as the respective disclosures in the explanatory notes n° 3.5 and 10 are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Information Technology Environment

The Company is dependent on a technology structure for recording and processing transactions of its activities and, consequently, preparing the individual and consolidated financial statements.

For the operation of its business, various application systems are used to record and process information in a complex technological environment, requiring significant investments in tools, processes and controls for the proper maintenance and development of security systems.

Assessing the effectiveness of controls is crucial in the audit process for defining the required intended approach, such evaluation was considered an area of focus in our audit.

How our audit addressed this matter

Our audit procedures included, among others, the involvement of our auditors who are experts in technology environments to assist us in assessing significant risks related to the topic, as well as performing procedures to assess the design and operational effectiveness of general technology controls to the systems considered relevant in the context of the individual and consolidated financial statements, with a focus on change management processes, granting and reviewing access to systems. We also carry out procedures to evaluate the design and effectiveness of controls in the information technology environment considered relevant and that support the main business processes and the accounting records of the Company's transactions. At last, we carried out tests to evaluate the Access Management, Change Management and Technology Operations processes of the systems related to the key accounting routines.

Based on the outcome of the audit procedures performed, our testing of the design and operation of the general information technology controls deemed relevant to the audit procedures performed provided a basis for us to continue with the planned nature, timing and extent of our substantive audit procedures. audit.

Other matters

Audit of Financial statements of previous year by other independent auditor

The individual and consolidated balance sheet and income statements, comprehensive income, changes in equity, cash flows and value added (supplementary information) for the year ended December 31, 2021, originally prepared before adjustments resulting from changes in accounting practices, described in explanatory notes n° 2.4 (a) and (b), were conducted under the responsibility of another independent auditor, who issued an unmodified audit report, dated 04 February 2022. As part of our review of the individual and consolidated financial statements for the year ended December 31, 2022, we reviewed the adjustments to the corresponding amounts in the individual and consolidated financial statements, described in explanatory notes n° 2.4 (a) and (b), and we are not aware of any fact that leads us to believe that such adjustments were not made, in all respects it is relevant before, appropriately. We were not hired to audit, review or apply any other procedures related to the balance sheet, statements of income, comprehensive income, changes in equity and cash flows, individual and consolidated, for the year ended December 31, 2021 , and therefore we do not express an opinion or any form of assurance about these amounts taken as a whole.

Statement of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2022, prepared under the responsibility of Company Board of Directors, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements



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

Board of Directors is responsible for such other information, which comprise the Management Report.

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

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

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

Board of Directors is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as Board of Directors determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the individual and consolidated financial statements

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Concluded on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

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



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

São Paulo, February 07, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP034519/O

Patricia di Paula da Silva Paz
Partner
Accountant CRC-SP198827/O

Diana Yukie Naki dos Santos
Partner
Accountant CRC-SP300514/O

Opinions and Statements / Tax Council opinion or equivalent body

The Tax council of Porto Seguro S.A., in compliance with the legal and statutory provisions, examined the Management report and the Financial statements of the Company and its subsidiaries (Consolidated) for the year ended December 31, 2022, as well as the proposal of the Company's Executive board for the allocation of the income for the year. Based on the documents analyzed, in the report issued by the independent audit firm, submitted on February 7, 2023 and to be delivered (signed) on February 08, 2023, which does not contain any qualifications, the information and clarifications received at meetings held for the year with the Company's directors, external auditors and the Audit Committee states that said documents, as well as the proposal for the allocation of income for the year, including the declarations of interest on own capital, approved by the Board of Directors of Company, ad referendum of the General Meeting, can be analyzed and voted by the Annual General Meeting of the Company.

São Paulo, February 07, 2023.

Edson Frizzarim
Alfredo Sérgio Lazzareschi Neto
Clodomir Félix Fialho Cachem Júnior

Opinions and Statements / Summarized Report from Audit Committee (statutory, provided for in specific CVM regulation)

The Audit Committee (“Audit Committee” or “Committee”) was created by the Board of Directors of Porto Seguro S.A. (“Porto Seguro” or “Company”) at a meeting held on December 16, 2005. It is a statutory body, which reports directly to the Board of Directors. It is made up of three members, among them one professional with proven knowledge in the areas of accounting and auditing of the markets in which the Company and its subsidiaries operate. The election of members takes into consideration the independence criteria included in the applicable legislation and regulations. It is a single Audit Committee, overseeing, within the limits of its responsibilities, the Company and all companies controlled by it.

The Audit Committee is mainly responsible for: (i) supervising the performance, independence and quality of work of the Internal Audit; (ii) supervising the performance, independence, objectivity and quality of work of the independent auditors; (iii) ensuring the quality and effectiveness of internal control systems and risk management; (iv) ensuring compliance with the legal and regulatory requirements, considering the particularities of each company, in addition to internal regulations and policies; (v) ensuring the quality and integrity of the financial statements of Porto Seguro and its subsidiaries, and recommend its approval to the Board of Directors; and (vi) ensuring the correction and improvement of policies, practices and procedures identified within the scope of its activities.

In carrying out its duties, the Audit Committee meets with the administrators responsible for the several business and control areas, as well as with the controllership area, internal auditors and independent auditors. Its conclusions are based on information received from Management, Independent Auditors, Internal Audit and those in charge of risk management, internal controls and compliance. This report describes the main activities performed by the Audit Committee during the second half of 2022 to the present date.

In the period between August 1, 2022 and February 08, 2023, inclusive, there were seven meetings of the Audit Committee. All meetings have minutes that reflect the matters discussed by the Committee.

Monitoring of Internal Control and Risk Management systems: The Audit Committee monitored the work of Porto Seguro’s Internal Control area during the second half of 2022, listening to the managers of the various business areas and monitoring the development of Action Plans for solving the matters raised by the Internal Audit, as well as those identified by the external auditors. Likewise, the Committee followed the risk panel, internal controls, cyber security and AML/CFT.

Monitoring of External Audit activities: Ernst & Young (EY) audits the individual and consolidated financial statements of Porto Seguro, being responsible for the planning and execution of its work, according to the standards of the profession. The Committee held quarterly meetings with the external auditors, when they presented their work. The Committee considers that EY maintained its independence and worked with objectivity evaluating that its works were carried out with the expected quality.

Monitoring of Internal Audit activities: The Committee monitored the work carried out by the Internal Audit and assessed the aspects related to the structure, resources, responsibilities and independence, in addition to examining the main reports prepared by the area in that period.

Monitoring of semi-annual financial statements: The Controllership are presented the performance analysis and the individual and consolidated Financial Statements of Porto Seguro for the year ended December 31, 2022. At the same time, the Committee met with the Independent Auditor and had access to the individual and consolidated Financial Statements for the same period. Considering the limitations resulting from the scope of its activities, the Committee understands that the individual and consolidated Financial Statements for the period, including those of the companies supervised by SUSEP, are ready to be analyzed by the Board of Directors.

Conclusion: Therefore, based on the conclusions on the activities developed for the period and considering the limitations resulting from the scope of its activities, the Committee recommends that the Board of Directors review and approve the Individual and Consolidated Financial Statements of Porto Seguro S.A. for the year ended December 31, 2022, including the companies supervised by SUSEP.

São Paulo, February 08, 2023.

Paulo Sérgio Kakinoff
Coordinator

Cynthia Nesanovis Catlett

Eduardo Rogatto Luque

Opinions and Statements / Statement of the Directors on the Financial Statements

Officers responsible for preparing financial statements, in accordance with provisions of article 27, paragraph 1, items V and VI, and article 31, paragraph 1, item II of CVM Resolution 80/2022, state that: a) reviewed, discussed and agreed with opinions expressed in the independent auditors' report on Company's financial statements for the fiscal year ended December 31, 2022; and b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2022.

São Paulo, February 08, 2023.

ROBERTO DE SOUZA SANTOS Chief Executive Officer and Investor Relations Officer

CELSO DAMADI Vice President – Finance, Controllership and Investments

LENE ARAÚJO DE LIMA Director Vice-President - Corporate and Institutional

JOSÉ RIVALDO LEITE DA SILVA Director Vice-President (Insurance) and Commercial and Deputy Chief Executive Officer

MARCOS ROBERTO LOUÇÃO Director Vice-President - Financial Business and Services

SAMI FOGUEL – Deputy Chief Executive Officer – Health

Opinions and Declarations / Director's Declaration on the Auditor's Report Independent

Officers responsible for preparing financial statements, in accordance with provisions of article 27, paragraph 1, items V and VI, and article 31, paragraph 1, item II of CVM Resolution 80/2022, state that: a) reviewed, discussed and agreed with opinions expressed in the independent auditors' report on Company's financial statements for the fiscal year ended December 31, 2022; and b) reviewed, discussed and agreed with the Company's financial statements for the fiscal year ended December 31, 2022.

São Paulo, February 08, 2023.

ROBERTO DE SOUZA SANTOS Chief Executive Officer and Investor Relations Officer

CELSO DAMADI Vice President – Finance, Controllership and Investments

LENE ARAÚJO DE LIMA Director Vice-President - Corporate and Institutional

JOSÉ RIVALDO LEITE DA SILVA Director Vice-President (Insurance) and Commercial and Deputy Chief Executive Officer

MARCOS ROBERTO LOUÇÃO Director Vice-President - Financial Business and Services

SAMI FOGUEL – Deputy Chief Executive Officer – Health